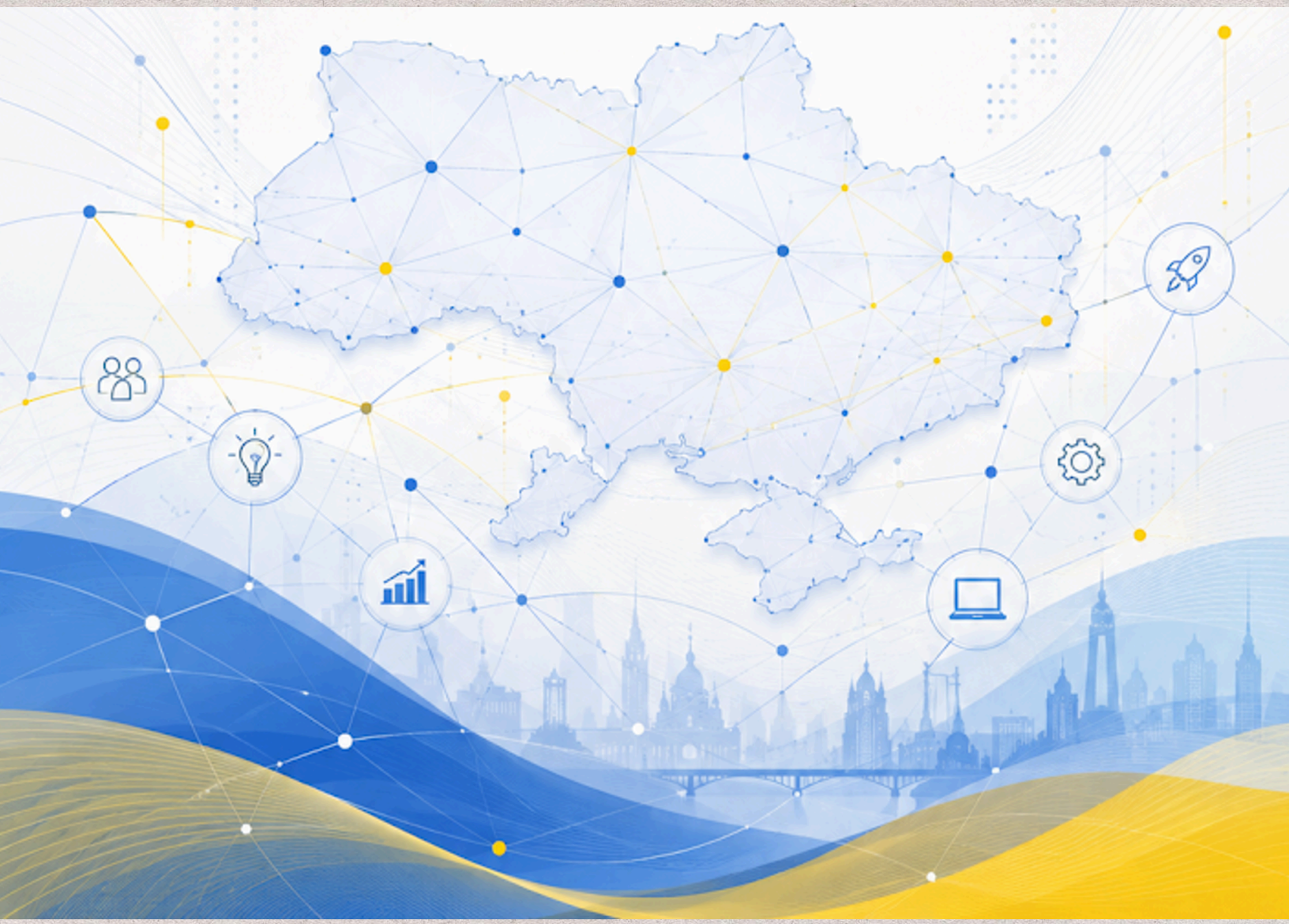
Evaluation Report and Vision to Align Ukrainian Startup Ecosystem with ESNA Standards for the Ministry of Digital Transformation of Ukraine and USF

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EXECUTIVE SUMMARY

Ukraine's participation in the **European Startup Nations Alliance (ESNA)** provides the starting point for assessing how far the country's startup policy environment has advanced, and where stronger alignment with startup needs is still required. ESNA serves as a shared reference framework for governments aiming to improve conditions for startup creation and scaling, structured around the **Startup Nations Standards (SNS).**

Ukraine's first appearance in the ESNA Scoreboard in **2024** was striking. The country ranked **4th out of 24 participating countries**, with an overall implementation score of **73%** against an ESNA **average of 61%**. Such a strong performance places Ukraine in the upper tier of European startup-policy environments despite operating under full-scale war, macroeconomic strain, and large-scale displacement.

That result should nevertheless be interpreted carefully. ESNA measures the maturity and operability of policy frameworks, **not the overall performance of startup ecosystems**. Ukraine's benchmark profile is best read as evidence of strong policy modernization in several areas, combined with clear structural weaknesses in others.

This distinction between formal alignment and practical ecosystem usability is the main thread of the executive summary: the following sections first **summarize Ukraine's ESNA position**, then broaden the view to the **overall startup ecosystem**, the **key gaps** affecting startup development, and the **recommendations proposed to address them**.

The table below summarises Ukraine's performance across the 8 SNS and highlights the main strategic meaning of each score for the wider ecosystem assessment.

Standard	Score	What the score indicates strategically
SNS #1 – Fast Startup Creation & Market Entry	**65%**	Strong domestic performance (LLC/FOP registered online in minutes, zero fee). Score dragged down by weak cross-border eID interoperability (24% on DESI cross-border index) and limited foreign-founder onboarding.
SNS #2 – Attracting & Retaining Talent	**63%**	Fast-track visa processing (100%) via Diia.City gig-contract route. Gap in structured tech-diaspora return schemes and OECD talent-attractiveness index coverage.

SNS #3 – Stock Options	**100%**	Core legal and tax conditions for workable employee equity fully in place via Diia.City.
SNS #4 – Innovation in Regulation	**22%**	No Think Small First principle (0%), no operational regulatory sandboxes (0 established), and no developed startup-specific legal terminology, including a formal startup definition.
SNS #5 – Innovation in Public Procurement	**54%**	Rules on intellectual property retention in innovation procurement and support for open-source engagement are strong (100%). However, 0% on procurement access for startups and public-buyer innovation incentives – procurement still favors established vendors and price-heavy selection.
SNS #6 – Access to Finance	**100%**	On paper, Ukraine has a strong public early-stage financing anchor — Ukrainian Startup Fund (USF), recognized as ESNA best practice. In practice, however, its role as a civilian anchor weakened significantly after the start of the full-scale war.
SNS #7 – Social Inclusion & Democratic Values	**92%**	Strong on role-model promotion, underprivileged founder support (veterans, women), and community engagement. Slight gap in employer-side diversity hiring incentives.
SNS #8 – Digital-First Government	**88%**	Diia ecosystem is one of Ukraine's strongest competitive assets and a genuine administrative advantage. Score constrained by gaps in Digital Economy and Society Index (DESI) coverage and the availability of formal strategic documentation.

The **strongest results** — full implementation on **SNS #3** (stock options) and **SNS #6** (access to finance) — reflect areas where reform has been instrument-based and administratively actionable. **In the case of SNS #3**, progress is linked primarily to the Diia.City framework. Under this regime, option-related gains can be taxed at cash-out rather than earlier in the cycle, while arrangements separating economic participation from voting control are also workable in practice. This matters because in a market where startups compete for talent with larger firms and foreign employers, **equity-based incentives** are a material advantage, not a

minor detail. In practice, however, they **remain a limited and still underused** instrument across much of the Ukrainian startup ecosystem. **In the case of SNS #6**, the formal benchmark is driven largely by the presence of the **Ukrainian Startup Fund (USF)**, which ESNA recognizes as a **best-practice instrument** — though the benchmark result does not imply that the financing problem is solved. USF exists as part of the formal architecture, but it **no longer functions as a consistent early-stage anchor for the civilian ecosystem** due to the reduction of available capital following the start of the full-scale war. The deeper challenge therefore lies not only in scaling beyond early-stage support, but in restoring a reliable funding continuum as startups move toward growth.

Ukraine demonstrates **near-leader performance in SNS #7 (social inclusion, 92%) and SNS #8 (digital-first government, 88%)**. Ukraine's **digital public administration** is not a marginal reform; it is a core national asset. Through Diia and the wider digital transformation agenda, the state has reduced transaction costs, simplified founder-state interaction, and created a level of digital service maturity that places Ukraine close to Europe's strongest administrations — an advantage that was built under wartime conditions and has become part of resilience itself. At the same time, **this advantage remains unevenly distributed**: while the system works well for Ukrainian users, many of its core functions still depend on domestic digital credentials and administrative integration, which limits full usability for foreign founders, diaspora entrepreneurs, and international investors. A similarly important strength is visible in **SNS7**, where Ukraine's high score reflects the presence of active **inclusion-oriented support mechanisms**, particularly for women founders, veterans, and other underrepresented groups.

The **two weakest areas** are **SNS #4 and SNS #5. SNS #4** (innovation in regulation, 22%) is Ukraine's lowest score. The **weakness lies in institutionalization**: the absence of developed startup-specific legal terminology and laws; no mandatory startup-impact screening of draft legislation; regulatory sandboxes that remain at the stage of pilots or preparation rather than becoming routine, legally mature instruments that firms can rely on; and technology transfer pathways that are administratively cumbersome rather than routinely usable. **SNS #5** (innovation in public procurement, 54%) shows a related pattern. Intellectual property can in principle be retained by firms in procurement settings, but qualification requirements, a statutory 70%+ price-weighting rule, and the absence of an Innovation Partnership mechanism mean that the state is not yet functioning as a demand-side driver of startup validation and market creation.

SNS #1 and **SNS #2** contribute to Ukraine's overall ESNA result, though performance in these standards remains moderate at **65% and 63%, respectively**. **SNS #1** (fast startup creation and smooth market entry) reflects major progress in building a favorable administrative

environment for startup creation, largely facilitated by the Ministry of Digital Transformation through the expansion of digital public services. **SNS #2** (attracting and retaining talent) is also strongly supported by the introduction of Diia.City instruments, which have improved the framework for hiring and retaining talent, especially in the technology sector.

Key implications from the ESNA benchmark

Taken together, the SNS results point to four implications that shape the wider ecosystem diagnosis and the recommendations proposed in this report.

Insight 1 | The 100% ESNA scores obscure a 'missing middle' in practice

Ukraine's perfect scores on SNS #3 (Stock Options) and SNS #6 (Access to Finance) reflect the existence of established instruments. However, both scores measure legal availability rather than practical reach. Stock options are largely implemented through foreign holding structures or Diia.City, with significant friction in standard LLCs. Finance architecture is formally comprehensive, but 84% of startups rely primarily on bootstrapping, alternative instruments (crowdfunding, venture debt) are absent, and over 90% of venture investment is executed through foreign jurisdictions. The gap between headline score and operational reality is one of the most important strategic findings of this assessment.

Insight 2 | Regulatory innovation is the single largest gap — and the hardest to close

SNS #4 at 22% is not simply a technical gap: it reflects the absence of a whole-of-government posture toward proportionate, startup-sensitive regulation. The lack of a Think Small First screening mechanism, the absence of operational sandboxes, and the non-existence of a legal startup definition all compound each other. Critically, this is a governance design gap, not a resource gap — progress requires institutional commitment to embed new procedures into legislative workflows, not just the creation of new programs.

Insight 3 | Public procurement is a dormant demand-side lever of significant potential

SNS #5 captures a structural demand-side gap in Ukraine's startup ecosystem. Ukraine's procurement law (Law No. 922-VIII) was designed for compliance and cost efficiency, not innovation, and the result is a public market that remains effectively closed to startups, reflected in 0% scores on both procurement access and buyer incentive indicators. At the same time, Ukraine has the enabling preconditions to build a more innovation-oriented pathway, including the digital infrastructure of Prozorro, the institutional capacity emerging through GovTech Lab UA and the CDTO network, and the external reform logic created

> by DCFTA harmonisation. An Innovation Partnership procedure and startup-accessible qualification criteria would directly address the SNS #5 gap while also creating a scalable domestic demand channel.

Ukraine's startup ecosystem context

Beyond the ESNA benchmark, Ukraine's startup ecosystem remains active and internationally visible, but its development is still constrained by structural weaknesses that limit the conversion of technical capability and entrepreneurial potential into scalable companies.

As of 2025, Ukraine hosts an estimated **2,600 active startups** — 18% of them founded after February 2022 — with a combined enterprise value of **€30B,** up from €28B in early 2024. The ecosystem counts **ten unicorns and one decacorn** (Grammarly, valued at $13B), with three new unicorns reaching the threshold between October 2025 and January 2026 alone (Fintech-IT Group/monobank, Fireworks AI, and Preply). In the StartupBlink **Global Startup Ecosystem Index**, Ukraine improved from 50th globally in 2022 to **42nd in 2025**, recording the highest ecosystem growth rate among comparable ecosystems at 26.2%. Dealroom places Ukraine as the **third-largest startup ecosystem in Central and Eastern Europe**, after Poland and Estonia, with 3.7x growth over 2020–2025.

International innovation benchmarks situate Ukraine as an **'innovation achiever'** — ranked **66th in the Global Innovation Index 2025** and classified as an **Emerging Innovator** in the European Innovation Scoreboard 2025 with an overall performance of 32.6%, well below the EU average. Structural weaknesses in labour productivity (GII rank 130th), gross capital formation (126th), and R&D spending (government R&D at 5.1% and private R&D at 11.2% of EU averages) represent long-term constraints on the ecosystem's ability to move from service-based to product-and-IP-driven growth.202

Defence tech has emerged as the single largest and fastest-growing vertical, with investment growing from $1.1M in 2023 to $105M in 2025 — a near-hundredfold increase. The BRAVE1 cluster now hosts over 2,100 developers and 4,600 defence products. In parallel, **AI adoption** has become a near-baseline capability: 77.5% of startups in the 2025 rising cohort already embed AI into their products, and AI-powered companies attracted 2.8 times more investment than those without substantial AI components ($302M vs. $104M).

Beyond the ESNA benchmark itself, the wider picture of Ukraine's startup ecosystem emerges across **five interconnected dimensions**: governance and regulation, access to funding, access to talent, support infrastructure, and access to markets.

Governance and Regulation

Over the last decade, Ukraine has demonstrated a solid capability to advance digital transformation in selected domains, positioning the country among the leading digitalisation performers globally. At the heart of this progress is the **Ministry of Digital Transformation**, which acts as the central architect of the agenda, overseeing **Diia, Diia.City, Diia.Business**, and the **WINWIN Innovation Strategy 2030**, while coordinating a network of more than **60 Chief Digital Transformation Officers (CDTOs)** across ministries and regional administrations. Together with instruments such as the Ukrainian Startup Fund, the BRAVE1 defence cluster, GovTech Lab UA, and the national EDIH network, this creates a visible **innovation- and digitalisation-oriented policy layer** within the broader ecosystem. At the same time, these **policies and instruments do not yet treat startups as a clearly defined and distinct economic category**. Ukraine still lacks a formal startup-specific legal vocabulary and a coherent cross-cutting policy framework that would systematically address startup needs across stages and sectors.

The **governance picture is also fragmented**. Responsibilities are distributed across multiple ministries, agencies, and programs; policy intent is often clearer than delivery logic; and startup-relevant instruments have multiplied faster than the connective tissue between them. Founders often interact with a system that contains pockets of modernity within a wider environment still built for conventional firms or public institutions. This gap is especially visible when it comes to the broader regulatory framework.

Ukraine still **lacks a coherent startup-specific governance framework**, including a formally established terminology, a systematic approach to assessing the impact of new regulation on startups, and a consolidated ecosystem data infrastructure to support evidence-based policymaking. As a result, there is an ambiguity in the ecosystem not only around the definition of a startup itself, but also around the broader set of entities, stages, and instruments that should be recognized in policy design and support measures. The **ecosystem operates without a shared policy language or coordinated implementation logic**, which reduces consistency across programs, weakens policy coherence, and limits the ability of the state to tailor interventions to different stages of startup development. This fragmentation is further reinforced by the distribution of responsibilities across multiple institutions **without sufficiently strong coordination mechanisms**, making the system harder to navigate for startups and less efficient in the use of public and donor resources. At the same time, this **gap may be addressed** through Draft Law No. 13715 “On Supporting and Developing Innovation Activity,” which was registered by the Cabinet of Ministers on 29 August 2025, adopted in the first reading on 11 February 2026, and is currently being prepared for second reading.

The above limitations are **compounded by the partial adaptation of the broader regulatory environment** in areas such as corporate governance, taxation, labor regulation, and the integration of foreign founders and talent. The same weaknesses are especially visible in the **commercialization layer**, where IP regulation and institutions continue to create significant barriers. Universities and public research institutions can, in theory, commercialize IP, but technology transfer remains administratively cumbersome, cooperation with business remains weakly structured, and procurement systems still do not function as a predictable demand-side channel for innovative firms.

Ukraine has an SME impact screening mechanism in the legislative process, but **no dedicated startup impact screening applies**. Due to the absence of a formal legal definition of a startup, early-stage startups and scale-ups are not treated as a distinct regulatory category, meaning their specific constraints are not systematically assessed before new rules are adopted. Ukraine has made **visible progress on regulatory experimentation**. The WINWIN 2030 strategy proposes **sandbox-type instruments**, and the Cabinet of Ministers adopted Resolution No. 1238 in October 2024, creating an **experimental Sandbox framework**. In June **2025**, the Ministry of Digital Transformation and the Ukrainian Startup Fund also piloted an **Innovation Sandbox for AI and blockchain solutions**. However, currently that sandbox still remains at pilot stage and there is no mature, economy-wide sandbox regime yet.

Proposed recommendations

Governance is the most consequential intervention area. Because ESNA itself is a policy-measurement instrument, the standards measure first and foremost the legal and institutional environment for startups — and this is where Ukraine's biggest gaps sit. It is also where the **conditions for almost every other recommendation are set**: without a stable legal foundation and clear institutional ownership, downstream reforms in finance, talent, infrastructure, and markets each end up reinventing their own basics.

That is why the starting point, and one of the most important recommendations in the entire agenda, is the adoption of **Draft Law No. 13715 "On Support and Development of Innovation Activity"** as Ukraine's flagship startup-policy framework. Its job is to give the ecosystem a shared language: clear definitions of startups, scale-ups, development stages, and support formats that future funding instruments, procurement windows, data systems, and policy measures can all build on. The adoption of the law should be followed by a clearer startup-policy layer in the next iteration of the **WINWIN operational plan**. WINWIN already functions as Ukraine’s broader innovation framework, but startup policy needs a more explicit delivery logic inside it: defined priorities, responsible institutions, KPIs, financing routes, and links to strategic technology areas. **The legal anchor needs an institutional one.** Ukrainian

Startup Fund (USF) should take on a clearer role as the central coordinator of civilian startup support, with the mandate, resources, and visibility to act as the system's main institutional reference point. **A third pillar makes the whole architecture measurable. A public startup data and monitoring system** would replace today's patchwork of inconsistent ecosystem data with a single, reliable evidence base — covering startups, funding flows, sectors, stages, regional distribution, and support programs. This turns startup policy from an instinct-driven exercise into a data-driven one, allowing institutions to track what works, identify underserved segments, and adjust instruments based on real outcomes.

The rest of the regulatory agenda tackles the **specific frictions that hold the startup environment back**. Startup impact screening in regulatory design, faster IP procedures, a permanent regulatory sandbox mechanism, easier cross-border access for foreign founders, the Science City law as an enabling framework for research commercialization, and public procurement reform that finally opens a credible route for startups to sell to the state.

Access to Funding

Ukraine's startup financing landscape remains **structurally narrow and uneven across stages**. The ecosystem includes a **limited but active base of investors**, with around **30** venture capital funds operating at **pre-seed to Series A stages** and approximately **10–15 later-stage funds**, alongside a small number of organized angel networks and syndicates. Investment activity is concentrated in **a few high-growth verticals**, particularly marketing technologies, fintech, edtech, retail tech, and increasingly defense and dual-use technologies, which have attracted a growing share of capital in recent years. At the same time, the overall **depth of the market remains limited**: angel investment is fragmented and under-institutionalized, while later-stage capital is scarce and often sourced from foreign jurisdictions.

After reaching a pre-war **peak of $832M in 2021**, disclosed **tech investment fell** sharply to $234M in 2022, before recovering to USD 462 million in 2024 and **$498M in 2025**. Over the decade **2014–2024**, total investment reached **$9.4B** across approximately **1,400 deals,** with 60% concentrated in the technology sector. However, the composition of this investment reveals a persistently **skewed deal structure**. In 2024, **Series C** dominated at 48% of total volume, but this is heavily explained by a single transaction, Creatio's $200M round, which alone accounted for roughly **90% of all Series C capital**. **Early-stage activity has remained steady** as a share of total volume (32–39% across recent years), with seed investments reaching $88M and Series A at $58M in 2024, though these figures imply very limited capital per company given the number of active startups. **Defense and AI-related segments have attracted particularly strong momentum**. In 2025, AI-powered startups attracted 2.8 times more investment than those without substantial AI components, and defense tech accounted

for an estimated $105M — a near-hundredfold increase from $1.1M in 2023. A structural anomaly that runs across all years is the near-total **externalization of investment execution**: over **90%** of deals are structured through **foreign jurisdictions,** compared to 80–85% domestic execution in Poland and 65% in Estonia, reflecting both investor preference and the absence of a mature local capital markets infrastructure.

The private capital market is constrained at every stage beyond early seed and seed. **Angel investment**, organized through approximately three active networks (iClub, Toloka, United Angels) with an estimated 380 active investors, offers typical tickets of €10K–50K but operates at **per-capita levels far below European peers** — €0.16 per capita in 2021 versus €12.5 in Finland — and active angel numbers declined 54% between 2021 and 2023 due to relocation and wealth erosion. The majority of Ukrainian **VC activity targets CEE and European markets** rather than domestic startups, and Series B+ capital remains structurally scarce.

The grant landscape has expanded dramatically. Total grants to Ukrainian entrepreneurs grew from $6.9M in 2023 to approximately $50M in 2024 and $78M in 2025 — a tenfold increase in two years, with the growth being largely **concentrated in the defense sector**. The Ukrainian Startup Fund (**USF**), which prior to the full-scale invasion was the **primary civilian grant channel** — providing $25K–$50K tickets and responsible for roughly half of early-stage deals — **has since shifted its focus toward defense and dual-use** innovation through **BRAVE1**. BRAVE1 now constitutes by far the largest grant instrument in the ecosystem, with a UAH 2.7B budget in 2025, 600+ grants issued, and 2,100+ active developers. Civilian startup support has effectively moved to the background: USF's role in this space has transitioned to administering and **co-implementing donor-funded programs** — such as Startup EDGE (EU4Innovation East), Seeds of Bravery, — rather than deploying direct state capital. That said, Ukraine is increasingly **gaining access to EU-wide grant instruments** that partially compensate for the retreat of domestic civilian funding. The European Innovation Council launched a dedicated Ukraine action and opened access to another its program in 2025 totaling €40M, the EIT continues to deploy instruments across health, climate, and digital verticals, and the Digital Europe Program — which Ukraine joined in 2022 — has so far resulted in 19 signed grant agreements involving 75 Ukrainian institutions worth €14.4M. These channels provide meaningful non-dilutive capital, but they arrive on project-defined, donor-driven timelines that create sustainability uncertainty and tend to favor more mature, proposal-ready teams over the earliest-stage ventures.

Bank loans are structurally ill-suited to technology startups: lenders require hard collateral, stable cash flows, and personal guarantees that early-stage ventures typically cannot provide, and survey evidence shows only 1.9% of startups have used bank loans as a financing source.

The state-backed Affordable Loans 5–7–9% program has played a meaningful stabilizing role for the broader SME economy during the war, but it is designed for working capital and asset-backed investments in traditional businesses rather than high-risk innovation.

Critically, a broad range of **alternative finance instruments** — equity crowdfunding, venture debt, peer-to-peer business lending, and IPO pathways — **remains absent or non-functional** due to a combination of regulatory immaturity and limited market demand. The net result is that despite a formally comprehensive financing architecture (reflected in ESNA's 100% score), the practical funding ladder for most startups is short: bootstrapping at the start (84% of startups use personal savings; 39% rely on it as their only source), grants in early stages, and then a sharp transition to foreign jurisdictions and international investors for any meaningful private capital.

Despite visible activity across funding instruments, **access to finance remains the most significant constraint for startups**, reflected both in longstanding structural gaps and in recent survey evidence. Access to finance has consistently been **the most-cited constraint** for Ukrainian startups across every survey wave, and the picture is structurally complex. In the 2025 PUSB survey, 35.4% of startups named lack of financing as their primary barrier, and 40.1% identified financial support as their most-needed resource. The **pre-war SME financing gap was estimated at €10.3B**, and while the wartime period has brought significant inflows of international grant capital and a partial recovery in venture investment, these flows have been concentrated in defence and dual-use sectors, leaving civilian early-stage funding increasingly dependent on external donor instruments.

Lack of funding for Ukrainian startups affects startups **across the full lifecycle** rather than at a single stage. The **strongest pressure** is concentrated at the **earliest stages**, where the ecosystem **lacks a sufficiently developed pre-seed layer**: angel investment remains thin due to the weak investing culture and limited investor capabilities, sustainable grant support is missing, and pre-seed venture capital remains largely unavailable. As a result, early-stage founders **rely too heavily on self-funding and fragmented grant opportunities** instead of progressing through a balanced mix of angel, micro-grant, and early VC financing. **Scale-up funding also remains scarce**, as Ukraine has very few domestic institutional investors, experienced fund managers, and sufficiently large funds capable of supporting later-stage growth. While the **venture capital market is present, it is structurally imbalanced**, with domestic VC concentrated mainly at the **seed stage**, leaving a financing gap before startups become mature enough for venture investment. This imbalance is reinforced by the **absence of institutional mechanisms** such as co-investment tools, anchor capital, and fund-of-funds structures that could crowd in private capital and strengthen the market.

At the same time, the **institutional framework remains only partially adapted** to startup financing. Ukrainian corporate law is not fully aligned with venture-standard instruments, alternative financing channels remain weakly regulated, and a significant share of startups still operate through legal forms poorly suited to equity investment. In practice, these limitations push both founders and investors toward **foreign holding structures**. **War-related risk perception** further compounds these structural weaknesses by reducing investor appetite even for operationally resilient Ukrainian startups. As a result, **grants play a disproportionately large role in the ecosystem**, not as a sign of funding strength but as a **substitute for missing private capital**. Yet grant support itself remains fragmented, limited in scale, and insufficiently calibrated to the different needs of startups across stages and sectors. **Debt and alternative instruments do not compensate for these weaknesses either**, as traditional bank lending remains poorly suited to startup realities and tools such as crowdfunding or venture debt remain underdeveloped in practice. Overall, **the financing ladder is broken at multiple points**, leaving the ecosystem structurally undercapitalized and pushing founders to delay growth, rely on suboptimal funding sources, incorporate abroad, or exit the domestic pipeline altogether.

Proposed recommendations

Access to finance should be addressed as a financing-pathway problem, not simply as a shortage of funding. Ukraine needs a more **coherent funding ladder** in which public and donor resources support the stages where market capital is weakest, while also preparing startups for private investment and reducing the risk of early investor participation. **The most urgent priority within this ladder is the early stage**, where weak financing continuity directly constrains the size and quality of Ukraine's overall startup pipeline.

The primary improvement direction therefore rests on two objectives: **the restoration of a stable civilian early-stage funding anchor, and the more deliberate use of public finance to activate private capital.** A smart grants anchor program would provide predictable support tailored to startup stage and industry focus, while matching grants and co-investment instruments would link such support to private investor validation. The development of a **larger and more professional angel investor base** would, in parallel, give early-stage startups access not only to capital but also to the business expertise and networks that public funding cannot supply on its own. Taken together, these instruments are intended to **transform Ukraine's access-to-finance system** from a fragmented mix of grants and occasional private deals into a connected architecture. The expected outcomes include stronger continuity between public and private financing, more efficient use of donor and state resources, a higher number of startups reaching seed and growth stages, and a stronger domestic investor base able to support companies before fundraising shifts fully abroad.

Beyond the priority measures, the financing agenda includes several other initiatives aimed at widening the access to finance for Ukrainian startups. First, Ukraine needs **stronger market-building mechanisms for private capital**, including a Fund of Funds and a national business angel association. Second, **grant-based support should become more targeted and demand-driven**, with instruments such as corporate innovation partnerships, researcher venture fellowships, regional vouchers, and challenge-based civilian funding. Third, the ecosystem requires a **broader set of financing channels beyond grants and equity**, including regulated crowdfunding, peer-to-peer lending, venture debt, and blended finance products with startup-adapted risk assessment. Together, these measures would help move the ecosystem from fragmented early-stage support toward a more diversified financing ladder.

Access to Talent

Ukraine possesses one of the region's **largest and most adaptable pools of technical labor** and its technical workforce has proved remarkably durable under wartime conditions. The report estimates more than **346,000 IT specialists in 2025**, supported by a strong technical education, a large outsourcing and software base, and growing activity in AI-related fields. International comparisons also show meaningful strengths in high-level cognitive and adaptive skills. For startups, this is a major asset — **product development capability exists**, and Ukraine continues to offer a large pool of engineers and professionals who can operate in internationally competitive digital work. The main issue is therefore not only whether Ukraine has technical talent, but whether this talent can be retained, upgraded, and converted into founders, early startup employees, commercially capable researchers, and scale-up managers.

The GTCI places Ukraine **98th globally on brain retention** — a metric that captures not just current displacement but the structural likelihood of experienced professionals remaining in-country over time. Sustained emigration, mobilization risk for male workers, and chronic war-related uncertainty all contribute to elevated attrition, making long-term hiring and scaling decisions riskier for founders. The **shortfalls of the enabling environment compound brain retention issue**: Ukraine ranks 108th on the regulatory landscape, with political stability at 123rd and rule of law at 112th, reducing the confidence of potential returnees and limiting the potential effectiveness of any future return incentive programs. **Lifelong learning infrastructure is also underdeveloped** (rank 97), meaning startups cannot rely on the system for rapid reskilling and must invest directly in on-the-job training. The result is a talent system with a meaningful base of individual and educational strengths, but **constrained capacity to mobilize, retain, and continuously upgrade that talent** within a growing domestic ecosystem.

Within the Diia.City framework, a practical mitigation exists: IT companies can hire foreign specialists through gig-contract arrangements without the standard work-permit requirement,

providing an administratively fast-track pathway that has been used effectively by the ecosystem's most mature layer. Beyond this mechanism, however, structured tech-diaspora return programs are absent — the closest instruments are general entrepreneurship grants (eRobota) accessible to returnees, not targeted fiscal or mobility incentives for experienced technology workers.

The Ukrainian startup ecosystem is constrained by a combination of wartime pressures, structural weaknesses in talent formation, and limited mechanisms for retaining and attracting skilled people. The most acute challenge is the **shrinking available talent pool** caused by mobilization, deferment complexity, displacement, and outward mobility, which makes it harder for startups to compete for qualified workers under wartime conditions. With 6.9 million **refugees** recorded abroad, 3.8 million internally displaced, and the effective workforce down to an estimated 11–12 million from 15.6 million in 2021, the **talent pool available to domestic startups has contracted sharply**.

At the same time, the problem is not only quantitative, but also qualitative: **startups often struggle to find people with practical, entrepreneurial, and growth-stage capabilities**. This reflects deeper **weaknesses in the education pipeline**, including the limited practical relevance of academic education, insufficient integration of entrepreneurship education across the system, and a weakening base of STEM teachers and mentors able to prepare future technical talent. **Regional concentration of talent in a few hubs** further reduces the contribution of other parts of the country to startup formation. In parallel, the **scarcity of professionals who have already scaled companies** limits the circulation of advanced managerial and commercial experience within the ecosystem. The challenge is compounded by the **absence of sufficiently developed strategies and policy mechanisms for attracting talent from abroad**, encouraging Ukrainians to return, or making Ukraine a realistic destination for foreign specialists. Overall, the findings indicate that Ukraine faces **not only a reduced talent pool, but also a weakened system for producing, retaining, and upgrading the types of talent most critical for startup growth**.

Proposed recommendations

Access to talent improvement should be framed not only as a workforce issue, but as a startup-readiness and talent-conversion problem. Ukraine has strong technical talent, but too little of it is systematically converted into founders, early startup employees, commercially capable researchers, or sector-relevant innovation teams. The main constraint is therefore not only the availability of people, but the **weak connection between education, practical entrepreneurial skills, university-based startup support, and the talent needs** of priority innovation sectors.

The agenda therefore pursues three ambitions. **The first is to strengthen the cultural foundation of entrepreneurship**, gradually shifting it from a niche pursuit toward a recognized career path through greater visibility of founders, startup creation, and entrepreneurial role models in public life. **The second is to strengthen and scale what is already working** — most notably the rapidly expanding university-based network of startup schools, incubators, and accelerators, which now requires a stronger methodological foundation to convert reach into consistent quality. **The third is to look forward**: to develop a clear vision of the skills Ukraine will need in its priority innovation sectors over the coming decade, so that universities can begin shaping today's students into the workforce required for tomorrow's competitiveness.

Beyond these priorities, the longlist **broadens the agenda across the wider talent system**. It strengthens entrepreneurship education at every level of learning, supports the renewal and expansion of the STEM educator base, increases the practical exposure of students to real startup environments, and reinforces the international layer of the system through talent attraction, structured diaspora engagement, and global ambassador networks.

Support Infrastructure

Ukraine's support infrastructure has grown considerably in scale and diversity, though it remains geographically concentrated and operates through largely parallel, only partially coordinated tracks. The ecosystem includes both **soft support infrastructure** — such as accelerators, incubators, mentoring, advisory, and coordination mechanisms — and **hard support infrastructure**, including laboratories, prototyping spaces, innovation parks, coworking environments, and specialized testing facilities. Across these two dimensions, Ukraine has a broad range of startup support actors and initiatives, but they do not yet function as a coherent and continuous support pipeline.

In **soft support**, the key **issue is not only scale but institutional depth**. Although Ukraine formally counts around 70 registered business incubators and roughly 60 acceleration initiatives, only up to 10 incubators appear to be active, while many accelerators function as one-off or short-cycle programs rather than as stable institutional players. The **landscape is also difficult to classify consistently**, as the absence of clear startup-specific terminology and standardized categories blurs the distinction between incubators and accelerators. Most active programs remain generalist and focused on pre-seed and early acceleration, while structured **support for scale-ups and growth-stage firms remains very limited**. There is the **lack of continuity across stages**: idea-stage support, practical entry-point formats such as hackathons and ideathons, and dedicated support for scale-ups all remain underdeveloped.

Outside the defense sector, **specialization by vertical and stage remains weak**. FinTech, AgriTech, MedTech, and other sectors appear mainly through isolated or limited-duration initiatives rather than through a continuous support infrastructure, while **defense tech stands out as the main exception with a more coherent support ecosystem** built around Brave1 and related programs. The system is further weakened by **poor coordination** between ecosystem builders and **uneven regional distribution** of support. In addition, many accelerators lack sustainable business models and remain heavily dependent on donor funding, which makes the **support landscape fragmented, temporary, and institutionally weak**.

University-linked support remains a particularly weak part of the system, as **universities still lack both the operational frameworks for spin-off creation and the business expertise needed to help research and student teams move toward commercialization**. At the same time, several visible support layers have strengthened in recent years. **Diia.Business** has built a nationwide network of **entrepreneurship centres**; **university-linked support** has expanded through the YEP network and the Ministry of Education and Science's startup school–incubator–accelerator initiative; and ten Ukrainian hubs joined the **European Digital Innovation Hubs** network in 2025. Overall, the evidence shows that Ukraine's soft infrastructure is active but **insufficiently institutionalized, specialized, and connected to support startups consistently from idea stage to scale-up**.

On the **hard-infrastructure side**, Ukraine's research and prototyping base remains constrained not only by **underinvestment**, but also **by limited alignment with startup and commercialization needs**. While laboratory infrastructure exists across universities and research institutes, it is often **outdated or oriented toward research rather than practical product development**, limiting its relevance for startups, particularly in deep-tech and engineering-intensive sectors. At the same time, institutional and regulatory barriers **prevent existing infrastructure from functioning as an open, service-based resource**, as universities lack flexible models to provide startups with consistent and affordable access. These challenges are compounded by weak operational capacity, with unclear responsibilities for infrastructure management, insufficient technical staff, and limited incentives for active use, leading to **underutilization of available equipment**. Similar patterns are observed in science parks, which often exist formally but lack a clear strategic role in startup support and commercialization. As a result, Ukraine's hard infrastructure remains an **underperforming asset, with existing physical capacity not yet organized in a way that consistently supports prototyping, technical validation, and the translation of research into startups**.

Proposed recommendations

Support infrastructure should function as a continuous operational pipeline that takes founders from the first idea through validation, growth, and scale. In Ukraine, support infrastructure pipelines **exist in fragments** rather than as a coherent system: strong individual programs, but weak continuity between stages, limited specialization, heavy concentration in few hubs, and uneven coordination between actors. Soft and hard infrastructure share the same underlying weakness — **assets and initiatives are present, but they are not yet organized in a way that consistently moves startups forward**.

The agenda for **soft support infrastructure** therefore pursues four aims. **The most urgent is to close the gap at the start of the pipeline,** where many promising ideas currently fail to convert into startups for lack of structured early support. **The second is to introduce sector-specific depth into a system** that has so far developed mostly horizontally, recognizing that startups in different industries face fundamentally different commercialization realities. **The third is to bring startup support closer to founders in regions**, reducing the structural concentration of opportunity in a few major cities. **The fourth is to build dedicated centers of expertise around strategic technology domains**, where Ukraine can develop genuine depth and achieve stronger impact instead of spreading scarce resources too thinly across a large number of domains.

Beyond these priorities, the longlist **deepens the soft infrastructure layer further** by strengthening university commercialization through improved technology transfer, spin-off support, and entrepreneur-in-residence positions; improving the sustainability and quality of accelerators; creating clearer coordination mechanisms across the ecosystem; and adding targeted instruments for underrepresented founder groups.

The agenda for **hard support infrastructure** addresses a different but related weakness: the country's physical research and prototyping base remains an **underused asset**. Universities and research institutions hold relevant equipment, but it is rarely organized as accessible product-development infrastructure for external teams. The priority is therefore to **scale a national network of regional startup-oriented prototyping labs**, particularly to support hardware ventures whose path from research result to MVP is often blocked by the absence of equipment, workspace, or technical staff. The longlist complements this with a laboratory modernization fund tied to actual usage by startups, a legal framework allowing universities to operate infrastructure on a commercial basis, and a national platform cataloging available equipment across institutions.

Access to Markets

Access to markets has two dimensions in the startup ecosystem: access to the **domestic market** and **access to international markets**. In both cases, Ukrainian startups face structural constraints, but the nature of these constraints differs.

On the **domestic side**, the main challenge is **limited market depth**. For many startups, Ukraine does not yet provide a sufficiently large and predictable demand base to support sustained commercial growth and scaling, especially outside a limited number of strategic sectors. Public procurement represents the largest potential demand channel, but it remains difficult for startups to participate. Although Prozorro has created a transparent and digitised procurement system, qualification requirements, compliance burdens, and price-driven selection logic continue to **favour established suppliers over younger innovative firms**. A notable exception is defense and dual-use innovation, where wartime urgency has created a more direct pathway from testing and validation to actual demand. For civilian startups, Ukraine serves more as a space for early testing and validation than as a market for sustained expansion.

Therefore, Ukrainian startups are highly international in orientation. The report finds that 63% of Ukrainian startups target global markets and another 12% operate exclusively abroad, while purely domestic-market startups represent less than one quarter of the total. This reflects the economics of the environment: **firms that internationalize earlier tend to grow faster**, while the domestic market alone is too constrained to support ambitious scaling. International orientation is therefore rational and, in many cases, necessary.

But strong international orientation does not mean foreign-market entry is easy. Survey evidence shows that most startups still face major **difficulties when expanding abroad** — the leading barriers being access to finance in foreign markets, customer and distribution access, and weak local networks and soft-landing support.

Support for international market access is currently delivered through a combination of public and ecosystem-based mechanisms. Public instruments include **export-promotion and advisory support**, particularly through the Entrepreneurship and Export Promotion Office and the Diia.Business service ecosystem. Alongside public export-promotion and advisory instruments, international expansion is facilitated through **ecosystem visibility channels such as startup media, flagship tech events, curated delegations, and industry associations**, which help to connect startups to potential partners, customers, and investors abroad. Ecosystem actors such as the USF, clusters, and other intermediaries help startups access foreign markets through participation in **events** such as Web Summit, Latitude59, and CES, as well as through delegations and matchmaking opportunities. **Tech media** such as Vector, AIN,

DOU, Scroll.media, and SPEKA also contribute by amplifying founder stories, product launches, and other credibility signals relevant for internationalisation. However, these mechanisms **remain too episodic and weakly integrated to function as a repeatable scale-up pathway**: aftercare, partner conversion, and sustained market development still depend heavily on the operational capacity of individual organisations rather than on a coherent internationalisation system. One distinct initiative providing **comprehensive market-entry support** for Ukrainian companies is the **UK–Ukraine TechBridge**, implemented in cooperation between the UK Government, Ukraine's Ministry of Digital Transformation, and Ukraine's Ministry of Foreign Affairs. The initiative is aimed not only at facilitating sales abroad, but also at connecting the UK and Ukrainian tech ecosystems. It has received positive feedback from Ukrainian ecosystem actors, while the key area for further work is **scaling such initiatives** to other markets.

While internationalization programs remain fragmented and limited in scale, **founders often have to navigate foreign expansion largely on their own**, while also facing weak international connectedness of the ecosystem itself, including limited access to cross-border investor, corporate, and innovation networks. Additional constraints, such as limited support for participation in international trade fairs and weak IP management and technology transfer capacity in universities, further reduce commercialization potential, especially for science-based ventures. In defense-tech, the issue is especially visible in the gap between validation and international market transfer. Overall, the section shows that **Ukrainian startups are highly outward-oriented, but the ecosystem still lacks both a strong domestic demand base and a sufficiently developed market-access architecture to support commercialization and scaling in a systematic way**.

Proposed recommendations

Access to markets should be approached as a question of converting Ukraine's strong outward orientation into sustained commercial outcomes. Ukrainian startups pursue international markets from their earliest stages, but the **supporting infrastructure remains episodic** rather than organized as a continuous pathway from market exploration to commercial entry and scaling. The domestic dimension also requires further development, as early customers, corporate pilots, and public procurement opportunities are rare or almost absent.

The priority agenda therefore **combines market-entry readiness with structured foreign-market access**. **Ecosystem bridge programs**, building on the UA-UK TechBridge model, would establish durable connections to investors, mentors, and corporate partners in priority foreign markets. A **dedicated training program** complemented by follow-on advisory vouchers would equip startups to use such connections effectively, supported by credible market-entry plans rather than improvised approaches. **A more specific but strategically**

important element concerns defense-tech. In light of recent movement toward reopening defense exports, Ukraine needs practical navigation tools for startups and SMEs facing complex export requirements.

Beyond these priorities, the longlist **broadens the market-access agenda through more tactical instruments**: structured soft-landing missions, grants for participation in international events, corporate-startup pilot programs, and scaling national ecosystem awards. These measures support visibility, partner access, domestic demand, and ecosystem positioning, while the core objective remains to make market access a recurring and outcome-oriented function of the startup ecosystem.

Key conclusions and implications for action

Ukraine's startup ecosystem **combines real strengths with equally real structural constraints**. It has built a comparatively advanced policy and institutional base in areas such as digital public administration, startup creation, early-stage support instruments, and selected technology-focused reforms, which helps **explain both its strong ESNA performance and the continued visibility of startup activity under wartime conditions**. At the same time, these strengths **do not yet amount to a fully integrated scaling environment**. Progress has been strongest where reform could be delivered through targeted instruments, special regimes, or discrete digital solutions, and weaker where success depends on deeper coordination, routinized implementation, and systemic changes in how regulation, procurement, finance, technology transfer, and market access operate over time. As a result, **formal modernization often runs ahead of practical usability**: founders encounter an ecosystem that can be highly modern in one interface and significantly less adaptive in the next. The war has further sharpened this duality, intensifying constraints such as investor caution, relocation, talent pressure, and fiscal limits, while at the same time accelerating digitalisation, defense-tech innovation, and international partnerships.

The gap analysis confirms that the **main constraints are not isolated weaknesses, but mutually reinforcing gaps** across governance and regulation, access to finance, talent, support infrastructure, and market access. Together, these constraints weaken the continuity of the startup pipeline from idea stage to scale-up, reduce the effectiveness of existing support mechanisms, and limit the ecosystem's ability to convert technical capability and entrepreneurial potential into scalable companies. Overall, the analysis suggests that while many important ecosystem elements are already present, they **do not yet function as a sufficiently coherent, well-coordinated, and enabling system for startup growth**.

Building on the gap analysis, the recommendation agenda focuses on the **system-level changes** needed to make existing ecosystem assets work together more coherently and to address the most binding bottlenecks to startup growth. It sets out an **actionable pathway for strengthening Ukraine's startup ecosystem** and advancing its alignment with the ESNA Startup Nations Standards. The agenda responds to the central finding of the assessment: Ukraine has already developed several important foundations for a startup-supportive environment, but these **strengths do not yet operate as a coherent startup development system**.

The recommendation portfolio includes 74 recommendations across the longlist with 22 of them shortlisted as priorities. The shortlist identifies the measures that address the most binding bottlenecks, have a clear implementation route, and create the conditions for other measures to work. Taken together, the recommendations point to **five core directions** for strengthening Ukraine's startup ecosystem:

1. **Ukraine needs a clearer and more coherent startup-policy architecture** with shared legal definitions, stronger institutional ownership, and better data — to give the ecosystem a stable foundation to build on.
2. **Financing needs to function as a continuous ladder**, with public resources used to crowd in private capital rather than replace it.
3. **Entrepreneurship needs to become a more visible and accessible career path** — through stronger education, better role models, and a culture that makes startup creation feel achievable.
4. **The distance between ideas, research, and viable ventures needs to shrink** — by making early-stage support and technical infrastructure more structured, more specialized, and more accessible in the main hubs and regions.
5. **Ukraine's strong international orientation needs to be matched by equally strong institutional support** — so that going global becomes a structured pathway, not something founders navigate on their own.

Implementation Roadmap

The delivery roadmap translates the shortlisted recommendations into three implementation horizons. In the **short term**, priority should be given to measures with clear institutional entry points and strong enabling value. These measures create the policy, coordination, monitoring, and early-capacity foundations for the wider reform agenda. They include adoption of Draft Law No. 13715, strengthening WINWIN with a dedicated startup-policy layer, establishing the startup data and monitoring system under USF, adopting

the Science City law, introducing startup-friendly innovation procurement rules, developing the future skills strategy, and establishing defense-tech export guidance and a support desk.

The **medium-term agenda** should focus on initiatives that require deeper design, budget alignment, institutional coordination, or partner selection before full rollout. These include the Angel Investor Academy, staged smart grant tracks under USF, the matching grant facility, regulatory sandboxes across priority sectors, university startup school and incubator upgrades, the national media-based startup competition, the Idea-to-Startup incubation program, sector-specific acceleration, regional startup hubs, Centers of Excellence, ecosystem bridge programs, and internationalization training with market-entry vouchers.

The **longer-term agenda** includes actions that remain strategically important but depend on deeper structural conditions. These include the state-backed startup co-investment facility, strengthening USF as the central ecosystem coordinator, and scaling regional startup-oriented prototyping labs. These measures should be prepared early, but their full implementation should be aligned with realistic institutional, fiscal, and market conditions.

If implemented in this sequence, the recommendations would help Ukraine move from a resilient but uneven startup ecosystem toward a more **coherent, investable, and commercially oriented one**. The **expected result** is a system in which founders can move through clearer stages of support, public institutions can act with more consistent definitions and mandates, investors have better instruments and incentives to participate, universities and research institutions become more active sources of ventures, and startups gain stronger access to customers, pilots, foreign networks, and export opportunities.

GENERAL PROJECT INFORMATION

PROJECT INTRODUCTION

About the project

This project is implemented in the context of the European Union's support to innovation-driven economic development and startup ecosystem reform in the **Eastern Partnership (EaP)** region. It forms part of a broader effort to strengthen policy frameworks, institutional capacity, and cross-border alignment with European standards, with a particular focus on enabling startups to emerge, scale, and integrate into European and global markets.

The assignment focuses on Ukraine's participation in the **European Startup Nations Alliance (ESNA)** — a policy coordination platform that brings together European countries around a shared agenda for startup ecosystem development. ESNA provides a common reference point for governments seeking to improve the conditions for startup creation and growth, structured around the **Startup Nations Standards (SNS)**. These standards define eight core policy areas that together shape a modern, innovation-friendly startup environment, covering company creation, access to finance, talent, stock options, digital public services, innovation-oriented regulation and procurement, and social inclusion.

Ukraine joined ESNA benchmarking in 2024 and demonstrated a **comparatively strong level of formal alignment with several standard**s, particularly those linked to digital public infrastructure, company registration, and financing. This performance reflects a decade of reforms in digital government and targeted support for the technology sector, even under conditions of full-scale war. At the same time, ESNA benchmarking highlights that headline scores **do not fully capture differences** in implementation depth, institutional coherence, or practical usability for startups operating in a highly constrained and volatile environment. As in many EaP countries, advanced policy instruments coexist with legacy regulatory practices and uneven administrative capacity.

The project is designed to support a more **structured and policy-relevant examination of Ukraine's startup ecosystem** through the ESNA lens. Its purpose is to deepen understanding of how existing legal, regulatory, and institutional arrangements function in practice, to identify priority gaps and inconsistencies, and to outline directions for further alignment with European approaches. In doing so, the project contributes to strengthening the role of startups in Ukraine's economic resilience, recovery, and longer-term European integration trajectory.

The assignment is structured as a **six-month process**, progressing through a sequence of **five phases** that move from initial mapping and stakeholder engagement to the formulation of conclusions and forward-looking recommendations:

About the Client

The client for this project is **Expertise France**, France's public agency for international technical cooperation. Expertise France implements technical assistance projects on behalf of the European Union and other public donors, supporting partner countries in areas including economic development, innovation policy, and institutional capacity building.

In this assignment, Expertise France acts as the **contracting and coordinating authority**, ensuring coherence with the EU-supported program objectives and alignment with ESNA's policy framework. It oversees the delivery of analytically robust outputs that can be used by national stakeholders and international partners in policy dialogue and reform planning, while also enabling knowledge transfer and consistency with EU and regional priorities

This assignment is implemented in the framework of **EU4Innovation East**, a regional program supporting startup ecosystem development in five **Eastern Partnership (EaP)** countries: Armenia, Azerbaijan, Georgia, the Republic of Moldova, and Ukraine. The program focuses on strengthening startup support infrastructure, improving access to finance and markets, and providing targeted support to high-potential technology-driven entrepreneurship, including in Ukraine.

EU4Innovation East is funded by the European Union, co-funded by the French government, and implemented by Expertise France.

IMPLEMENTING CONSORTIUM

The project is implemented by a consortium comprising **Civitta** and **EasyBusiness**, combining complementary expertise in startup ecosystem development and policy analysis.

Civitta

Civitta is the largest independent management consulting company in Emerging Europe, with **over 750 professionals across 31 offices in 20 countries**. With a flexible, impact-driven approach and a strong international presence, Civitta has successfully delivered **over 10,000 projects in more than 40 countries across Europe, Asia, and the Americas.**

Civitta Ukraine, one of the network's oldest and largest offices, brings together **over 100 seasoned experts** and is widely recognized as a top-tier innovation and advisory firm in the country. Since 2013, the team has worked with major international partners including the World Bank, WHO, GIZ, EBRD, the European Commission, UNDP, and USAID, delivering high-impact projects across public policy, innovation, and entrepreneurship.

Civitta Ukraine has **a strong track record in ecosystem diagnostics and market research at the national and regional levels**. This includes authoring startup and innovation ecosystem reports based on comprehensive desk research, field interviews, and surveys. **These studies consistently address themes central to the ESNA framework**, including access to finance, regulatory environments, and talent development. At the strategic level, Civitta has developed a wide range of strategies, feasibility studies, and policy concepts tailored to innovation and entrepreneurship. Civitta's portfolio also includes **extensive experience in building innovation ecosystems through the design and delivery of startup-focused interventions** such as bootcamps, hackathons, accelerators, educational exchanges, international study tours, and capacity-building programs. The company also plays an active role in **improving access to finance for startups and SMEs**, supporting them in securing venture capital, public grants, and blended financing options.

EasyBusiness

EASY BUSINESS

EasyBusiness is a leading Ukrainian non-profit think tank **dedicated to fostering sustainable economic growth, improving the business climate, and accelerating Ukraine's EU integration**. Founded in 2014 by advisors to the Minister of Economy, EasyBusiness has since implemented over **50 successful projects** in partnership with international donors, including the European Commission, World Bank, USAID, and national governments.

EasyBusiness's work is structured around 3 key focus areas: **EU integration**, **economic growth**, and **regional and local development.** In the area of EU integration, EasyBusiness provides expert support to the Government of Ukraine by **conducting legal and economic analysis** related to EU legislation alignment, **developing sector-specific policy roadmaps,** and **facilitating public-private dialogue**. In economic growth, the organization **designs and implements policy recommendations** that promote deregulation, improve access to finance, and support SME competitiveness. In regional and local development, EasyBusiness works directly with hromadas, regional authorities, and community-based organizations to **develop economic recovery plans, run strategic planning sessions**, and **deliver hands-on training**.

1. ESNA BENCHMARKING AND AS-IS STARTUP ECOSYSTEM ASSESSMENT

1.1 METHODOLOGY

1.1.1 Analytical orientation and research design

This study is designed as **applied policy research** to assess Ukraine's startup ecosystem and to support **prioritised reform planning**. The methodology combines two complementary analytical lenses: **benchmarking against the ESNA Startup Nation Standards (SNS)** and an **"as-is" ecosystem diagnosis** based on the way the ecosystem functions in practice across finance, support infrastructure, talent, and public governance. These lenses are analysed separately and then combined through **synthesis into gap identification** and **recommendation design and sequencing**, so that the final conclusions remain both **comparable to European reference standards** and **grounded in implementation realities**.

The design is **mixed-methods** and explicitly triangulates three types of evidence: **documentary evidence** (laws, strategies, mandates, instruments), **ecosystem performance signals** (indicator trends), and **stakeholder evidence** (startup survey results, interviews and focus groups). Instead of treating these sources as "supporting references", the methodology uses them as a consistency mechanism: where documentary provisions suggest an instrument should work but stakeholders report friction, the analysis examines delivery processes, eligibility conditions, and institutional capacity; where stakeholder narratives suggest a systemic bottleneck, the indicator review is used to test whether the signal is visible in trend patterns (e.g., stage gaps in financing, pipeline drop-offs, concentration effects).

A key methodological choice is to keep **benchmarking** and **as-is diagnosis** distinct during analysis. This ensures the as-is narrative is not constrained by ESNA categories (which can underrepresent coordination problems and market maturity issues), while ESNA benchmarking remains a clear, structured anchor for reform alignment. The two are integrated only at the gap and recommendation stage, where the objective shifts from analysis to intervention design.

1.1.2 Evidence base: desk research and stakeholder engagement

The evidence base rests on **desk research** and **stakeholder engagement**. Desk research builds the baseline and provides the first hypotheses; stakeholder engagement then validates what is true in practice, clarifies why bottlenecks persist, and tests feasibility of solution directions.

1.1.2.1 Desk research

Desk research established the factual and contextual foundation for the assessment and ensured comparability with SNS benchmarks. It covered three complementary evidence layers:

(a) ESNA framework and best practices (the "benchmark logic and reference models")

A dedicated strand of desk research is built on the **official ESNA Startup Nation Standards (SNS) materials** published through ESNA's website and related documentation. This includes ESNA's core products such as the **EU Startup Nations Standards** framework materials, the annual **Startup Nations Standards Report** (e.g., the **SNS Report 2024**), and associated country benchmarking outputs, alongside the official **Best Practices Catalogue** and other **thematic ESNA publications** such as ESNA Compendiums, StepUp Startups, and others where relevant. These sources are used to establish a precise reference base for the assessment, covering the full **SNS architecture**: the complete list of **standards and sub-standards**, their intended scope, and the specific **indicators / assessment questions** used to evidence implementation and derive scores.

To work with the framework consistently across the assessment, we consolidated the SNS content into a single structured reference file that brings together **each standard, its sub-standards, and the underlying indicators**. In the same structure, we consolidated **country-level performance information**, including **Ukraine's results** and comparative performance of other countries across each standard and sub-standard, as reflected in ESNA reporting.

In parallel, we used ESNA's official **best practices catalogue** as the core evidence base for international implementation approaches. We extracted the catalogue into a structured internal best-practice reference database and reviewed practices, linking each practice to the relevant SNS area. For each practice, we documented three analytical elements: **(i) a case overview** describing how the practice operates and what institutional set-up it relies on, **(ii) main lessons** capturing the key takeaways for policy design and implementation, and **(iii) an initial**

assessment of relevance for Ukraine, considering institutional feasibility, maturity fit, and the potential role.

(b) Formal and institutional landscape (the "rules and actors")

This evidence layer is based on a structured review of **official legal, regulatory, and policy sources** that define the operating environment for startups in Ukraine. The review maps the domestic landscape in a systematic way and serves as a reference base for the ESNA benchmarking and the as-is ecosystem assessment. The review covers analysis of the relevant **primary legislation and secondary regulation** governing**:**

- **(i) business establishment and corporate forms** (e.g. Civil Code of Ukraine and Commercial Code of Ukraine)
- **(ii) investment and financing instruments** (legal framework governing capital markets and securities, investment activity, and investor rights such as Law on Capital Markets and Organized Commodity Markets, NSSMC regulations and guidance on securities/capital markets, etc)
- **(iii) taxation rules** that affect startups and investors (Tax Code of Ukraine)
- **(iv) intellectual property creation, ownership, registration and enforcement** (e.g., Copyright and Related Rights law; trademark and patent legislation; procedures and guidance of the national IP authority — UANIPIO)
- **(v) labor and talent-related regulation** relevant to hiring, contracting, and mobility (labor Code of Ukraine and related legislation governing employment relationships).
- **(vi) sector-specific regulation** (e.g., NBU regulation in financial services/fintech; licensing/certification regimes in health/medtech; telecom and energy sector regulation), it is reviewed as part of the enabling environment assessment.

In addition, we review **strategic and programmatic documents** (e.g., WINWIN 2030 / Global Innovation Strategy; digital transformation policy documents and other initiatives of the Ministry of Digital Transformation) that **define national policy intent and intervention priorities**, such as national innovation, entrepreneurship, digital transformation, research and higher education strategies, as well as operational plans and government programs that translate strategic intent into instruments. The mapping further covers the **institutional and delivery architecture**: which public and semi-public bodies hold mandates relevant to startup policy, how responsibilities are distributed between policy owners and implementing entities,

and where coordination mechanisms exist (or are missing). Finally, we map the portfolio of **support instruments** available to startups (financial and non-financial), including state programs and donor-funded schemes.

(c) Ecosystem performance (the "signals and trajectories")

This evidence layer draws on **external benchmarks, market-intelligence sources, and official statistics** to capture how the Ukrainian startup ecosystem is performing and how it has evolved in recent years. Its purpose is to provide an empirical context for the assessment by reflecting observable signals on ecosystem scale, activity, and constraints, rather than relying solely on formal policy or institutional arrangements.

The evidence includes **high-level ecosystem descriptors** commonly used in international startup ecosystem analysis, such as estimates of the **startup population**, indicators of ecosystem **visibility and momentum**, and Ukraine's positioning in **widely used international ecosystem rankings and benchmarks**. In addition, the evidence base covers **performance-relevant signals** linked to the ecosystem dimensions applied in the as-is analysis: **access to funding, startup support infrastructure, and talent**. This includes information on financing activity and capital availability where data are published, the presence and reach of support structures, signals related to talent availability and constraints, and publicly available information on the uptake and use of key support instruments and programs.

The main sources for this layer include **international ecosystem benchmarking and analytics providers** (such as *StartupBlink*, *Startup Genome*, *Dealroom*, and Ukraine-focused investment ecosystem overviews including *AVentures DealBook*), complemented where relevant by **official statistics and monitoring outputs** (e.g. from the *State Statistics Service of Ukraine*) and publicly available data from **key implementing bodies and flagship programs** (including *Ukrainian Startup Fund (USF)*, *BRAVE1*, and initiatives such as *Seeds of Bravery*). Together, these sources provide the empirical background used to contextualise stakeholder inputs and interpret findings from the ESNA standards assessment.

1.1.2.2 Stakeholder engagement

Stakeholder engagement provides **primary qualitative evidence** to validate desk research findings, surface implementation realities, and capture the heterogeneity of constraints across different actor roles and startup lifecycle stages. The engagement strategy is designed for

breadth (360-degree ecosystem coverage) and **depth** (identified issues can be traced to concrete processes, incentives, and delivery bottlenecks).

Interviews

The study draws on **11 semi-structured interviews** with ecosystem participants, selected to ensure coverage across key functional roles within the startup ecosystem. Interviewees include:

- **startup founders and executives** (across stages where feasible);
- **government and public agencies** involved in startup policy, digital services, and delivery instruments;
- **academia and research organisations** relevant to innovation and commercialisation pathways;
- **investors and financial intermediaries** (venture funds, angels, relevant financing institutions);
- **ecosystem builders and support organisations** (accelerators, incubators, hubs, community platforms, clusters, etc.).

Interviews are conducted using semi-structured guides. This format ensures that all conversations cover a stable core set of topics (enabling cross-interview comparison), while allowing flexibility to pursue role-specific mechanisms (e.g., investor risk perceptions, procurement barriers, technology transfer bottlenecks, or regulatory friction points).

Focus groups

In addition to interviews, the study includes organisation of **three focus groups** designed explicitly as a validation and synthesis instrument. Whereas interviews capture role-specific constraints in depth, focus groups are used to test hypotheses emerging from desk research and interviews, reconcile divergent interpretations, and refine problem statements through structured discussion. Focus groups were organised around three core themes:

1. **Access to finance** (stage-specific financing gaps, mobilisation barriers, instrument fit, de-risking needs);

2. **University–business collaboration and research commercialisation** (technology transfer pathways, incentives, governance frictions, capacity constraints);

3. **Cooperation between ecosystem builders and government** (coordination mechanisms, feedback loops, clarity of roles, delivery bottlenecks).

For each focus group, participants were **selected purposively** with the aim of ensuring **functional coverage of the ecosystem** and **substantive contributions to the discussion**. Selection was guided by participants' direct involvement in the discussed topic (decision-making, implementation, financing, delivery, etc).

Accordingly, each focus group was composed to include actors operating at different points of the startup pathway and from different ecosystem "interfaces". Depending on the topic, this typically included **startup founders and executives**, **investors and finance intermediaries** (VC/angel/fund managers and relevant market enablers), **ecosystem builders and support organisations** (accelerators, incubators, hubs, networks), and **public institutions and implementing bodies** responsible for policy design and delivery. For themes where it was essential to test the research-to-market pipeline, participation also included **universities, research organisations, and commercialization/technology transfer stakeholders**. This configuration enabled the discussion to address not only **"needs",** but also **"pain points"** and how they materialise in practice, where handovers between actors fail, and what trade-offs arise in implementation.

Startup survey

To complement the qualitative evidence and ensure systematic coverage of founders' practical experience, the study also includes a **startup survey** (Google Forms). The instrument was designed as a **15–20 minute anonymous questionnaire**, analysed in **aggregated form**, and structured into **thematic blocks** that cover both ecosystem fundamentals and ESNA-relevant issues.

It collects baseline segmentation (e.g., **stage, revenue band, sector/technology, domestic vs international market focus, geography of team, and legal/operating model such as FOP/LLC/Diia.City/foreign structure**) and then probes practical experience across key areas, including:

- **Regulatory environment** (company registration experience, startup-first information access, foreign founder barriers, sector-specific regulation);

- **Corporate and investment mechanics** (constraints linked to operating models such as FOP vs LLC, and practical barriers to investment);
- **Intellectual property** (registration choices, friction points, investor due-diligence risks);
- **Access to finance** (sources used, experience with national and international programs, venture/angel barriers, banking/FX/compliance constraints);
- **Support infrastructure** (participation in accelerators/incubators/programs and perceived gaps);
- **State interaction** (pilots, regulatory sandboxes, procurement constraints, IP clauses in public contracting);
- **Team and ESOP** (hiring/retention constraints, ESOP/option use and perceived risks);
- **Inclusion** (awareness and perceived effectiveness of inclusion-related incentives).

Additionally, there is a dedicated block with **question** around each **SNS** asking respondents to assess how these conditions work in practice for their company (e.g., ease of starting business, hiring, ESOP usability, regulatory friendliness, ability to work with government, access to finance, inclusiveness, and effectiveness of digital public services), followed by open-ended prioritisation questions on the **top problems** and **highest-impact reforms**. The survey uses **conditional logic (branching)** so respondents only see sections relevant to their situation (e.g., legal form, regulated sector exposure, experience with programs or procurement).

The survey baseline is based on **110 startup respondents**, primarily founders, co-founders, and C-level executives, providing a decision-maker perspective on ecosystem conditions. The surveyed cohort represents a **diverse and active segment of the Ukrainian startup ecosystem across different stages, structures, and markets**, while also reflecting its predominantly **early-stage and resource-constrained nature**. In aggregated terms, **73.6%** of respondents are at the **idea, MVP/prototype, or early-market stage**, while **26.4%** have reached **growth/scaling or mature/expansion**. In terms of sectoral focus, **63.6%** of surveyed startups operate in the **civilian sector**, **15.5%** develop **dual-use** solutions, and **7.3%** are focused specifically on **defense-tech**, while 13.6% did not specify their application character. As regards market orientation, **Ukraine** is the main current market, mentioned by **70.9%** of respondents, followed by the **EU (37.3%)** and the **US (21.8%)**, with multiple responses allowed. More detailed information on the survey participants is provided in the Startup Survey Annex.

1.1.3 Analytical Workflow

STEP 1: ESNA standards-based assessment and benchmarking

The first analytical stream applies the **ESNA Startup Nation Standards** as a normative framework for assessing Ukraine's alignment with European startup policy benchmarks.

The analysis begins with a careful examination of **how the ESNA framework functions**: how standards are defined, how sub-standards operationalise the standard intent, what types of evidence are typically used to substantiate implementation, and how scoring is constructed and aggregated. This step is essential to ensure methodological validity, because different indicators capture different realities (e.g., legal existence versus operational usability) and some indicators may be sensitive to documentation practices or formal criteria that do not fully reflect real-world performance.

Following this reconstruction, each ESNA standard (and its sub-standards) is analysed through a structured analytical template with three components.

- **First**, the study provides an interpretive description of what the standard means in practical terms — what it seeks to enable in the startup lifecycle and what effective implementation typically looks like at the level of delivery mechanisms.
- **Second**, it synthesises best practices associated with the standard, drawing primarily from ESNA's best practice database and focusing on transferable design features and governance models.
- **Third**, it analyses Ukraine's score and performance drivers: not only whether a relevant provision exists, but how it is implemented, what constraints affect uptake and usability, and what institutional or regulatory mechanisms explain the performance.

This protocol is repeated across standards to maintain comparability and to avoid ad hoc interpretation. In methodological terms, it functions as a structured comparative analysis: standards provide the comparative axis, best practices provide an implementation reference set, and Ukraine's score analysis provides the contextualised explanatory account.

STEP 2: "As-Is" analysis of the Ukrainian Startup Ecosystem

The second analytical stream is an **"as-is" diagnosis of the Ukrainian startup ecosystem** that is intentionally decoupled from the ESNA framework. This is a methodological choice designed to avoid circularity: if the ecosystem is assessed only through the categories and assumptions

embedded in ESNA standards, the analysis risks overlooking constraints that fall outside the framework's measurement scope (e.g., ecosystem coordination failures, informal practices, or role fragmentation). The as-is analysis therefore focuses on ecosystem functioning as a system of actors, instruments, incentives, and interactions.

The as-is assessment proceeds in three steps:

- **First**, **it establishes a performance and tendency profile,** synthesising available ecosystem signals and qualitative evidence to describe macro-level ecosystem dynamics and shifts. The purpose is not to produce exhaustive statistics, but to identify the dominant patterns that shape startup trajectories and the binding constraints likely to affect scaling.

- **Second**, **the study includes ecosystem stakeholders mapping**. We identify key actor categories, clarify what functions they perform (funding, support services, talent development, research commercialisation, regulatory delivery), and examine the interaction architecture between them. This mapping step is analytically important because many ecosystem weaknesses are not due to the absence of actors, but due to weak linkages, duplication, unclear mandates, or missing connective infrastructure between functions.

- **Third**, **the as-is analysis deepens into five core ecosystem dimensions** positioned "around the startup": **Government and regulation landscape, Access to finance, Access to talent, Support infrastructure, and Access to markets**. Each dimension is analysed in terms of current state, dominant trends, and structural constraints, with explicit attention to mechanisms (how constraints emerge) and interdependencies (how weaknesses in one dimension propagate into others). The output of this stream is a structured diagnostic baseline that is synthesised with ESNA findings in the gap analysis, without being determined by them.

STEP 3: Gap analysis and synthesis of findings

The gap analysis **integrates findings from the ESNA standards assessment and the as-is ecosystem diagnosis** into a coherent set of prioritised constraints. Methodologically, this phase transforms evidence into decision-relevant problem statements by moving from "findings" to "gaps" through three steps:

- **First**, **evidence is triangulated** across desk research, interviews, and focus groups to validate robustness and to distinguish between isolated issues and systemic patterns.

- **Second**, **gaps are formulated** as mechanism-based statements rather than as symptoms. For example, instead of treating "limited funding" as a gap, the analysis specifies whether the binding constraint is instrument design, risk allocation, transaction costs, regulatory uncertainty, weak pipelines, or insufficient co-investment architecture.

- **Third**, **gaps are prioritised** using an explicit logic that typically considers ecosystem impact, feasibility of intervention given institutional capacity, and sequencing dependencies (i.e., which gaps must be addressed first to unlock progress elsewhere).

The output of this phase is a consolidated, prioritised set of gaps expressed with sufficient precision to inform intervention design. This is the methodological bridge between diagnosis and recommendation.

STEP 4: Recommendations development and pathways to improvement

Recommendations are developed as a structured response to the prioritised gaps, with an explicit focus on **implementation feasibility**, **sequencing**, and **verifiable outcomes.** The study does not treat recommendations as a standalone policy "wish list"; each recommendation is anchored in **(i)** a specific gap statement, **(ii)** a causal logic explaining how the proposed intervention addresses the mechanism producing the gap, and **(iii)** a delivery logic clarifying who implements what and through which institutional pathway.

Each recommendation is therefore formulated against a clear logic chain: it is linked to a specific gap; it addresses the underlying mechanism that produces that gap (not only its visible symptoms); and it specifies the practical delivery pathway — who would need to act, through which instruments or institutional arrangements, and under what preconditions. Where relevant, recommendations are framed with a sequencing rationale (what needs to happen first to unlock later measures) and with outcome signals that can be monitored to track progress.

1.2 OVERVIEW OF THE ESNA FRAMEWORK

1.2.1 The Europe Startup Nations Alliance: origin, mandate, and institutional role

The **Europe Startup Nations Alliance (ESNA)** is a permanent European policy organisation established following the adoption of the **EU Startup Nations Standard Declaration** in March 2021. The Declaration was signed by European countries as a political **commitment to improve the framework conditions for startups and scale-ups** and to reduce structural fragmentation across national ecosystems. ESNA was created to provide an institutional mechanism capable of translating this political commitment into a **coherent, monitorable, and comparable policy framework.**

ESNA was founded to address a **structural challenge** of the European innovation landscape: while startups are critical drivers of innovation, job creation, and economic resilience, **fragmented national policies** in company law, taxation, labor regulation, access to finance, and digital public services have historically limited their ability to scale across borders. By translating political commitments into **operational standards and benchmarks**, ESNA provides a common framework through which countries can systematically improve their startup policy environments and align with the objectives of the **European Digital Single Market**.

1.2.2 Startup Nations Standards: concept, scope, and policy dimensions

At the core of ESNA's framework are the **Startup Nations Standards (SNS)** — eight standards of excellence set out in the **EU Startup Nations Standards Declaration** that define what it means to be a "Startup Nation". Each standard addresses a **policy domain** that has a direct and material impact on the creation, operation, and scaling of startups. Adherence to the SNS is directly linked to **strengthening national competitiveness**, enhancing the EU's innovation capacity, and improving Europe's ability to attract talent, investment, and high-growth companies.

SNS #1	**Fast Startup Creation, Smooth Market Entry**	The speed, cost, and administrative simplicity of establishing a company and beginning operations, including the availability of end-to-end online procedures and practical support.
SNS #2	**Attracting and Retaining Talent**	The extent to which policy enables startups to access and retain skilled talent, including clear pathways for founders and experienced workers to relocate and work.

SNS #3	**Stock Options**	The extent to which the legal and tax framework enables employee equity participation in a workable manner, including clear treatment of taxation and feasible equity structures.
SNS #4	**Innovation in Regulation**	The degree to which regulation supports innovation through startup-sensitive policymaking, proportionate compliance requirements, and the availability of regulatory sandboxes.
SNS #5	**Innovation in Public Procurement**	The extent to which public procurement rules and practices enable startups to participate in innovation-oriented purchasing, including predictable treatment of intellectual property and mechanisms that facilitate technology transfer.
SNS #6	**Access to Finance**	The availability and effectiveness of instruments that improve startup access to finance, including public measures to catalyse private early-stage investment and indirect financing vehicles.
SNS #7	**Social Inclusion, Diversity, and Protecting Democratic Values**	The extent to which startup policy embeds inclusion and equal-access measures, including targeted support for underrepresented founders and safeguards aligned with democratic values.
SNS #8	**Digital First**	The maturity of digital public services relevant to business activity, including digital-by-design delivery of core procedures and structured public-sector engagement and knowledge sharing on digitalisation.

The SNS are applied as a **policy implementation benchmark**. They capture the extent to which relevant measures, legal provisions, and administrative instruments are in place and function in practice. SNS results should therefore be interpreted as **evidence on the maturity and operability of startup-relevant policy frameworks**, rather than as a measure of ecosystem performance (e.g., startup numbers, investment volumes, or scale-up outcomes). Their value is in **making policy implementation comparable across countries** and in highlighting where persistent frictions remain across the startup lifecycle, from incorporation and early compliance, to hiring, access to finance, regulated-market entry, and access to public-sector demand.

By applying the SNS as a shared reference framework, ESNA supports a more **integrated, resilient, and competitive European startup ecosystem**, while allowing countries to tailor implementation to their institutional and economic contexts.

1.2.3 SNS methodology

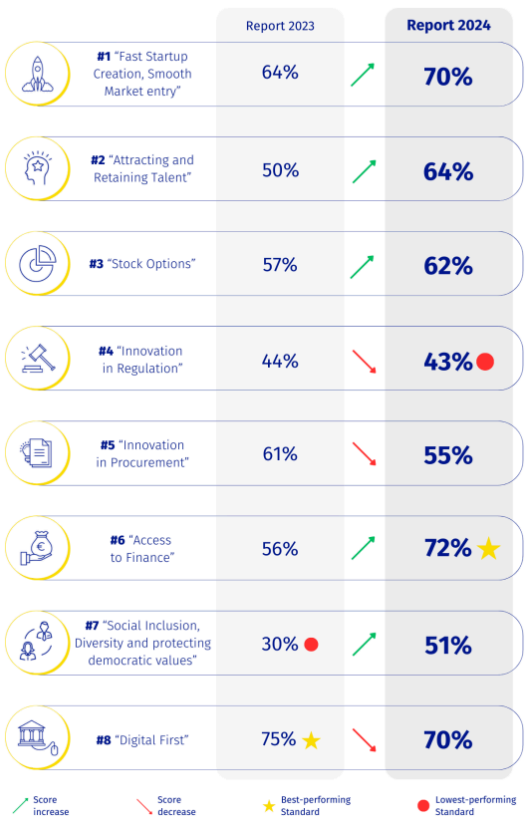
The implementation of the Startup Nations Standards is assessed through the EU SNS Scoreboard, published annually by ESNA from 2022. The Scoreboard is based on a structured data-collection exercise coordinated by ESNA and carried out with the direct involvement of participating countries. Data collection relies primarily on a **standardised questionnaire** addressed to **national focal points**. These focal points are typically located within ministries, national development agencies, or other public bodies responsible for startup and innovation policy. The questionnaire covers all eight SNS and is organised into **indicator-level questions**, requiring respondents to confirm the existence of specific measures, describe their scope, and provide documentary evidence.

In the 2024 edition, the Scoreboard draws on **44 indicators:** 40 indicators are used to calculate the composite SNS index, with the remainder used for contextual analysis. Survey inputs are complemented by **desk research** and external sources, including datasets from the European Commission, OECD, World Bank, and other international organisations.

1.2.4 Overall performance across the SNS in 2024

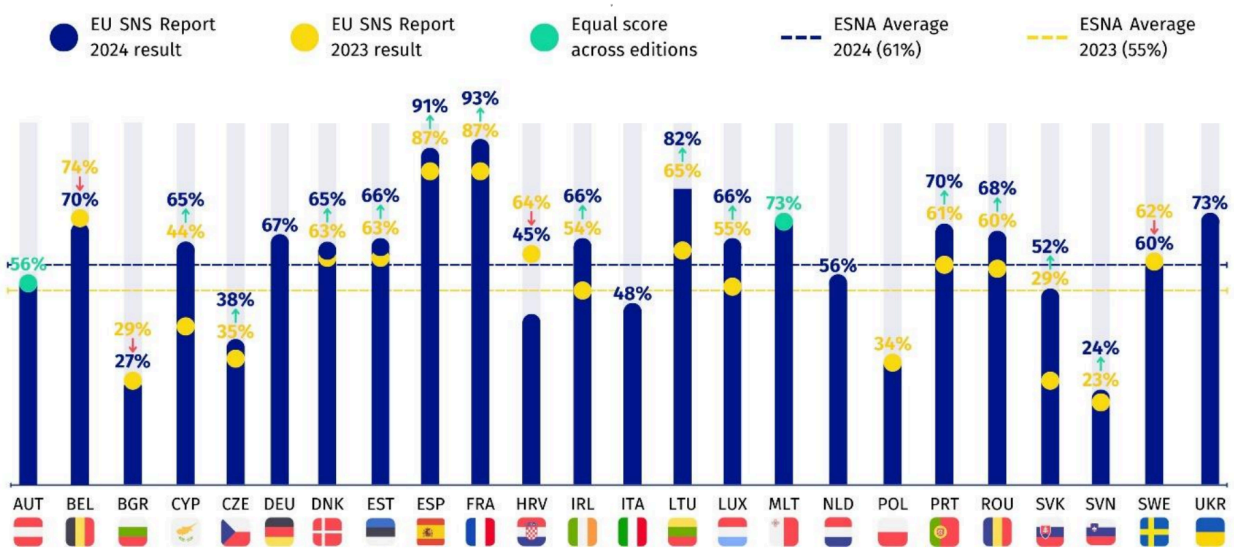
The SNS Report 2024 indicates a stronger and more mature European policy baseline for startups than in the previous edition. Average implementation across the eight Standards reaches **61%**, up from **55% in 2023** (**+6 p.p.**), confirming a broad improvement in the adoption of "startup-friendly" measures among ESNA signatories. The report also stresses that the change is **not linear across policy areas**: implementation increases are recorded in **SNS #1, #2, #3, #6 and #7**, while **SNS #4, #5 and #8** register slight declines. This pattern is analytically important. It suggests that Europe is consolidating progress in domains where reforms can be advanced through administrative simplification, digitalisation, and financial instrument design (startup setup, talent procedures, finance, and social inclusion), while domains that require deeper institutional change and more complex

Figure 1. SNS scoreboard, 2024



market–state interaction (regulatory experimentation and innovation procurement) remain harder to advance consistently. Overall, the 2024 results point to a European startup policy agenda that is increasingly **instrument-driven** (deployment of financing tools; digital service delivery; procedural streamlining) but still uneven in areas that depend on **regulatory adaptability** and **demand-side innovation** capacity.

Figure 2. Participating countries and best performers in 2024



Source: ESNA

The 2024 Scoreboard covers **24 countries (vs 21 in 2023)**: **Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, France, Germany, Ireland, Italy, Lithuania, Luxembourg, Malta, the Netherlands, Poland (partial participation), Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and Ukraine**. The average implementation across the eight Standards is **61%** with **14 countries performing above the average and 10 below it**. The year also shows a **clear improvement dynamic,** with most countries **moving upward** overall and only a small number registering declines. However, the distance between leading and lagging countries remains significant.

France leads the 2024 Scoreboard with an overall score of **93%**, followed by **Spain (91%)** and **Lithuania (82%)**. The defining characteristic of these countries is not dominance in a single policy area, but **high implementation across the majority of Standards**.

Table 1. ESNA scoreboard, 2024

Country	SNS #1 Fast Startup Creation, Smooth Market Entry	SNS #2 Attracting and Retaining Talent	SNS #3 Stock Options	SNS #4 Innovation in Regulation	SNS #5 Innovation in Public Procurement	SNS #6 Access to Finance	SNS #7 Social Incl., Diversity Democratic Values	SNS #8 Digital First	Overall
France	**70%**	**87%**	**100%**	**93%**	**94%**	**100%**	**100%**	**97%**	**93%**
Spain	**89%**	**88%**	**88%**	**100%**	**93%**	**100%**	**75%**	**99%**	**91%**
Lithuania	**77%**	**86%**	**67%**	**50%**	**73%**	**100%**	**100%**	**99%**	**82%**
Malta	93%	100%	33%	83%	83%	67%	25%	100%	73%
Ukraine	**65%**	**63%**	**100%**	**22%**	**54%**	**100%**	**92%**	**88%**	**73%**
Belgium	72%	63%	50%	67%	64%	100%	83%	65%	70%
Portugal	80%	50%	100%	40%	48%	100%	46%	97%	70%
Romania	70%	100%	67%	33%	73%	83%	58%	58%	68%
Germany	67%	52%	21%	67%	63%	83%	92%	92%	67%
Estonia	94%	75%	100%	52%	18%	67%	25%	100%	66%

France combines high implementation across almost all SNS, including **SNS #3 Stock Options (100%)**, **SNS #6 Access to Finance (100%)**, and **SNS #7 Social Inclusion (100%)**, while also scoring very strongly in the "harder" institutional domains such as **SNS #4 Innovation in Regulation (93%)** and **SNS #5 Innovation in Procurement (94%)**, which supports its top overall position (**93%**).

Spain reaches a comparable overall score (**91%**) through a slightly different mix: maximum performance in **SNS #4 Innovation in Regulation (100%)** and **SNS #6 Access to Finance (100%)**, backed by very high **SNS #5 Innovation in Procurement (93%)** and **SNS #8 Digital First (99%)**.

Lithuania ranks third overall (**82%**) on the strength of maximum scores in **SNS #6 Access to Finance (100%)**, **SNS #7 Social Inclusion (100%)**, and very high **SNS #8 Digital First (99%)**,

but its lower **SNS #4 Innovation in Regulation (50%)** illustrates how a single lagging Standard can constrain the overall score even when multiple foundational enablers are at or near full implementation.

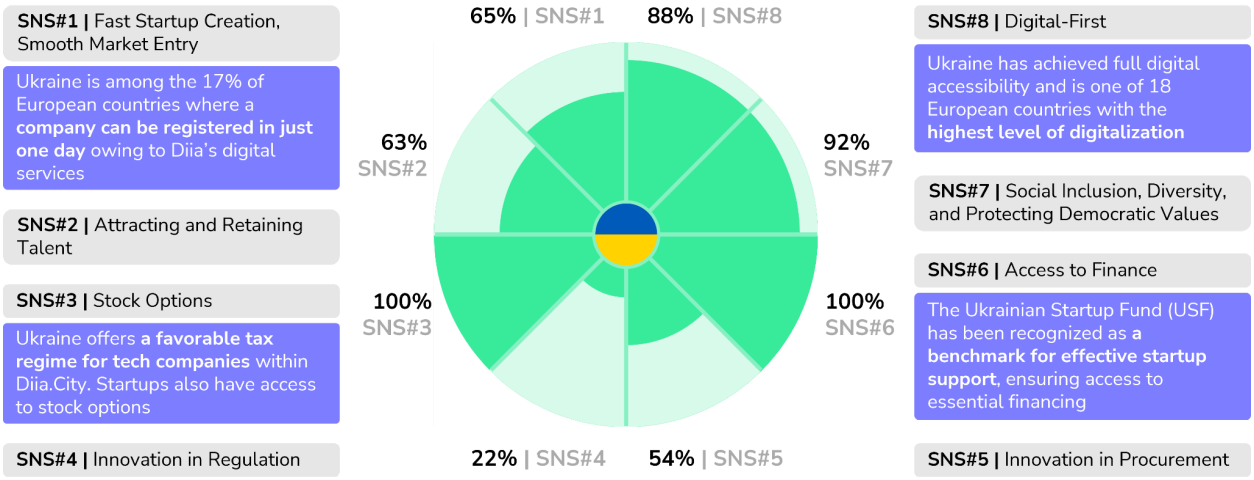
Some of the other countries in Top-10 achieve maximum or close-to-maximum scores in individual Standards but remain limited by one or two structurally weak areas. For example, **Ukraine (73% overall)** reaches **100% in SNS #3 and SNS #6** and scores high in **SNS #7 (92%)**, yet its very low **SNS #4 Innovation in Regulation (22%)** and weaker **SNS #5 (54%)**. **Portugal (70% overall)** similarly scores **100% in SNS #3 and SNS #6** and **97% in SNS #8**, but is held back by **SNS #4 (40%)** and **SNS #5 (48%)**. **Estonia (66% overall)** shows the same "bottleneck effect" in a different form: despite **SNS #1 (94%)**, **SNS #3 (100%)**, and **SNS #8 (100%)**, extremely low **SNS #5 Innovation in Procurement (18%)** and **SNS #7 (25%)** pull the overall score down.

1.3 UKRAINE'S ALIGNMENT WITH ESNA STARTUP NATIONS STANDARDS

1.3.1 Overview of Ukraine's performance

Ukraine was included in the **European Startup Nations Alliance (ESNA) Report 2024** for the first time, and its initial performance places it among the **strongest startup policy environments in Europe**. Ukraine ranks **4th out of 24 participating countries**, achieving a **73% overall implementation rate** of the SNS, well above the **ESNA average of 61%**.

Figure 3. Ukraine's performance across SNS in 2024



Source: EU Startup Nations Standards Report 2024

This result is particularly **significant** given Ukraine's operating context, marked by full-scale war, economic disruption, and large-scale population displacement. Despite these constraints, Ukraine demonstrates a level of maturity and institutional capacity comparable to long-established EU Member States, highlighting both the resilience of its startup ecosystem and the strategic prioritisation of innovation policy.

1.3.1.1 Areas of full or near-full alignment

Stock Options (SNS #3) – 100% implementation

Ukraine has achieved **full implementation** of the Stock Options standard and is among a small group of European countries reaching this level. This places Ukraine on par with leading startup nations such as **France, Estonia, Cyprus, and Portugal**. Through the **Diia.City** legal

framework, stock options are legally recognised, taxed in a deferred and predictable manner, and aligned with international venture capital practices. In ESNA terms, this indicates that stock options function as a **practical and widely usable incentive tool**, directly supporting talent attraction and retention.

Access to Finance (SNS #6) – 100% implementation

Ukraine also scores **100%** on the Access to Finance standard, matching the strongest performers in Europe. The **Ukrainian Startup Fund (USF)** is recognised by ESNA as a best practice and plays a central role in the national innovation financing architecture. Its grant-based instruments, co-investment logic, and integration with international donor funding position Ukraine at the level of advanced European ecosystems in terms of **early-stage risk sharing and public financing capacity**. Notably, following the outbreak of full-scale war in 2022, USF **rechannelled its resources toward dual-use and defense-tech support**, serving as a funding partner of the BRAVE1 cluster within Ukraine's Innovation Development Fund.

1.3.1.2 Ukraine performs at near-leader level in two further dimensions

Social Inclusion, Diversity, and Democratic Values (SNS #7) – 92% implementation

Ukraine achieves a score of **92%**, significantly above the ESNA average of **52%**, positioning it among the **top-performing ecosystems** in this dimension. This reflects strong practical alignment with European principles of inclusion, democratic values, and digital accessibility, particularly in the context of wartime resilience and accelerated digitalisation. However, a small number of countries—notably **France, Lithuania, and Luxembourg**—achieve full implementation (100%), reflecting more fully institutionalised and systematically monitored inclusion frameworks. Ukraine's performance is therefore best characterised as **near-leader level**, rather than full leadership.

Digital-First Government (SNS #8) – 88% implementation

Ukraine demonstrates very strong performance in digital public administration, scoring **88%**, well above the ESNA average of **70%**. It is among the **17% of European countries** where a business can be registered within one day and among the **18 countries** with the highest level of digitalisation of public services. These results are largely driven by the **Diia ecosystem**, which enables end-to-end digital interaction between startups and the state. While only Estonia and Malta achieve full implementation, Ukraine's performance places it **close to European digital leaders**.

1.3.1.3 Partial alignment: competitive but constrained dimensions

Fast Startup Creation and Market Entry (SNS #1) – 65% implementation

Ukraine performs strongly in domestic startup registration, exceeding EU benchmarks in speed and cost. However, it lags behind leading countries such as **Estonia and the Netherlands** in areas related to **cross-border interoperability**, onboarding of foreign founders, and reuse of foreign digital identities and documents. As a result, Ukraine is highly competitive for domestic entrepreneurs but only partially aligned with best European practice for international market entry and expansion.

Talent Attraction and Retention (SNS #2) — 63% implementation

Ukraine performs well on procedural aspects of talent policy, including administrative efficiency and flexible hiring mechanisms, particularly through Diia.City. However, compared to leading ecosystems such as **France and Germany**, Ukraine faces structural challenges related to wartime migration, mobilization, elevated emigration risks, and limited long-term incentives for return migration. In ESNA terms, Ukraine aligns with EU leaders on **access and procedures**, but lags on **long-term talent sustainability**.

1.3.1.4 Structural gaps: priority reform areas

Innovation in Public Procurement (SNS #5) – 54% implementation

Ukraine also underperforms in Innovation in Public Procurement. While intellectual property retention is legally possible, existing procurement frameworks remain largely oriented toward established suppliers and do not sufficiently support early-stage companies, innovation partnerships, or risk-tolerant purchasing. This contrasts with leading ESNA countries such as **France and Sweden**, where public procurement is actively used as an innovation policy tool and pathway to market creation for startups.

Innovation in Regulation (SNS #4) – 22% implementation

Innovation in Regulation represents Ukraine's weakest ESNA dimension. Despite recent strategic initiatives — including the **Digital Innovation Development Strategy 2030 (WINWIN)**, the **SME Recovery and Transformation Strategy**, the **Ukraine Facility**, and the **Strategic Plan for Intellectual Property Development** — key regulatory gaps remain when compared to ESNA leaders such as **France, Sweden, and Estonia**. These gaps include the absence of operational regulatory sandboxes, the lack of a formal legal definition of a startup,

weaknesses in corporate governance and shareholder protection frameworks, and unregulated alternative finance instruments. These challenges reflect **legacy regulatory structures**, rather than lack of policy intent, but significantly constrain regulatory adaptability and experimentation.

1.3.1.5 Founder perception of Ukraine's performance

Ukraine's performance across the eight Startup Nations Standards (SNS) is assessed not only through the ESNA framework itself, but also through founders' own ratings of each dimension on a scale from 1 to 5, which is subsequently converted into percentage values for each SNS standard. Together, these perspectives help to identify to what extent the formal metrics align with the realities of building and operating a startup in Ukraine.

Figure 4. Evaluation of Ukraine's performance across the ESNA standards by the surveyed startups

SNS dimension		ESNA score	Survey score	Key observations from the survey
SNS 8	Digital First	88%	67%	Diia platform, digital incorporation, e-registers. Strong foundation, but dependent on Ukrainian eID – excludes foreign co-founders and non-residents
SNS 7	Social Inclusion, Diversity, Protecting Democratic Values	92%	65%	Relatively high, but war-related displacement and civil/defense sector asymmetry suppress broader ecosystem accessibility
SNS 1	Fast Startup Creation, Smooth Market Entry	65%	59%	Registration is fast (27 respondents: 2–3 days). But easy to start ≠ easy to incorporate in an investment-ready form. No startup legal definition. FOP trap persists
SNS 2	Attracting and Retaining Talent	63%	51%	War constraints (59), high costs (40), brain drain (26). ESOP non-functional. No structural talent retention instrument available
SNS 4	Innovation in Regulation	22%	50%	74% of founders perceive regulations as biased toward large companies. No startup definition in law. No ex-ante startup impact screening for new legislation
SNS 3	Stock Options	100%	47%	Only 6 of 110 startups use ESOP. Structural failure: holding companies abroad mean Ukrainian ESOP instruments don't attach to real equity
SNS 6	Access to Finance	100%	47%	Respondents cited funding as #1 barrier. Self-funding dominates (81). No domestic pre-seed/seed VC. Grant design misaligned with R&D cycles
SNS 5	Innovation in Procurement	54%	45%	Lowest score. 78 respondents want government contracts; procurement law structurally blocks all of them. No Innovation Partnership mechanism

Overall, the pattern is clear: founders tend to rate visible, digitalized, and procedurally accessible parts of the ecosystem more positively than those functions that depend on deeper coordination, market creation, or legally reliable scaling instruments.

SNS8 is the strongest-performing dimension in the startup survey, but its survey score of **67% is notably below Ukraine's 88% ESNA score**, suggesting that the country's visible digital strengths are **experienced by founders as more limited in practice**, especially in more complex cases involving foreign co-founders, non-residents, or investment-ready structures. A similar pattern is evident in SNS7: although it records the second-highest survey score at **65%**, this remains **far below the 92% ESNA** score, indicating that the relatively strong formal framework is moderated in practice by wartime displacement, uneven regional conditions, and asymmetries in access across sectors and locations.

SNS1, SNS2, and SNS5 stand out as the indicators where founder survey **scores remain relatively close to the ESNA benchmark**, with founder survey scores 6%, 12%, and 9% lower than the ESNA benchmark, respectively. For **SNS1,** this reflects Ukraine's substantial progress in enabling fast company creation, even though smooth pathways for cross-border operations remain underdeveloped. For **SNS2**, it points to a degree of resilience in talent attraction and retention despite the pressures of war and the lack of a coherent strategy for retaining and bringing back talent. In the case of **SNS5**, the relatively small gap suggests broad consistency between the ESNA assessment and founder experience. However, in this case the convergence reflects a shared recognition of weakness rather than strength: founders clearly highlighted the effective exclusion of startups from government procurement opportunities.

SNS3 and SNS6 form the group of indicators where founder survey results **fall far below the ESNA benchmark**, with startups assigning scores that are more than **twice as low as those reflected in the ESNA methodology**. In the case of **SNS3**, ESNA records full performance at 100%, whereas founders rated this dimension at 47%, pointing to a clear gap between formal compliance and practical usability. This is further illustrated by the fact that only 5% of respondents reported actively using ESOPs. A similar discrepancy appears in **SNS6**: while ESNA suggests 100% performance in access to finance, founders rated the dimension at 47%. This assessment is consistent with broader survey evidence showing that access to funding is the most significant barrier for startups, while self-financing remains the dominant funding source. **SNS4** stands out as the only indicator where **founders assigned a higher score than the ESNA benchmark**, rating it at 50% compared with ESNA's 22%. This suggests that startups recognize some degree of innovation or flexibility in the Ukrainian regulatory environment, even while emphasizing that regulation cannot yet be considered genuinely startup-friendly.

In the following sections, each Startup Nations Standard is reviewed using the same structure:

Purpose and scope of the standard | short description of the policy area and the ESNA benchmark logic.

Top-performing countries and best practices | a brief overview of the strongest performers under the Standard and the relevant examples drawn from ESNA's catalogue of best practices.

Ukraine's overall performance | Ukraine's overall score, followed by a sub-standard and indicator-level table with the exact assessment questions, scoring rules, and Ukraine's scores, and a short explanation of the key drivers behind the result.

This structure keeps the analysis **consistent** across Standards and provides a clear basis for identifying strengths, bottlenecks, and reform priorities.

1.3.2 Analysis of performance in each standard and best practices

SNS #1 – Fast Startup Creation and Smooth Market Entry

Purpose and scope of the standard

The **Fast Startup Creation and Smooth Market Entry** standard assesses how quickly, affordably, and predictably entrepreneurs can establish a startup and begin operating in a national market. It focuses on the simplicity of administrative procedures, the availability of fully digital company registration, and the extent to which startup creation processes facilitate cross-border expansion within the EU Single Market.

In leading ESNA countries, this standard reflects a policy environment in which an entrepreneur can establish a legal entity — both online and in person — **within one day**, at a cost of **no more than€100**. In exceptional cases requiring additional verification, establishment should still be possible within **one working week**. Beyond speed and cost, the standard also captures broader ecosystem conditions, including the availability of multilingual support, centralised information points, and user-friendly digital services that enable startups to expand across borders.

Top-Performing Countries and best practices under SNS #1

In the **ESNA SNS Report 2024**, the highest-performing countries under SNS #1 are **Estonia (94%)**, **Netherlands (94%)**, **Malta (93%)**, **Luxembourg (89%)**, **Spain (89%)**, and **Denmark (86%)**, reflecting long-standing investments in digital public administration and cross-border service usability. The **ESNA average score** for this standard is **70%**.

Best practice in Sub-standard 1.1: Time & Cost
Simplified Limited Liability Company (Luxembourg) The **SARL-S (société à responsabilité limitée simplifiée)** is a specific Luxembourg company form created by the **Law of 23 July 2016** and in force since **January 2017**. It is a simplified version of the private limited liability company that reduces incorporation barriers while preserving full limited-liability status and registration in the commercial register. The main design element is the **minimum share capital of €1**. It reduces incorporation barriers through two core design choices: **minimum share capital of €1** and the ability to incorporate **without mandatory notary involvement** (constitution can be done by **private deed**). The regime is

intentionally constrained: only **natural persons** can be shareholders, and a natural person can generally be shareholder in **only one SARL-S**. These limits keep the simplified regime focused on early-stage founders and prevents being used for multi-entity structuring by larger firms. The framework also anticipates company growth: SARL-S is intended as an entry-level structure that **can later be moved into the standard SARL regime** once the business has accumulated sufficient capital/reserves to meet the ordinary SARL capital requirement, allowing continuity without restarting the company.

Best practice in Sub-standards 1.2 and 1.3: Startup Fast Lane & Cross-border Services

E-Residency Digital ID (Estonia)

Estonia's e-Residency program provides a **government-issued digital identity** that allows non-residents to access Estonia's digital public services for business purposes. Through e-Residency, founders can **establish a company remotely**, authenticate securely, and **sign legally binding documents digitally**, enabling company creation without physical presence. Beyond incorporation, e-Residents can manage ongoing corporate administration online, including interactions with public authorities and service providers. The program is fully embedded in Estonia's national digital infrastructure, making end-to-end online company establishment and administration operational for foreign founders under clear legal rules.

Official program dashboard (latest update Jan 14, 2026) reports **134,500+ e-residents** and **39,300+ Estonian companies established** by e-residents. In the first six months of 2025, Estonia's e-Residency program generated **€68 million in direct income for the state**, nearly double the expected amount for that period.

Ukraine's overall performance under SNS #1

Ukraine scores 65%, indicating strong domestic capability to establish and launch startups quickly and at low administrative cost, while exposing persistent constraints in cross-border usability and non-resident market entry. The score reflects a system that performs well for Ukrainian founders operating within domestic administrative parameters, but remains only partially aligned with the cross-border service logic that underpins the EU Single Market.

Sub-standard analysis and indicators

Sub-standard name	Methodology description	UA scores
1.1 Time & Cost	1.1.1. The statistic measures the number of days required to set up a business online in each country ("How long does it take for an entrepreneur to establish a startup as a legal entity online?") ■ If answers one day = 100% ■ If answers one working week = 50% ■ If answers 2-4 working weeks = 25% ■ If answers other (more than 4 weeks) = 0%	100%
	1.1.2. The statistic measures the number of days required to set up a business in the commercial registers in each country ("How long does it take for an entrepreneur to establish a startup as a legal entity in the commercial registers?") ■ If answers one day = 100% ■ If answers one working week = 50% ■ If answers 2-4 working weeks = 25% ■ If answers other (more than 4 weeks) = 0%	100%
	1.1.3. The statistic measures the cost of establishing a legal entity in each country ("What is the administrative fee for establishing a legal entity in your country?") ■ If answers "EUR 0-EUR 100" = 100% ■ If answers "EUR 101 -€250" = 60% ■ If answers "EUR 251-EUR 500" = 40% ■ If answers "over€501" = 0%	100%
1.2 Startup Fast Lane	1.2.1. The indicator measures if it is possible to fully establish a business entirely online in each country ("Is there an online option to set up a company?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0% ■ Minus 25 p.p. if the platform is only available in the local language ■ Minus 25 p.p. if it is only possible to set up a company online under specific conditions	75%

Sub-standard name	Methodology description	UA scores
	1.2.2. The indicator measures if there is an online location where entrepreneurs can find all relevant information about national administrative requirements and funding opportunities ("Is there a single online location where aspiring entrepreneurs can find all the necessary information about national regulations and funding opportunities?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "yes, partially" = 50% ■ If answers "no" =0% ■ Minus 25 p.p. if the service is only available in the local language ■ Minus 25 p.p. if the information is spread through multiple locations ■ Minus 25 p.p. if there is missing information on funding opportunities or national regulation	50%
	1.2.3. The indicator measures if there is a helpdesk for startups and scale-ups from other EU Member States when trying to enter the market, who have come across regulatory issues and/or impediments ("Is remote support available for startups and scale-ups from other EU Member States who have encountered regulatory issues or impediment?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" =0% ■ Minus 25 p.p. if the helpdesk is only available in the local language	50%
1.3 Cross-border Services	1.3.1. The indicator evaluates the usability of online services for EU citizens in another country. It entails (i) online availability, (ii) user support, (iii) eID, (iv) eDocuments. Data is collected using the European Commission's DESI methodology	24%

Sub-standard name	Methodology description	UA scores
	1.3.2. The indicator measures if legal documents from other EU jurisdictions can be submitted as evidence when establishing a startup or creating a subsidiary of an existing startup expanding in the single market ("Is it possible to use legal documents from other EU countries as evidence when establishing a startup, or for creating a subsidiary of an existing startup that is expanding within the single market?") ■ If answers "Yes, both printed and digital documents may be submitted" =100% ■ If answers "Yes, but only paper-based documents may be submitted" = 50% ■ If answers "no" =0%	100%

Ukraine's **100% scores on Sub-standard 1.1 (Time & Cost)** are justified by how the Diia-enabled registration workflow performs for domestic founders. For an **LLC**, Ukrainian law sets a **24-hour processing deadline** for electronically submitted registration documents (excluding weekends/holidays), and in practice **automated registration can be completed in ~30 minutes** when using the Model Charter (a standardized template approved by the Cabinet of Ministers). The **administrative fee is waived (EUR 0)** for online registration via the Model Charter, which keeps the cost comfortably below the ESNA "≤€100" benchmark. For the **FOP (**individual entrepreneur**) route**, online registration is **free** and can be completed **in under 15 minutes**, with the record appearing in the register almost instantly — this is the main reason Ukraine "overperforms" the time/cost baseline in operational terms.

Sub-standard 1.2 (Startup Fast Lane) is where the score drops because "online registration exists" but is not fully universal in access and guidance. **Indicator 1.2.1 (Online option to set up a company)** scores 75% because the online pathway exists and is evidenced, but it is not unconditional. In practice, full end-to-end digital incorporation relies on Ukraine's domestic eID and trust-service stack — most notably BankID for remote authentication and qualified electronic signatures (QES/КЕП) for legally valid submission. This design makes the "fully online" workflow effectively contingent on holding Ukrainian digital credentials (and, in some cases, local identifiers used for automated validation). Under ESNA's scoring logic, this constitutes an online setup option available "under specific conditions", triggering a −25 p.p. deduction from the 100% baseline.

Ukraine's performance under **Sub-standard 1.3 (Cross-border Services)** is characterized by a significant divergence between its high domestic digital efficiency and its current interoperability gaps with the EU Single Market. The 24% score on **Indicator 1.3.1 (Index of the cross-border services)** primarily reflects a non-equivalent experience for international users: while Ukrainian residents enjoy end-to-end online company setup, non-resident founders still face a fragmented journey. Access to key steps still depends on Ukrainian digital identity and trust services (notably BankID-based authentication and Ukraine-issued qualified e-signatures, QES/КЕП). These tools are not embedded in an eIDAS-type mutual recognition environment. As a result, foreign users often cannot complete incorporation fully online using their home-country eID and signing tools. In practice, they may need Ukrainian identifiers and locally recognised signing methods, which reduces usability for EU citizens in a cross-border context. Wartime conditions are a relevant context but not the main driver of the score. They likely constrain reform bandwidth and reinforce conservative verification practices. However, the score mainly captures the current state of cross-border eID and eDocument interoperability.

Document handling creates an additional friction point. While core services are digitised, cross-border establishment frequently requires "analogue" compliance steps for foreign-issued documentation (e.g., corporate extracts and beneficial ownership chain evidence), which typically must be **legalised (apostille/consular legalisation) and submitted with a certified translation**, reintroducing paper-based processing into otherwise digital workflows. By contrast, the **100% score for Indicator 1.3.2 (Utilisation of legal documents from other EU countries for startup establishment or expansion within the single market)** can be explained on a formal admissibility basis: foreign legal documents can be submitted as evidence, including in digital form, even though the procedural burden of formalisation remains material for non-resident founders.

Overall, SNS #1 therefore captures a dual operating reality: high speed and predictability for domestic startup creation, alongside weaker cross-border usability for foreign founders and market entry processes.

SNS #2 – Attracting and Retaining Talent

Purpose and scope of the standard

The **Attracting and Retaining Talent** standard assesses how effectively national policy frameworks enable startups to access, attract, and retain skilled talent, both domestic and international. It focuses on immigration and residence regimes, market flexibility, and incentive structures that reduce barriers for founders, key employees, and specialised professionals.

Talent is a critical driver of innovation and economic growth, particularly in knowledge-intensive and highly technological sectors. Startups' ability to develop new technologies and scale internationally is directly dependent on access to skilled individuals. For this reason, SNS #2 captures not only procedural aspects such as visa processing speed, but also the broader conditions that support long-term talent availability and retention within a national startup ecosystem.

Top-Performing Countries and best practices under SNS #2

In the **ESNA SNS Report 2024**, the top-performing countries under SNS #2 are **Cyprus, Malta, and Romania (100%)**, followed by **Spain (88%)**, **France (87%)**, and **Lithuania (86%)**. These results reflect the presence of national frameworks that facilitate entry of international talent while providing conditions that support startup growth and employment. The **ESNA average score** for this standard is **64%**.

Best practice in Sub-standard 2.1: Visa Applications
Startup Visa Scheme (Cyprus) Cyprus' **Startup Visa Scheme** (updated 2022) is a government program that allows **non-EU entrepreneurs** to enter, reside, and work in Cyprus to **establish or relocate an innovative startup**, using a fast-track residence pathway. Eligibility is linked to an innovation-driven venture and typically requires a **credible business plan** and **proof of founder ownership/control,** as well as **approval through the competent innovation authority** (Deputy Ministry of Research, Innovation and Digital Policy). The scheme grants an initial residence permit (typically **one year, renewable**). Longer-term residence is linked to demonstrated company progress, including elements such as **investment and job creation**.
French Tech Visa (France)

The French Tech Visa is a fast-track residence scheme designed specifically for **startup founders, startup employees, and investors**. The scheme is implemented under the broader French "Talent Passport" approach, and the French Tech Visa framing provides a clear entry architecture for startups: (i) founders are channelled via **partner incubators/accelerators verification**, (ii) employees are tied to recruitment by **recognised innovative startups**, and (iii) **investors follow a dedicated route** for establishing themselves in France. The practical value of the model is its **role-based clarity** (three tracks) and use of ecosystem validation (incubators/recognised firms) as the operational "filter", which reduces ambiguity for applicants and for employers hiring internationally.

Startup Residence program (Malta)

Malta's **Startup Residence program** is a notable model because it covers both **startup founders/co-founders** and **"core employees"** (specialist staff critical to execution). The official eligibility framework sets concrete operational thresholds that make the pathway predictable: the startup must generally be **no more than seven years old**, and the incorporated startup in Malta must place **at least €25,000** in tangible investment and/or paid-up share capital (with additional amounts required when larger co-founder teams apply). For core employees, the framework includes a minimum annual gross salary threshold (**€30,000**). Permit durations are also explicit: residence permits are issued for **three years**, with founders/co-founders eligible (subject to conditions) for extension for a further **five years**, and core employees for a further **three years**

StartUP Visa (Portugal)

Portugal's **StartUP Visa** is a residence-visa pathway for **non-EU entrepreneurs** explicitly built around **integration into a Portuguese startup incubator**, with the program administered by **IAPMEI** (the public agency for competitiveness and innovation). Official program materials frame it as a mechanism to attract **investment, talent and innovation capacity** by enabling entrepreneurs to establish and develop scalable ventures in Portugal, typically alongside creating qualified employment.

Best practices in Sub-standard 2.2: Programs for talent

EU Blue Card (European Union)

The **EU Blue Card** is an EU-wide residence and work permit framework designed to facilitate the entry and mobility of **highly qualified non-EU professionals** within the EU labor market. The Blue Card framework sets **common eligibility criteria**, including a recognised higher education qualification (or equivalent professional experience), an employment contract or binding job offer, and a salary threshold linked to national wage levels. Compared to standard work permits, the Blue Card grants enhanced legal certainty and rights, including **faster access to long-term residence**, **facilitated family reunification**, and **equal treatment in working conditions**. These features reduce administrative and legal friction for employers seeking to hire specialised talent. A distinguishing feature of the Blue Card is its **intra-EU mobility mechanism**. After a defined period of legal residence, Blue Card holders may move to another participating Member State **under simplified procedures**, without fully restarting the immigration process. EU Blue Card exemplifies best practice by providing a **predictable, scalable, and interoperable talent-attraction instrument** that complements national startup-specific visa schemes and strengthens startups' ability to recruit and retain highly skilled international talent within the European labor market.

Startup Law (Spain)

Spain's **Startup Law** (2022) is a policy package that strengthens talent attraction and retention through **migration and administrative simplification measures** targeted at founders and skilled employees hired by startups. The core design is to **streamline and clarify residence/work pathways** for (i) entrepreneurs and (ii) qualified professionals engaged by startups, and to reduce bureaucracy through **longer permit validity** and **more centralised processing**. It also adds retention-oriented provisions aimed at talent already in-country, including allowing **foreign graduates to stay longer to seek employment or start a business**, and improving permit conditions linked to **internships**, supporting transition from education into startup work or entrepreneurship.

Ukraine's overall performance under SNS #2

Ukraine's **overall performance** under SNS #2 (Attracting and Retaining Talent) is **63%**, reflecting strong administrative efficiency in facilitating entry of skilled talent, alongside structural gaps in long-term retention and incentive design.

Sub-standard analysis and indicators

Sub-standard name	Methodology description	UA scores
2.1 Visa Applications	2.1.1. The indicator measures the time in months necessary to process founders' visa applications supported by a trusted partner in the respective Member State ("What is the processing time for visa applications for founders, when backed by a trusted partner in the Member State?") ■ If answers "within 1 month" = 100% ■ If answers "1-3 months" = 50% ■ If answers "3-6 months" = 25% ■ If answers "more than 6 months" = 0%	100%
	2.1.2. The indicator measures the time in months necessary to process experienced workers' visa applications supported by a trusted partner in the respective Member State ("What is the processing time for visa applications for experienced workers, when submitted by startups?") ■ If answers "within 1 month" = 100% ■ If answers "1-3 months" = 50% ■ If answers "3-6 months" = 25% ■ If answers "more than 6 months" = 0%	100%
2.2 Programs for talent	2.2.1. The indicator measures if there are any programs or incentives to encourage the return of EU tech talent who emigrated to third countries, not exclusively designed for non-EU countries. Tech talent means experienced workers in technological fields ("Are there any programs and/or incentives in place to encourage the return of EU tech talent who emigrated to third countries?") ■ If answers "yes" and provides clear evidence =100% ■ If answers "yes" and provides unclear/limited evidence = 50% ■ If answers "no" or if evidence is out of scope =0%	50% ("Yes, with no clear evidence")
	2.2.2. The indicator measures the strengths and weaknesses of OECD countries regarding their capacity to attract and retain different types of talented migrants. This indicator focuses on foreign	N/A

Sub-standard name	Methodology description	UA scores
	entrepreneurs and on a variety of factors. Data is collected through the OECD "Index of talent attractiveness for entrepreneurs"	

Ukraine's performance under **Sub-standard 2.1 (Visa Applications)** is characterized by high administrative efficiency in facilitating the entry of internationally mobile founders and skilled workers. The 100% scores for **Indicators 2.1.1 (Processing time for founders' visas)** and **2.1.2 (Processing time for experienced workers' visas)** are best understood as reflecting the **availability of an administratively "fast-track" pathway** for internationally mobile founders and skilled staff when the process is supported by an institutionalised channel (the ESNA "trusted partner" logic). In practice, Ukraine's talent entry regime operates as a **two-speed system**. Under the general track, a standard company hiring a non-resident typically must obtain an **employment permit** via the State Employment Service, with a defined application package and state fee, creating procedural friction for early-stage firms that need rapid onboarding. At the same time, Ukraine has developed a streamlined route in the digital economy segment: the Diia City model enables engagement of foreign specialists under gig-contract arrangements **without the standard work-permit requirement**, and the contract itself can function as a sufficient legal basis to proceed with legalisation steps.

Operationally, this shift toward contract-based residency matters because the residence pathway is anchored in legally recognised documentation rather than discretionary approvals. The State Migration Service explicitly notes that for temporary residence permits linked to employment, applicants submit either a work permit or (for categories where a work permit is not required) an employment contract as the substituting basis, supporting a faster administrative sequence once the contractual basis is established. This combination — general permit-based hiring for "standard" entities, alongside an expedited route for the digital economy segment — explains why ESNA can record "within one month" performance for founders and experienced workers in the supported-track scenario, even though the general regime remains more bureaucratically demanding.

In contrast, **Sub-standard 2.2 (Programs for talent)** reveals a more constrained environment, particularly regarding long-term talent sustainability and repatriation. The 50% score ("yes, with limited/unclear evidence") on **Indicator 2.2.1 (Existence of return of tech diaspora programs)** reflects that **repatriation support exists primarily as entrepreneurship and re-anchoring instruments**, rather than as dedicated, tech-specific "return" schemes with clearly evidenced eligibility, outreach, and measurable uptake among experienced technology

workers. The most concrete policy lever is **eRobota**, which is a national grant framework for business creation and scaling, including micro-grants and processing grants (with an official program description published by the Ministry of Economy). While such instruments can be accessed by Ukrainian citizens who return and establish ventures domestically, they are **not designed as targeted incentives for returning tech employees**, and do not constitute a clearly delineated "return of EU tech talent" program in the way ESNA expects for full evidence. In this sense, the logic is enabling but indirect: it supports return through business creation (and, by extension, job creation), rather than through explicit fiscal or mobility incentives aimed at experienced tech migrants. Furthermore, **Indicator 2.2.2 (Index of talent attractiveness for entrepreneurs)** is recorded as N/A (not available) because it is sourced directly from the OECD's Indicators of Talent Attractiveness (ITA) dataset rather than from ESNA's own evidence collection, and Ukraine is not covered as a scored country in that OECD index, meaning there is no OECD datapoint to populate the ESNA indicator.

As a result, SNS #2 should be interpreted as a dual picture: strong procedural capacity to attract talent administratively, but comparatively weak structural tools to retain talent and shape inclusive labor-market outcomes over time.

SNS #3 – Stock Options

Purpose and scope of the standard

The **Stock Options** standard assesses whether stock options function in practice as a **realistic, attractive, and widely usable tool** for compensating and motivating startup employees, founders, and key executives. Rather than focusing on the mere legal existence of stock options, the standard evaluates whether they are designed and taxed in a way that allows startups to use them effectively as part of their remuneration and talent retention strategies.

At the core of SNS #3 lies a fundamental policy question: **are stock options a practical instrument that startups actually use, or a theoretical concept rendered ineffective by complex regulation and unfavorable taxation?** In startup ecosystems, stock options play a critical role in aligning incentives, fostering long-term commitment, and enabling young companies with limited cash flow to compete with larger firms for highly skilled talent.

Across Europe, approaches to stock options vary significantly due to differences in legal frameworks and tax systems. These variations affect when taxation occurs — upon grant, vesting, exercise, or sale — and whether stock options are treated as capital gains or labor income. Fragmented rules, double taxation, complex reporting obligations, and high effective tax rates have historically limited adoption in many countries, making stock options one of the most unevenly implemented SNS.

Top-Performing Countries and best practices under SNS #3

In the **ESNA SNS Report 2024**, the average level of implementation for SNS #3 across Europe stands at **62%**, indicating moderate overall progress but persistent structural barriers in many Member States. Only **four countries** — **Cyprus, Estonia, France, and Portugal** — have achieved **full implementation (100%)**, reflecting legal and tax frameworks that allow stock options to be used efficiently and predictably by startups.

Best practices SNS #3
Business Creator Share Subscription Warrants (France) The **Business Creator Share Subscription Warrants (BSPCE)** scheme allows eligible startups (**under 15 years old**) to grant employees warrants giving the right to buy shares later at a **price fixed upfront**. Taxation is structured around disposal: the **taxable gain is computed upon sale of the shares** as the difference between sale price and acquisition

price. This directly addresses **Sub-standard 3.1 (Taxation)** by ensuring that taxation arises at cash-out instead of arising at grant or exercise. Employees become shareholders only if they exercise, which keeps the company's cap table and **voting structure unchanged** until conversion. In addition, BSPCE grants do **not trigger specific employer social contributions**, supporting **Sub-standard 3.3 (Stock option framework)** by providing a defined, startup-specific instrument that is implementable without creating payroll-type cost and compliance overhead.

Enterprise Management Incentive (UK)

The **Enterprise Management Incentive (EMI)** is a statutory employee share-option regime for smaller high-growth companies. It allows qualifying firms to grant options up to **£250,000 per employee over a three-year period**. Where options are granted at **market value**, no Income Tax or National Insurance is typically due at exercise; taxation is primarily realised on disposal under the **capital gains** framework. This design supports **Sub-standard 3.1 (Taxation)** by limiting employment-income treatment and aligning tax incidence with realised value. EMI also operates as a **standardised, administrable scheme** with established valuation and compliance practice, supporting **Sub-standard 3.3 (Stock option framework)** by reducing legal uncertainty and transaction costs for startups implementing option plans.

Startup Law / ESOP tax regime (Portugal)

Portugal's **Startup Law** combines a formal startup/scaleup recognition perimeter with a dedicated ESOP/stock-options tax treatment. Startup status is determined through defined eligibility criteria and administered through **Startup Portugal,** national agency for entrepreneurship in Portugal, which strengthens **Sub-standard 3.3 (Stock option framework)** by anchoring applicability in a recognised institutional framework. For qualifying employee equity gains, the regime provides that **only 50% of the gain is taxable**, subject to conditions, supporting **Sub-standard 3.1 (Taxation)** by improving the post-tax outcome at realisation.

Ukraine's overall performance under SNS #3

Ukraine scores **100% under SNS #3**, meaning that the statutory conditions ESNA tests — tax deferral to cash-out, the possibility to issue non-voting participation, and the existence of a workable legal basis for option schemes — are all satisfied in Ukrainian law.

Sub-standard analysis and indicators

Sub-standard name	Methodology description	UA scores
3.1 Taxation	3.1.1. The indicator measures if stock options are recognized and subject to capital gains taxation only at the moment of cash receipt and not before in each country ("At what moment(s) are employees' stock options taxable? Select as many as applicable.") ■ If answers "at the moment of sale" = 100% ■ If answers any other option or "at the moment of sale" plus other option = 0%	100%
3.2 Non-voting rights	3.2.1. The indicator measures if stock options can be issued with non-voting rights in each country ("Are startups allowed to issue stock options with non-voting rights?") ■ If answers "yes" = 100% ■ If answers "no" = 0%	100%
	3.2.2. The indicator measures the impact of stock options for minority shareholders. Data is collected through the OECD "Not Optional, 2024. Latest Country Rankings, Minority Shareholders & Bureaucracy"	N/A
3.3 Stock Option Scheme	3.3.1. The indicator measures if each country has a specific legislation or a specific program for Stock Options ("Are there any specific legislations or programs for stock options in your country?") ■ If answers "yes" = 100% ■ If answers "no" = 0%	100%

Ukraine's performance under **Sub-standard 3.1 (Taxation)**, which includes only **Indicator 3.1.1 (Stock Options taxed only as capital gains)**, achieves a 100% score, primarily due to **Article 170.2 of the Tax Code**, which allows option-related income to be treated as investment income and taxed **at the point of sale/cash receipt**, rather than at grant or exercise. This is the decisive ESNA requirement, as it prevents "dry tax" on unrealised value. In practice, however, predictability is not uniform across legal forms: outside Diia City and sophisticated structuring, there remains a residual risk that tax authorities may reclassify option-related benefits as **labor income**, which increases compliance exposure despite the underlying statutory basis. Within

Diia City, legal treatment is typically more straightforward and administratively safer, reducing interpretive disputes.

Full alignment is also recorded for **Sub-standard 3.2 (Non-voting rights)** regarding **Indicator 3.2.1 (Existence of stock options with non-voting rights for startups)**. This indicator is satisfied under the flexible LLC governance model in **Law No. 2275-VIII**. **Article 29** enables differentiated voting arrangements, allowing companies to separate economic participation from strategic control — an essential precondition for broad-based employee participation without governance dilution. **Articles 7–8** on Corporate Agreements, reinforced by enforceable mechanisms such as **irrevocable powers of attorney**, further support control consolidation and mitigation of minority hold-up risks. Operationally, however, broad-based participation in standard LLCs can still be administratively heavy because changes to ownership are commonly executed through **notarised** transactions, which raises the time and cost of administering option pools. **Indicator 3.2.2 (Minority Shareholders & Bureaucracy)** is currently marked as N/A because ESNA pulls it from the OECD *Not Optional* (2024) dataset, where Ukraine is not covered as a scored country, so no value can be populated for the ESNA calculation.

Sub-standard 3.3 (Stock option schemes), which covers **Indicator 3.3.1 (Existence of a country-specific stock options scheme)**, indicates a 100% implementation rate, as Ukraine has a sufficiently complete normative base to set up option-style incentives even without a single dedicated "ESOP law": the Tax Code, the LLC framework (Law No. 2275-VIII), capital markets rules (Law No. 3480-IV), and the Diia City regime (Law No. 1667-IX) collectively constitute the relevant legal and regulatory basis assessed by ESNA under this indicator. In practice, however, ESNA does not test uptake, and option programs remain unevenly implementable across legal forms: outside Diia City and/or foreign holding structures, execution can be administratively heavy (e.g., ownership changes are frequently implemented through notarial or registry-dependent steps, and companies may themselves introduce notarisation requirements), which raises transaction costs and increases perceived enforceability/tax-position risk for broad-based plans. Recent reforms aimed at easing LLC share administration (including the option to move share accounting into the Central Depository system) may reduce friction over time, but they do not change the fact that the ESNA score reflects legal availability, not prevalence in founder practice.

SNS #4 – Innovation in Regulation

Purpose and scope of the standard

The **Innovation in Regulation** standard assesses whether national regulatory frameworks are designed and applied in a way that reflects the specific needs and constraints of startups and SMEs. The focus is not on deregulation, but on **proportionate, adaptive, and innovation-friendly regulation** that enables experimentation and growth without imposing administrative burdens designed for large firms.

A central concept underpinning this standard is the **"Think Small First" principle**, which requires policymakers to consider the impact of laws and regulations on startups and SMEs at the earliest stages of policy development. The principle recognises that regulatory approaches suitable for large companies can create disproportionate compliance costs for smaller firms that lack economies of scale and administrative capacity.

Under the ESNA assessment, this standard evaluates whether such considerations are systematically embedded in regulatory processes, with the objective of reducing unnecessary bureaucracy and ensuring that startups and SMEs are treated as primary stakeholders in regulatory design.

Top-Performing Countries and best practices under SNS #4

In the **ESNA SNS Report 2024**, the average level of implementation for Innovation in Regulation stands at **43%**, reflecting uneven adoption across Europe. **Full implementation (100%)** is observed in **Austria, Belgium, Czechia, Estonia, France, Ireland, Italy, Malta, the Netherlands, Slovakia, and Spain**, where evidence shows that startup- and SME-specific impacts are consistently considered during the formulation of laws and regulations.

Best practices in Sub-standard 4.1: Think Small First
The Small Business Act (Malta) Malta's **Small Business Act (Cap. 512)** establishes a formal SME-governance layer intended to embed a "Think Small First" logic into rulemaking and regulatory practice. It provides for institutional coordination mechanisms such as the **Enterprise Consultative Council** (a structured forum for business consultation) and the **College of Regulators** (consultative and advisory body to the government intended to support coordination among regulators and reduce unnecessary regulatory burden on SMEs). The Act also links into Malta's

impact-assessment practice through a structured **Impact Assessment Framework Form**. Its primary purpose is to ensure that any new government policy or legislation adheres to the **"Think Small First" principle** by identifying potential negative impacts on SMEs before they are enacted.

The Coordination of Government Inspections Act (Malta)

The **Coordination of Government Inspections Act (Act II of 2017; Cap. 568)** is a concrete "burden-reduction through enforcement design" instrument. It establishes a central coordination function for inspections with the explicit objective of making inspections **more transparent and effective** and **reducing the burden on businesses**. Operationally, Malta set up the **Inspections Coordination Office (ICO)** to structure inspections and reduce duplication across inspectorates; the model has been presented as moving toward "single-entity" execution of routine inspections with data shared across bodies, and it includes recognition tools such as a **"High Standard of Compliance"** certificate for compliant businesses, which allows authorities to differentiate enforcement intensity based on prior compliance behaviour.

Best practices in Sub-standard 4.3: Regulatory Sandboxes

Regulatory Sandboxes (Austria)

Austria's **Financial Market Authority (FMA) Sandbox** is a supervised testing pathway run by the FMA aimed at FinTech business models and collaborations that need a clearer route into regulated activity. The mechanism is explicitly framed as **"targeted support and close supervision"**: firms test in a defined phase while working toward (or operating under) the relevant authorisation, with structured interaction with the supervisor. The official process is clearly staged: the **FMA** receives an opinion from a dedicated **Regulatory Sandbox Advisory Board** housed at the **Federal Ministry of Finance**, assessing whether the model is **in the public interest** and is **ready-for-market and ready for testing**; admission is then granted through a formal **administrative decision**.

FCA Regulatory Sandbox (United Kingdom)

The UK **Financial Conduct Authority (FCA) Regulatory Sandbox** is a cohort-based mechanism allowing firms to run **live market tests with real consumers** under FCA

oversight. Firms apply on a rolling basis and must demonstrate they meet five published eligibility criteria: **in scope, genuine innovation, consumer benefit, readiness, and need for FCA support**. The application requires a concrete **testing plan** (what will be tested, with whom, for how long, what data will be collected, and what safeguards/disclosures will apply). The FCA makes sandbox participation operational by issuing specific "sandbox tools" where needed — most notably **restricted authorisation** (to test a regulated activity within a controlled perimeter), alongside FCA guidance and other supervisory instruments that clarify how rules apply during testing. The sandbox is positioned as a structured route to validate consumer safeguards and regulatory compliance assumptions before full-scale rollout.

National AI Sandbox (Spain)

SMEs and startups developing **high-risk AI systems** needed to comply with complex regulatory requirements without slowing down deployment or innovation. To address this, Spain created an **AI Sandbox** and launched its first operational call in 2024–2025. Selected companies are allowed to test real AI systems under supervision, with guidance from public authorities and an independent expert advisory group appointed in 2025, while implementing **AI Act requirements** step by step. The process is structured through open calls, evaluation criteria, testing phases, expert support, and documented outcomes, with the explicit goal of helping firms understand compliance obligations, reduce regulatory uncertainty, and generate practical guidance that later feeds into national and EU-level implementation of AI regulation.

Ukraine's overall performance under SNS #4

Ukraine's performance under SNS #4 is **22%**, indicating that innovation-oriented and startup-sensitive regulatory principles are present only in a **partial and uneven form** and are not yet embedded as a systematic feature of national policymaking. In ESNA terms, this score points to a **structural regulatory gap** rather than a complete absence of reform efforts: while innovation is recognised as a policy objective, the regulatory system lacks binding procedures that would consistently translate this intent into proportionate, startup-considerate regulation.

Sub-standard analysis and indicators

Sub-standard name	Methodology description	UA scores
4.1 Think Small First	4.1.1. The indicator measures if the Think Small Principle is being applied in legal provisions and policies, therefore targeting startups ("Are policymakers in your country guided by a 'Think Small First' principle when formulating laws and regulations for startups, with the aim of minimizing unnecessary bureaucracy and red tape?") ■ If answers "yes" = 100% ■ If answers "no" = 0%	0%
4.2 Compliance Exemptions	4.2.1. The indicator measures if each country has confirmed exemptions or alternative methods for startups to achieve compliance ("Are there confirmed exemptions or alternative methods for startups to achieve compliance, in areas such as impact assessment?") ■ If answers "yes" = 100% ■ If answers "no" = 0%	50%
4.3 Regulatory Sandboxes	4.3.1. The indicator measures if there are regulatory sandboxes available to encourage and facilitate experimentation and innovation for startups ("Are there regulatory sandboxes available to encourage and facilitate experimentation and innovation for startups?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" but provides evidence that regulatory sandboxes are being prepared = 50% ■ If answers "no" = 0%	50%
	4.3.2. The indicator measures the number of regulatory sandboxes established in each country ("How many regulatory sandboxes are established in your country?") ■ 100% = 5 RS's; ■ 60% = 3 RS's; ■ 40% = 2 RS's;	0%

Sub-standard name	Methodology description	UA scores
	■ 20% = 1 RS	
	4.3.3. The indicator measures the number of startups involved in regulatory sandboxes consortia ("How many startups are currently participating in regulatory sandboxes in your country?")	0%

Ukraine's performance under **Sub-standard 4.1 (Think Small First)** reflects a structural regulatory gap, evidenced by a 0% score on **Indicator 4.1.1 (Think Small First Implementation level)**. There is no mandatory requirement for ex-ante screening of draft legislation to assess its impact on startups, scale-ups, or small innovative firms. As a result, new regulatory acts may introduce compliance, reporting, or licensing obligations without proportionality checks or mitigation measures for early-stage ventures. This absence of systematic SME/startup impact assessment places Ukraine behind ESNA frontrunners, where such screening is integrated into legislative workflows and acts as a preventive safeguard against regulatory overburden.

Under **Sub-standard 4.2 (Compliance Exemptions)**, Ukraine achieves a 50% score on **Indicator 4.2.1 (Existence of compliance exemptions/alternatives for startups)**. While the legal framework provides some alternative methods or exemptions for startups to achieve compliance, these measures are not yet applied consistently or supported by sufficient evidence to meet the full ESNA benchmark. This indicates that while the principle of differentiated compliance is present, it has not yet been institutionalized as a predictable standard across all regulatory areas.

The scores for **Sub-standard 4.3 (Regulatory Sandboxes)** further signify Ukraine's underperformance. While **Indicator 4.3.1 (Existence of regulatory sandboxes)** reaches 50% due to evidenced preparations, **Indicators 4.3.2 (Number of established regulatory sandboxes)** and **4.3.3 (Number of startups involved in regulatory sandboxes consortia)** remain at 0%. While policy documents and ministerial initiatives increasingly reference regulatory experimentation, **fully operational, legally codified regulatory sandboxes are not yet in place**. The Ministry of Digital Transformation has initiated groundwork for sandbox-type mechanisms — particularly in AI and blockchain technologies — and the **WINWIN Strategy** explicitly proposes a "regulatory platform" to allow supervised testing of high-tech products against national and EU requirements. However, these instruments remain at the level of pilots, strategic intent, or early implementation and do not yet function as predictable, economy-wide tools that startups can routinely access under clear supervisory rules.

Overall, SNS #4 identifies **Innovation in Regulation as one of Ukraine's weakest alignment areas with ESNA standards**. The gap is not one of political commitment but of institutionalisation: coordination mechanisms are still fragmented, proportionality checks are not embedded by default, and experimental regimes lack full legal maturity. Advancing from ad hoc initiatives to **binding regulatory processes and operational sandboxes** represents a key lever for improving Ukraine's performance under this standard and for reducing regulatory uncertainty faced by innovative firms.

SNS #5 – Innovation in Public Procurement

Purpose and scope of the standard

The **Innovation in Public Procurement** standard assesses whether public procurement systems are designed and applied in a way that enables startups to access public markets and contribute innovative solutions to public sector needs. The focus of this standard is on whether procurement frameworks move beyond traditional cost- and scale-driven purchasing and instead support innovation, experimentation, and the participation of early-stage and high-growth companies.

Public procurement represents a significant economic lever in Europe, accounting for a substantial share of public expenditure across sectors such as energy, transport, health, education, and digital services. When procurement frameworks are accessible to startups, public authorities can act not only as buyers, but also as **early adopters and validators of innovative solutions**, helping startups scale while improving public service delivery.

Within the ESNA framework, SNS #5 evaluates whether procurement rules, procedures, and institutional practices allow startups to participate on equal footing with established suppliers and large incumbents, including through reduced administrative burden, appropriate qualification requirements, and innovation-friendly approaches to intellectual property and risk allocation.

Top-Performing Countries and best practices under SNS #5

In the **ESNA SNS Report 2024**, the average level of implementation for Innovation in Public Procurement is **67%**, indicating moderate overall uptake across participating countries. **Full implementation (100%)** is observed in **Austria, Belgium, Croatia, Cyprus, Czechia, Denmark, Estonia, France, Ireland, Lithuania, Luxembourg, the Netherlands, Portugal, Romania, Slovakia, and Spain**, reflecting widespread adoption of procurement frameworks that actively support innovation and startup participation.

Best practices in Sub-standard 5.1: Procurement Opportunities
Dutch Public Procurement Expertise Centre (Netherlands) **Dutch Public Procurement Expertise Centre (PIANOo)** is the Dutch government's procurement competence centre, set up to **professionalise public procurement practice** across contracting authorities. It operates as a **large practitioner network** (around **3,500**

procurement and tendering professionals) and provides : (i) hands-on **guidelines and toolkits**, (ii) training/workshops and events, and (iii) curated resources on topics such as tender design and innovation procurement. In innovation-procurement terms, the value is administrative capacity: PIANOo reduces "implementation variance" between contracting authorities by standardising interpretation and providing tools that make non-traditional procedures and quality-based tendering easier to run without triggering audit risk.

Startup Law – Promotion of innovative public procurement for startups (Spain)

Spain's Startup Law (Law **28/2022**) explicitly positions public contracting as a lever to **integrate "emerging companies" into public markets**. The law frames innovation **procurement as an element of the startup-policy package** and strengthens the mandate for procurement bodies to treat innovation purchasing as a policy outcome rather than a compliance burden. The practice is "policy signalling with institutional follow-through": it shifts innovation procurement from discretionary practice to a stated objective linked to startup participation.

IgniteSweden (Sweden)

IgniteSweden is a structured **matchmaking and pilot-formation mechanism** connecting startups with corporates and public-sector organisations through facilitated, one-to-one processes. The core procurement-relevance is that it **reduces the pre-procurement barrier**: public buyers often struggle to identify credible emerging suppliers and to translate needs into testable challenge scopes. The program's **operational model is needs-driven**: large organisations **articulate problems** and innovation needs; **Ignite scouts and selects** relevant startups; and matches are then advanced through **facilitated meetings** toward pilots and commercial relationships. According to program reporting, since its inception in 2017 IgniteSweden has facilitated over **8,000 meetings between nearly 1,900 startups and 450+ organisations, resulting in 800+ business-driven innovation collaborations**.

GovTech Lab initiatives (Lithuania)

GovTech Lab Lithuania is a public-sector unit (within Innovation Agency Lithuania) that operationalises GovTech through a **challenge series**: public institutions identify priority service or operational problems; these are published as challenges; startups/SMEs propose solutions; and selected teams are supported to pilot and test solutions with the public sector. By translating public-sector needs into accessible challenges and supporting structured

interaction with suppliers, the Lab **lowers entry barriers for startups** that would otherwise struggle to navigate public procurement processes.

GovTech Lab (Luxembourg)

Luxembourg's **GovTech Lab** (Ministry for Digitalisation / CTIE) operates like a long-term, challenge-driven **open-innovation mechanism (hackathon)**: administrations submit challenges aimed at improving public services; external actors (companies, startups, teams) submit solution concepts; and selected proposals proceed through defined collaboration routes. Official government documentation describes **two main instruments**: **1) Innovation Partnership**, an EU-procurement procedure adapted for co-development, typically taking **8–14 months**; and **2) SpeedUP**, a faster track (max 8 months) used to engage external innovators on defined problems.

Best practice in Sub-standard 5.2: Intellectual Property Rights

The Professor's Privilege / Teacher's exemption (Sweden)

Sweden's "teacher's exemption" (often described as the professor's privilege) means that academic researchers generally **own the results of their research**, istead of the university automatically owning IP created in the course of employment. It structurally improves founders' ability to carry IP into commercialisation pathways (including ventures engaging with public-sector demand) without default institutional IP assignment, reducing negotiation overhead and uncertainty around ownership and licensing. The mechanism is often cited as **shaping Sweden's academic entrepreneurship model** by making IP control and decision rights reside directly with researchers.

Best practices in Sub-standard 5.4: Tech transfer policies

Innovation and Networking Services of the National Documentation Centre (Greece)

Greece's National Documentation Centre (EKT) provides structured support services aimed at connecting research, startups and businesses to funding, partners and commercialisation

pathways and functions as a structured **"connective tissue" institution** that supports technology transfer and collaboration formation. Official descriptions emphasise: (i) **information and guidance on funding opportunities** (including participation in research programs), (ii) support for **collaboration and partnerships** across research–industry–entrepreneurship, and (iii) **tailored services for startups/SMEs** (InnovationEKT explicitly positions itself as a provider of customised services to startups, scale-ups and SMEs).

Ukraine's overall performance under SNS #5

Ukraine's performance under SNS #5 is **54%**, reflecting a **highly uneven implementation** of innovation-oriented procurement principles. The score does not indicate a functioning innovation procurement system, but rather a **lopsided alignment**: while the statutory framework meets ESNA benchmarks for legal permissibility in intellectual property and open-source policy , these provisions fail to translate into a functional procurement market for startups. A profound gap exists between legal availability and administrative execution; public demand remains structurally disconnected from the innovation ecosystem , as legacy procurement laws continue to prioritize established vendors and low price over innovative potential.

Sub-standard analysis and indicators

Sub-standard name	Methodology description	UA scores
5.1 Procurement Opportunities	5.1.1. The indicator measures if there are no legal or administrative impediments that would put startups/scale-ups at a disadvantage compared to other participants in innovation procurement opportunities ("Are there regulatory sandboxes available to encourage and facilitate experimentation and innovation for startups?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" but provides evidence that regulatory sandboxes are being prepared = 50% ■ If answers "no" = 0%	0%

Sub-standard name	Methodology description	UA scores
	5.1.2. The indicator assesses whether there are incentives for public buyers and procurement services to procure innovation from startups ("Are public buyers and procurement services officially encouraged to procure innovations from startups?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" and provides unclear/limited evidence = 50% ■ If answers "no" or if evidence is out of scope = 0%	0%
5.2 Intellectual Property Rights	5.2.1. Possibility of IPR ownership for startups in innovation procurement. The indicator measures if the ownership of IPR can be retained by the startup or scale-up participating in an innovation procurement tender. ("Can the ownership of intellectual property rights (IPR) usually be retained by the startup/scale-up participating in innovation procurement opportunities?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0%	100%
	5.2.2. The indicator measures the average intellectual property receipts over the last three years as a % of total trade. Data is collected using the Global Innovation Index (World Intellectual Property Organization methodology)	0%
	5.2.3. The indicator measures if there are any situations where the public sector can retain ownership of IPR based on overriding public interests ("Please specify the situations where the public sector can retain ownership of Intellectual Property Rights?") ■ If provides evidence of the only exception being exceptional cases due to overriding public interest = 100%	100%

Sub-standard name	Methodology description	UA scores
	■ If answers any exception besides cases of overriding public interest = 0%	
5.3 Open-source assets	5.3.1. The indicator measures if there are any encouragement measures for startups to contribute to open-source assets ("Are startups actively encouraged to contribute to open-source assets?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0%	100%
5.4 Tech transfer policies	5.4.1. The indicator measures if there are policies in place to ensure technology developed at universities and research centers can be transferred leading to new ventures ("Are there policies to facilitate a smooth transfer of the technology developed in universities and research institutes to startups?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0%	50%

The weakest results are observed under **Sub-standard 5.1 (Procurement Opportunities)**, where Ukraine scores **0% on both Indicator 5.1.1 (Existence of administrative impediments to startup participation)** and **Indicator 5.1.2 (Existence of incentives for public buyers and procurement services to procure innovation from startups)**. This outcome is primarily driven by the design of the Law of Ukraine "On Public Procurement" (No. 922-VIII). Article 16 mandates qualification criteria based on prior execution of analogous contracts and demonstrable financial capacity, which systematically excludes early-stage ventures lacking turnover or procurement history. At the procedural level, the law provides an exhaustive list of procurement procedures (Article 13) that does not include an **Innovation Partnership** mechanism — a core EU instrument allowing public buyers to co-develop novel solutions with startups. In parallel, procurement legislation does not provide for regulatory sandboxes or experimental procurement regimes, leaving no legal pathway to test innovative products outside standard qualification constraints. In addition, the law embeds a strong price bias:

except for Competitive Dialogue, contracting authorities must assign **at least 70% weight to price**, severely limiting the practical relevance of innovation, quality, or technical merit in bid evaluation. No statutory incentives exist to encourage public buyers to assume innovation risk or contract with startups, resulting in a compliance-driven procurement culture.

Under **Sub-standard 5.2 (Intellectual Property Rights)**, Ukraine's performance is mixed. Full compliance is achieved on **Indicator 5.2.1 (IPR ownership)**, as neither procurement law nor copyright legislation mandates automatic transfer of exclusive IP rights to the state. Article 15 of the Law "On Copyright and Related Rights" (No. 2811-IX) explicitly allows contractual deviation from default IP assignment, enabling startups to retain ownership in innovation procurement. However, administrative practice diverges from this legal flexibility: in the absence of central guidance, contracting authorities routinely require full IP assignment to minimise audit exposure. Ukraine also scores **100% on Indicator 5.2.3 (Existence of exceptions for public sector IPR ownership based on overriding public interests)**, as statutory exceptions allow public retention or use of IP are strictly limited to overriding public interest (e.g. national security), and are accompanied by clear compensation guarantees under civil, patent, and defense legislation. By contrast, **Indicator 5.2.2 (Intellectual property receipts as percentage of total trade) scores 0%**, reflecting Ukraine's structural export model: innovation revenues are predominantly captured as service exports rather than royalties or licence fees, resulting in negligible IP receipts under the Global Innovation Index methodology despite substantial technical output.

Ukraine demonstrates strong alignment under **Sub-standard 5.3 (Open-source assets)**, scoring **100% on Indicator 5.3.1 (Existence of startups actively supported and contributing with open-source assets)**. This reflects both legal certainty — introduced by the 2022 validation of free public licences in copyright law — and active state practice. Government initiatives such as **Diia Open Source** operationalise open-source contribution by releasing core public digital infrastructure under permissive licences, signalling institutional acceptance of open-source collaboration as a policy tool.

Finally, **Sub-standard 5.4 (Technology transfer)**, namely **Indicator 5.4.1 (Existence of policies for smooth tech transfer)**, records a **50% score**, indicating partial but constrained implementation. While legislation permits universities and research institutions to license or contribute IP to startups, technology transfer remains administratively burdensome. IP generated in public institutions is treated as state property, and valuation, approval, and audit requirements frequently impede timely transfer or commercialisation. As a result, formal transfer mechanisms exist, but are not yet scaled or routineised as startup-facing instruments.

Overall, SNS #5 identifies **Innovation in Public Procurement as a major structural gap** in Ukraine's startup policy framework. The challenge is not the absence of innovation capacity or legal permissibility, but the lack of procurement instruments, incentives, and risk-sharing mechanisms that would translate public demand into a driver of startup-led innovation and market creation.

SNS #6 – Access to Finance

Purpose and scope of the standard

The **Access to Finance** standard assesses whether startups can obtain adequate and appropriate financing across different stages of their development, from early-stage validation to scaling and international expansion. It focuses on the availability, diversity, and effectiveness of both **public and private financing instruments**, as well as on the role of public policy in stimulating investment and mitigating risk.

Access to finance is a transversal requirement for startups, underpinning their ability to innovate, grow, and respond to market opportunities. Given the long development cycles, high upfront costs, and elevated risk profiles associated with innovative ventures, startups often face structural financing gaps that cannot be addressed by market mechanisms alone. This standard therefore evaluates whether governments actively support the development of a robust investment ecosystem, including venture capital, co-investment schemes, grants, and other financial instruments that enable capital to flow efficiently to startups.

Within the ESNA framework, SNS #6 also reflects broader European efforts to strengthen capital markets and improve cross-border investment flows, including initiatives linked to the **Capital Markets Union (CMU)**. At the same time, the standard recognises that access to capital in Europe remains uneven and continues to lag behind global benchmarks in some regions, underscoring the importance of coordinated public intervention.

Top-Performing Countries and best practices under SNS #6

In the **ESNA SNS Report 2024**, the average level of implementation for Access to Finance is **72%**, representing a significant improvement compared to previous years. **Full implementation (100%)** has been achieved by **Belgium, France, Lithuania, Portugal, Spain, Sweden, and Ukraine**, reflecting the presence of comprehensive public funding mechanisms and policies that effectively stimulate private investment in startups.

Best practices in Sub-standard 6.1: Public Grants
Ukrainian Startup Fund (Ukraine) The **Ukrainian Startup Fund (USF)**, established in **2018**, is a state-backed early-stage support institution operating under the **Ministry of Digital Transformation of Ukraine**. It has served as the country's primary public instrument for **non-equity pre-seed and seed grants**

to startups. Prior to the full-scale invasion, USF functioned as the flagship national channel for early-stage startup financing, providing standard grant tickets of **$25,000 and $50,000**. Following 2022, the focus of state-backed startup support shifted substantially toward **defense, miltech, and dual-use innovation**, primarily through the **Brave1 defense innovation platform** (launched in 2023). While USF continues to exist as an institution, its **civilian startup grant activity has increasingly been delivered through donor-funded and internationally supported programs** with USF acting as an **implementing or co-implementing partner**. Examples include **EU4Business (GIZ)** (approx. **€750,000**), **UMAEF** (approx. **$2.5M**), and the EU-funded **Seeds of Bravery** initiative (approx. **€12 million**), and the most recent the **Startup EDGE program** supported under **EU4Innovation East** (approx. **€1 million**. According to USF's public reporting, over its first six years of operation the Fund supported **approximately 470 startups**, deploying **over UAH 380 million** from a combination of state and donor sources. USF-backed teams have reportedly attracted **more than $50M** in follow-on private investment.

Startup Voucher (Portugal)

A founder stipend scheme targeting **young entrepreneurs (18–35)** at the **idea or pre-incorporation stage**. It provides a **monthly allowance of approximately €690** for **up to 12 months**, enabling beneficiaries to work full time on developing an innovative business project. The scheme is complemented by **mentoring and incubation support** delivered through accredited entities and includes a **performance-linked achievement award (€2,000)** tied to company establishment under program conditions. The instrument is explicitly designed to address personal income insecurity at the earliest stage of venture creation.

INNOBOOSTER (Denmark)

A project-based innovation grant scheme supporting companies that are developing new products, services, or processes with commercial potential. The program works as **co-financing**: companies can apply for **35% co-financing** of eligible project costs (employee hours and project expenses, including external expert knowledge suppliers). Funding is sized as a project investment: **DKK 200,000 to DKK 5 million**, with projects lasting **up to two years**. Applications are typically **continuous while the program window is open**, and the design explicitly aims to reduce the risk firms take when initiating innovation projects.

Innofounder (Denmark)

A one-year founder support program administered by Innovation Fund Denmark. It provides

DKK 27,500 per month for 12 months, combined with a **one-off development grant of DKK 100,000**. The structure separates **founder subsistence financing** from a **dedicated development budget**, allowing founders to commit full time to venture creation while financing early validation and development activities within a clearly defined period.

Pre-Seed Start Fund (Ireland)

A public pre-seed investment instrument operated by Enterprise Ireland, providing **€50,000 or €100,000 and advisory support (10 mentoring sessions)** to early-stage companies ahead of institutional seed rounds. The investment is structured as a **convertible loan note** and is bundled with **structured development support**, including a dedicated Development Advisor and mentoring sessions. The fund is designed to support commercial validation and investor readiness, preparing companies for follow-on private seed financing.

Proof-of-concept funding (Netherlands)

The Proof of Concept Funding is a public support instrument that provides early-stage financing to help researchers and startups validate the commercial and technical feasibility of innovations emerging from research. RVO specifies funding of **up to €450,000**, with a published interest rate of **7.71% (as of 1 January 2026)**, and repayment of **loan plus interest**. A key design feature is the requirement for a **declaration of intent from a future investor**, signalling anticipated market financing at the next stage.

Innovation Grants (Sweden)

Vinnova, Sweden's national innovation agency, provides **direct grant funding** for research and innovation projects across business, the public sector, and academia. Funding is delivered through **continuous and thematic calls**. The program provides **up to SEK 500,000** for a project that may run **up to nine months**, with funding aimed at activities that **confirm market demand and validate potential** (e.g., value proposition, business model/sales process, and product characteristics needed for market eligibility), reducing development risk before market uptake or private investment.

Best practices in Sub-standard 6.2: Indirect Access to Finance

Indicator 6.2.1 | Indirect access to finance through dedicated vehicles and promotional

finance institutions
Danish Growth Capital (Denmark) Danish Growth Capital is a **fund-of-funds** platform launched in **2011** to channel long-term capital into **venture and buyout funds** investing in growth companies. It invests exclusively through fund managers (not directly in startups). As of **2025**, the platform totals **DKK 9.5bn** in investor commitments, has allocated capital across **51** venture and buyout funds, and has indirect exposure to **787** underlying portfolio companies. Its mandate is primarily Denmark- and Nordics-focused, with **75% of capital directed toward Danish and Nordic companies**.
Business Finland Venture Capital Funds Business Finland Venture Capital Funds operate as **public investment vehicle that** (i) **invests in private funds** (fund-of-funds), (ii) **makes direct equity investments** in growth-potential startups that struggle to raise sufficient venture capital (often alongside ecosystem operators), and (iii) **provides loans and guarantees** for SMEs. This "toolbox" approach is designed to cover different financing gaps: early VC market development, direct risk-capital support where private supply is insufficient, and debt/guarantee instruments for established SMEs.
Saminvest (Sweden) Saminvest is a **state-owned venture capital company formed in 2016** with a mandate to strengthen Sweden's early-stage capital market through **indirect investments**. It invests into **privately managed VC funds** and supports the formation of **new VC funds and angel investment programs** that expand capital supply for early-stage companies.
Venture to Future Fund (Slovakia) Venture to Future Fund (**VFF**) is a **public-backed equity and quasi-equity** investment vehicle under **Slovak Investment Holding (SIH)** that provides growth capital to **Slovakia-based SMEs**, including innovative companies, in segments where private venture financing is limited. VFF invests using instruments such as **equity stakes and quasi-equity** (e.g., convertible-type structures), targeting companies that need risk capital to scale products, expand markets, or strengthen operations. The fund's size is **€40.4 million**, and it includes institutional participation from the **European Investment Bank**.

Mansion House Reforms: Institutional Capital for Venture and Growth Investment (UK)

The Mansion House reforms are a UK government policy package launched in **2023–2024** to increase the allocation of **domestic institutional capital**, particularly pension assets, to high-growth companies and venture capital. Core elements include commitments by major pension providers to allocate a share of assets to **unlisted growth and venture investments**, support for the **British Business Bank Growth Fund**, and the **LIFTS (Long-Term Investment for Technology and Science)** initiative. Collectively, these measures address a structural constraint in the UK venture market: historically low pension exposure to venture and scale-up assets compared to international peers.

Indicator 6.2.2 | Initiatives to diversify private capital available for co-investing in high-growth startups

Export and Investment Fund (EIFO) – Denmark

EIFO is Denmark's state-backed export credit agency and national promotional bank. Its core instruments include **direct financing (loans) and equity investments** for company development, explicitly covering firms from small fast-growing start-ups to well-established companies, alongside **guarantee products** that allow banks to extend credit by having EIFO assume part of the risk. Its operating model is to step in where private lenders/investors face constraints (risk, tenor, scale), by **sharing risk and extending financing horizons**, while still operating on commercial terms as a national promotional institution. EIFO reports significant economy-wide effects: in **2024**, its activities contributed to **19,800 jobs created or retained** and a **DKK 24.3bn GDP contribution**.

Wallonie Entreprendre (Belgium)

Wallonie Entreprendre (WE) is a regional public financing and investment institution, supporting companies across the full lifecycle (creation, growth, transfer, recovery) through **equity investments, loans and guarantees**. WE operates as a **public co-investor and risk-sharing partner**: it finances projects directly (capital/loans) and also mobilises bank lending through guarantee and counter-guarantee schemes, including InvestEU-backed transactions with the EIF that target large volumes of SME lending. Within its venture activities, WE runs a dedicated **Digital & Deep Tech** investment vehicle that invests from **(pre)seed to growth** in digital and deeptech projects and combines financing with strategic support (e.g., go-to-market, governance) while actively working with specialised co-investors

and a broader ecosystem of industrial and research partners.
Polish Development Fund (Poland) The Polish Development Fund operates as a state-backed financing platform offering **equity and structured investment instruments**, often implemented through dedicated sub-funds or programs. It intervenes at stages where commercial financing is constrained by scale, sectoral risk, or market maturity. The practical mechanism is **diversification and crowding-in:** public capital is channelled into professionally managed funds, expanding the pool of risk capital available for startups and helping develop the local VC market, with public capital acting as an anchor investor **that attracts additional private participation.**
Boost Blended Finance Schemes (Cyprus) The Boost Blended Finance schemes are designed to combine **public incentives with private investment**, using a **blended-finance logic** to increase private participation in startup and innovation financing. The schemes integrate financial incentives and support services to improve the risk–return profile for private investors.
Seed Business Angel Scheme (Netherlands) This scheme reduces early-stage investment risk by **pairing private angel capital with public financing** at the fund level. Business angels invest private money into a Seed Business Angel fund, and the state provides a **public loan equal to the private investment**, up to a **maximum of €1 million**. Funds then invest into startups (each fund sets its scope and focus), meaning the instrument scales angel activity by adding a public financing layer while keeping deal selection and fund management in private hands. It is an indirect capital-mobilisation tool: it does not change tax treatment, but it **expands available co-investment capacity** for angel-backed startups through a public matching mechanism.
Dealflow & market intermediation infrastructure (tools that improve visibility, matchmaking, and pipeline formation, but do not provide capital)
Polish Development Fund Startup portal (Poland) The Polish Development Fund Startup portal operates as a centralised financing navigation tool for startups in Poland. It combines a structured **database of venture capital and private**

equity funds (covering **70+ active VC/PE funds** and **900+ portfolio companies** linked to PFR Ventures) with **ecosystem intelligence and regular market reporting** on venture activity. In addition, the portal provides **founder-facing educational resources** and directs users to relevant PFR Group instruments, including **VC Connect** and other public investment programs. While not a financing instrument, the portal addresses a **structural access-to-finance barrier** by improving market transparency and investor–startup matching.

Best practices in Sub-standard 6.3: Tax Relief Measures
Tax Shelter for Start-ups and Scale-ups (Belgium) Belgium's tax shelter is a targeted **personal income tax incentive** designed explicitly to stimulate **business angel investment in young, unlisted companies**. Private individuals investing in eligible startups can deduct **30% (small enterprises) or 45% (micro-enterprises)** of the invested amount directly from their personal income tax, subject to defined annual caps (maximum annual investment of €100,000 to €250,000) and company eligibility conditions. To prevent short-term speculation, the regime requires a **minimum holding period (typically four years)**. Structurally, the tax shelter reduces the downside risk of early-stage equity investment, thereby improving the risk–return profile for first-time and repeat angel investors.
Startup Law: Personal Income Tax Incentives (Spain) Spain's Startup Law introduced a strengthened and more explicit **business angel tax incentive** as part of a broader reform of the startup policy framework. The law **increased the personal deduction for investing in new or recently created companies from 30% to 50%,** expanded the **maximum base to €100,000**, extended the **eligible investment period from 3 to 5 years** (up to 7 years for strategic-sector startups), and adjusted the **treatment of carried interest** so that qualifying fund-management returns are taxed more favorably. By materially improving the after-tax return on early equity investments, the reform is intended to **expand the pool of private individuals willing to invest in startups**, addressing a long-standing gap in Spain's early-stage financing landscape.
Scaleup Act (Italy) Italy's Scaleup Act (in force from **December 2024**) strengthens the investor incentive

framework for investments into innovative startups and innovative SMEs, with the aim of increasing early-stage risk capital. Under the new Scaleup Act package there are **enhanced personal income tax deductions for individuals investing in innovative companies, reaching up to 65%**. In parallel, Italy continues to operate an established incentive structure for private investors in innovative startups/SMEs, under which **natural persons can benefit from a 50% tax reduction on the investor's taxable income for IRPEF (personal income tax)** and **legal entities from a 30% tax reduction of the IRES (corporate income tax)**, subject to **a minimum holding period of 3 years**.

Ukraine's overall performance under SNS #6

Ukraine scores **100% under SNS #6**, placing it among the highest-performing countries in this dimension. The score reflects the presence of a **broad, state-anchored financing architecture** that provides continuous access to capital for startups and SMEs across early and growth stages, and that has remained operational under wartime conditions. In ESNA terms, Ukraine demonstrates full compliance on the availability of public financing instruments and co-investment mechanisms, even where private capital markets remain constrained.

Sub-standard analysis and indicators

Sub-standard name	Methodology description	UA scores
6.1 Public Grants	6.1.1. The indicator measures if the country is using the Recovery and Resilience Facility (RRF) funding to foster access to venture capital for startups ("Does your country use part of its Recovery and Resilience Facility (RRF) funding to enhance access to venture capital for startups?"). ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0%	N/A
6.2 Indirect Access to Finance	6.2.1. The indicator measures if the country is using EIB Programs, Promotional Banks or other dedicated vehicles leveraging private investments and distributing funds to VC firms to address the existing investment gap ("Does your country use	100%

Sub-standard name	Methodology description	UA scores
	European Investment Bank (EIB) programs, Promotional Banks or other dedicated vehicles, leveraging private investments, and distributing funds to VC firms to address the existing investment gap?"). ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0%	
	6.2.2. The indicator measures if the country has in place initiatives to diversify private capital available for co-investing in high-growth startups ("Have public authorities adopted initiatives to diversify private capital available for co-investing in high-growth startups?"). ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0%	100%
6.3 Tax Relief Measures	6.3.1. The indicator measures if tax relief measures for Business Angels are in place to stimulate and support early-stage funding ("Are there any tax relief measures in place aimed towards Business Angels to stimulate and support early-stage funding?"). ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0%	100%

Under **Sub-standard 6.1 (Public Grants)**, namely **Indicator 6.1.1 (Existence of RRF support for Venture Capital for startups)**, no score is assigned, as it is anchored to the **EU Recovery and Resilience Facility (RRF)** and assesses whether a country deploys its RRF allocation to expand startups' access to venture capital. Ukraine is **not an RRF beneficiary country**, so there is no national RRF envelope to evidence against the indicator's "yes/no" logic.

The overall result in the SNS #6 is therefore driven by performance under **Sub-standard 6.2 (Indirect Access to Finance)**, where Ukraine formally achieves full alignment, which reflects the existence of a state-anchored financing architecture, though its operational focus has shifted significantly since 2022. **Indicator 6.2.1 (Utilisation of EIB and promotional banks for VC investment gap bridging)** is satisfied through a diversified set of promotional vehicles like the **Ukrainian Startup Fund (USF)** and the **Business Development Fund**, which formally leverage capital to bridge investment gaps. However, a closer look at the practical mechanics reveals important nuances. Between 2020 and 2022, the USF played a transformative role in boosting the ecosystem by providing standardized $25,000 and $50,000 state grants. Since the start of the full-scale war, its role has transitioned from a direct state-grant provider to an ecosystem anchor that primarily coordinates international donor-funded programs such as Seeds of Bravery and and the Startup EDGE program. These current civilian grants are characterized by higher selection criteria and smaller aggregate volumes compared to the pre-war boost period, as the fund's internal activity and grant priorities have increasingly centered on miltech and dual-use innovation through the Brave1 cluster. Furthermore, while the **Affordable Loans 5-7-9%** program remains a critical survival tool for the broader economy, accounting for 90% of new business loans issued during the war, it typically targets traditional SMEs and has a limited impact on high-risk startup innovation, being used mostly for operational continuity rather than R&D. Consequently, while strategic steps like the the establishment of the **Made in Ukraine Industrial Development Agency** and the 2024 launch of the **Ukrainian Fund of Funds** signal a move toward deeper capital markets, their operational functionality remains limited, leaving the ecosystem highly dependent on external international funding and specialized state support for defense.

Indicator 6.2.2 (Adoption of initiatives to diversify private capital for high-growth startup co-investment) is met through the Ukrainian Startup Fund's role in designing and coordinating early-stage support instruments that help absorb initial risk and catalyse private investment. Since 2022, public innovation support has been largely reprioritised toward defense and dual-use technologies under initiatives such as the BRAVE1 cluster. Within this context, USF increasingly performs a facilitative and coordinating function by supporting **crowd-in mechanisms and co-investment pathways** through international partnerships and donor-funded programs, rather than acting primarily as a source of direct state capital. In particular, USF participates as an institutional partner in initiatives such as the Seeds of Bravery project and engages with international non-dilutive funding schemes, which provide signalling effects and investor readiness support for high-growth startups, thereby leveraging external private capital in line with ESNA expectations.

Finally, Ukraine scored 100% under **Sub-standard 6.3 (Tax Relief Measures)**, which covers **Indicator 6.3.1 (Existence of tax relief for Business Angels)**. ESNA scores this indicator on the presence of **documented tax provisions aimed at improving the risk–return profile of early-stage investment**. Ukraine is assessed as meeting this requirement because its tax framework includes **startup-relevant relief logic for angel-type investment activity**, including mechanisms that support investment-income treatment rather than triggering "dry tax" on paper gains, with higher operational certainty under special regimes. This is a **design/compliance score** (existence and evidencing of the measure), not a proxy for the actual volume of angel capital deployed. At the same time, the perfect score should be interpreted in structural context. While the access-to-finance architecture was historically public-led, the current landscape has shifted toward a greater reliance on international donor-funded grant programs and targeted foreign co-investment initiatives, rather than direct state funding. Despite this influx of international support, the ecosystem continues to face a persistent **"missing middle"** where alternative finance instruments like equity crowdfunding and peer-to-peer business lending remain unregulated, while the widespread use of the **FOP cluster model** at early startup stages continues to constrain formal equity formation and complicate later-stage investment readiness.

Consequently, SNS #6 formally represents one of Ukraine's strongest areas of ESNA alignment, reflecting the existence of a state-led access-to-finance framework and startup-relevant tax incentives; however, in practice, the ecosystem remains dependent on international donor programs and co-investment initiatives, with limited domestic private capital for high-risk startups, restricted equity formation due to the FOP cluster model, and underdeveloped alternative finance instruments. **Further ecosystem maturity will depend on diversifying non-state financing channels and strengthening private capital intermediation.**

SNS #7 – Social Inclusion, Diversity, and Democratic Values

Purpose and scope of the standard

The **Social Inclusion, Diversity, and Democratic Values** standard assesses whether national startup ecosystems ensure **equal opportunities for participation in entrepreneurship**, regardless of gender, socio-economic background, disability, ethnicity, age, or other characteristics. The standard reflects the principle that inclusive and diverse ecosystems are not only socially desirable, but also more innovative, resilient, and economically competitive.

Within the ESNA framework, SNS #7 evaluates the extent to which countries embed inclusion, diversity, and democratic values into their startup policy environments. This includes ensuring fair access to digital technologies, skills development, entrepreneurial support, and online spaces, as well as safeguarding digital rights in the context of accelerating digital transformation. The standard recognises that without inclusive access to entrepreneurship, ecosystems risk narrowing their talent base and losing high-impact ideas.

The standard is closely aligned with broader European commitments, including the **EU Startup Nations Standard Declaration** and the **European Declaration on Digital Rights and Principles**, which emphasise equality, participation, and protection of fundamental rights in the digital economy. It also reflects international guidance, such as the **ILO's Inclusive Entrepreneurship Ecosystems Development** framework, which highlights the importance of human capital, policy, finance, culture, support, and market access as interlinked components of inclusive entrepreneurship.

Top-Performing Countries and best practices under SNS #7

In the **ESNA SNS Report 2024**, the average level of implementation for SNS #7 is **51%**, despite a notable improvement compared to the previous year. **Full implementation (100%)** is observed in **France, Lithuania, and Luxembourg**, indicating strong integration of inclusion and diversity principles into national startup policy frameworks.

Best practice in SNS #7: Social Inclusion, Diversity, and Democratic Values
French Tech Tremplin (France) French Tech Tremplin is a national inclusion program run under La French Tech launched in **2019** to increase **diversity and equal opportunity** in the French startup ecosystem. The program operates through **two structured tracks**: **1) a Prépa (preparatory) phase** for

individuals at earlier maturity, focused on building entrepreneurial readiness through a defined support package (training/mentoring and structured preparation), and 2) **12-month incubation phase** for startups less than three years old, delivered via accredited incubators. Both tracks combine **financial support** with **mentoring and ecosystem integration**, explicitly targeting founders from **under-represented socio-economic backgrounds**. The program is designed as a **systemic entry-point intervention**, creating a structured entry route for founders from **under-represented backgrounds** who often lack access to the standard "startup entry infrastructure" combined with practical acceleration support.

Promotion Fund (Lithuania)

Lithuania's Entrepreneurship Promotion Fund (EPF) is a public instrument designed to expand entrepreneurship among groups that face structural barriers to finance. The scheme provides **microcredits up to €25,000** for very young businesses (typically **operating up to 1 year**) and prospective entrepreneurs, and it combines finance with **training/support services** linked to business start and early operations. A distinctive feature is its explicit **prioritisation of under-served founder groups**. In official descriptions of the measure, priority groups include **young people (under 29), unemployed people, persons with disabilities, and older people (50+)**. Operationally, EPF is implemented via financial intermediaries (notably a credit-union network), and can include complementary risk-sharing and affordability features (e.g., **guarantees** and **interest compensation mechanisms** under certain program versions), which lowers barriers for first-time entrepreneurs who do not meet standard bank collateral or track-record requirements. EU-level fi-compass case study reports that the instrument contributed to **1,700+ new jobs** created through supported businesses, reflecting measurable socio-economic outcomes.

Ukraine's overall performance under SNS #7

Ukraine's overall performance under **SNS #7 (Social Inclusion and Democratic Values)** is **92%**, reflecting a comparatively mature set of inclusion-oriented instruments that are operational (not only declarative) and materially shaped by wartime social priorities, including displacement and veteran reintegration. The score is explained by full compliance across the ecosystem's "visibility and access" levers (role-modelling, engagement with underprivileged communities, and founder-side support), alongside only partial compliance where ESNA expects **positive employer-side incentives** to diversify hiring.

Sub-standard analysis and indicators

Sub-standard name	Methodology description	UA scores
7.1 Incentives for startups	7.1.1. The indicator measures if the country has any national awards, public recognition, or mentorship programs in place ("Does your country actively promote diverse role models in the startup community through awards, public recognition, or mentorship programs?") ■ If answers "yes" and provides clear evidence =100% ■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" = 0%	100%
	7.1.2. The indicator measures if the country has national or regional authorities engage startups to specifically address issues of marginalization and social exclusion among underprivileged communities impacted by low income, limited education, geographic location, cultural background, or disability ("Do national or regional authorities engage startups to specifically address issues of marginalization and social exclusion among underprivileged communities impacted by low income, limited education, geographic location, cultural background, or disability?") ■ If answers "yes" and provides clear evidence =100% ■ If answers "no" =0%	100%
	7.1.3. The indicator measures if the country has any specific incentive or legislation to hire a diverse workforce, with considerations such as ethnicity, gender, religion, age, or sexual orientation ("Are there any specific incentives for startups to focus on hiring a diverse workforce, including considerations of ethnicity, gender, religion, age, and sexual orientation?") ■ If answers "yes" and provides clear evidence = 100% ■ If answers "yes" but the incentive is only legislation and/or soft law = 75%	50%

	■ If answers "yes" but does not provide any evidence = 50% ■ If answers "no" but provides evidence that incentives are being prepared = 25% ■ If answers "no" =0%	
7.2 Incentives for Founders	7.2.1. The indicator measures if the country provides any support to founders from underprivileged backgrounds to start a company ("What support is provided to founders from underprivileged backgrounds to create companies?") ■ If shows evidence of having national/federal programs or incentives that promote the creation of companies by women = 50% ■ If shows evidence of having national/federal programs or incentives that promote the creation of companies by under-privileged founders (other than women) = 50% ■ No measures = 0% ■ Countries that met both of the above conditions were rated 100% (50%+50%)	100%

Under **Sub-standard 7.1 (Incentives for startups)**, Ukraine scores **100% on Indicators 7.1.1 (Existence of national awards and policies for startup role models) and 7.1.2 (Existence of social inclusion mobilisation initiatives)**, indicating that public authorities and ecosystem institutions can evidence: (i) systematic promotion of diverse role models through public recognition, awards, and mentorship-type visibility formats; and (ii) engagement of startups in addressing marginalisation and social exclusion (including geographically and war-affected communities). The weaker point is **Indicator 7.1.3 (Existence of incentives for diversity hiring) (50%)**, which is best interpreted as a gap in incentive design: Ukraine's legal framework largely relies on **anti-discrimination compliance** rather than targeted stimuli. The labor Code and anti-discrimination legislation (Law No. **5207-VI**) prohibit discriminatory treatment, and the Law "On Advertising" (No. **270/96-BP**) penalises discriminatory job postings; however, these instruments **constrain behaviour ex post rather than encourage diversity hiring ex ante**. The closest structural analogue is the disability quota under the Law "On Fundamentals of Social Protection of Persons with Disabilities" (No. **875-XII**), but this functions as a general obligation backed by penalties, not a startup-targeted incentive mechanism of the type ESNA benchmarks.

Under **Sub-standard 7.2 (Incentives for founders)**, namely **Indicator 7.2.1. (Support to founders from underprivileged backgrounds)**, Ukraine scores **100%** because the support mix covers both required dimensions: programs that promote entrepreneurship among **women** and instruments that support **other underprivileged founders**. In practice, this is evidenced through horizontal and targeted grant tracks such as:

- **eRobota**, including the dedicated **veteran and spouse track**;
- Dedicated **veteran support initiatives**, such as the Ukrainian Veterans Fund's **"Worth It"** program, which offers between UAH 500,000 and 1.5 million for veteran-led businesses as of early 2026;
- Niche donor-supported instruments for **women** entrepreneurs, such as **"Create!" (Stvoruy!)**, **"Red Kalyna"** initiative supporting women innovators, **EIT Supernovas** initiative training women in venture capital investment and business angel funding, etc.

Taken together, SNS #7 should be read as a strong alignment with ESNA on inclusion-through-access and inclusion-through-entry, with the remaining policy gap concentrated narrowly in the absence of **positive diversity-hiring incentives** tailored to startups.

SNS #8 – Digital-First Government

Purpose and scope of the standard

The **Digital-First Government** standard assesses the extent to which public administrations operate according to a **digital-by-default** logic, providing end-to-end, user-centric digital public services that support individuals, businesses, and startups throughout their lifecycle. The focus of this standard is not only on the availability of digital services, but also on their **integration, usability, interoperability, and reliability**.

Within the ESNA framework, SNS #8 captures how effectively governments use digital technologies to modernise public administration, simplify procedures, and reduce administrative burden. This includes the implementation of core European principles such as the **Once-Only Principle**, cross-border digital interoperability, and secure data exchange, enabling startups to interact with public authorities efficiently and predictably.

The standard is closely linked to broader European digital transformation efforts, including the **Digital Decade** objectives and the **Digital Economy and Society Index (DESI)**. It also reflects the increasing role of data-driven, cloud-based, and online public services in enabling innovation, transparency, and resilience across public sectors.

Top-Performing Countries and best practices under SNS #8

In the **ESNA SNS Report 2024**, the average level of implementation for the Digital-First Government standard is **70%**, indicating relatively strong progress across Europe compared to other SNS dimensions. **Full implementation (100%)** has been achieved by **Estonia and Malta**, which continue to serve as leading examples of fully digital public administration.

Best practices in Sub-standard 8.1: Digital First
Digital Agenda 2030 / e-Governance Agenda (Estonia) Estonia's Digital Agenda 2030 is a national development plan setting a **vision + action plan** for advancing the economy, state, and society through digital technology over the decade. It sets priorities across areas such as **digital public services**, **secure data exchange**, **connectivity**, and **cybersecurity**, and is implemented through coordinated action across ministries and public bodies. A defining feature is the emphasis on **digital-by-default public services**, interoperability, and proactive service delivery, building on Estonia's long-standing e-government foundations. The agenda provides a stable strategic reference for continuous

digital service development rather than isolated digitisation projects.

E-Residency Digital ID (Estonia)

Estonia's e-Residency program provides a **state-issued digital identity** that allows non-residents to access Estonia's public e-services on the same legal footing as residents for business administration purposes. Through e-Residency, founders can **establish a company remotely**, authenticate securely, and **sign legally binding documents digitally**. Once established, companies can conduct ongoing administration fully online. The system is integrated with Estonia's broader digital state infrastructure, enabling a **fully remote lifecycle for business administration**, which is particularly relevant for cross-border entrepreneurs and internationally oriented startups.

Strategy for Digital Development of Ukraine's Innovation Activity (WINWIN / Innovation Strategy 2030) (Ukraine)

WINWIN / Innovation Strategy 2030 is a national strategy focused on strengthening Ukraine's innovation capacity with a strong emphasis on **digital technologies, startups, and innovation infrastructure**. It frames digital development primarily through the lens of **innovation and economic modernisation**, including priorities for developing high-tech sectors, expanding innovation support instruments, and improving conditions for innovative entrepreneurship. It functions as a strategy for **digital innovation development** and provides an overarching policy anchor for coordinated digital-innovation priorities and related reforms.

Best practices in Sub-standard 8.2: Knowledge Sharing

Startup Officers Network (Netherlands)

The Dutch **Startup Officers Network** is a practical interface that helps startups work with the government by providing identifiable **points of contact ("startup officers") across ministries, large municipalities, provinces and other public bodies**. Startups can approach the network when they want to introduce a product/service to the government, seek the government as a potential launch customer, find the right public counterpart for collaboration, or when **specific legislation is obstructing an innovation**. Startup officers act as contact points within government, facilitating structured dialogue between innovative

companies and public authorities, and reducing fragmentation when startups interact with multiple bodies.
European Digital Innovation Hub (Ukraine) The European Digital Innovation Hub (EDIH) model provides integrated support for digital transformation, combining services such as **testing before invest**, **skills and training**, **access-to-finance support**, and **ecosystem coordination**. The EDIH practice focuses on supporting organisations, particularly SMEs and innovative firms, in adopting digital technologies and improving digital capabilities through structured support.

Ukraine's overall performance under SNS #8

Ukraine's overall performance under **SNS #8 (Digital First)** is **88%**, positioning it well above the ESNA average and confirming its status as one of Europe's most advanced digital ecosystems. Globally, Ukraine has gained remarkable recognition in digital governance, rising from 102nd to 5th place in the UN Online Service Index as of 2024 and securing 1st place in the E-Participation component of the same survey. This progress is further reflected in the World Bank's 2025 GovTech Maturity Index, which places Ukraine in Group A among leading digital governments, while the Diia app was highlighted by TIME magazine in its 2024 Best Inventions list for its innovative e-governance services.

The score reflects the extensive digitalisation of public services and the availability of integrated online interfaces that allow startups to complete key administrative procedures and interact with the state through digital platforms. At the center of this is the Diia ecosystem, a "state in a smartphone" that has made digitalisation a cornerstone of national resilience, now serving over 22 million users with 150+ online services. The digital infrastructure development is governed by the WINWIN 2030 Global Innovation Strategy, which provides a systemic roadmap for Ukraine's transition into an "AI-native state" by prioritizing high-tech sectors like cybersecurity, GovTech, and defense. In ESNA terms, this deep integration of digital public administration acts as a critical enabling asset for the startup ecosystem, drastically reducing administrative friction and allowing innovative ventures to scale through standardized, digital-first interactions with the state.

Sub-standard analysis and indicators

Sub-standard name	Methodology description	UA scores
8.1 Digital First	8.1.1. The indicator broadly reflects the share of public services needed for starting a business and conducting regular business operations that are available online for domestic as well as foreign users. Data is collected using the European Commission's DESI methodology. Score range and unit: from 0-100% using DESI scoring criteria	N/A
	8.1.2. The indicator reflects the number of digital public services designed to be carried out digitally, among key services: company creation, filling of taxes, participation in public procurement opportunities, and consultation of official records ("Which of the following public services in your country are designed to be carried out digitally? (Options are: - Company creation, - Filling of taxes, -Participation in public procurement opportunities, - Consultation of official records, - Other)") ■ If selects "company creation", "filing of taxes", "participation in public procurement opportunities", "consultation of official records" = 100% ■ If selects only three of the options outlined above = 75% ■ If selects only two of the options outlined above = 50% ■ If selects only one of the options outlined above = 25% ■ 10% distributed additionally to those that provide "other" services	100%
	8.1.3. The indicator reflects if countries are currently implementing a global and cross-sector digitalization strategy at national level ("Is your country currently implementing a global and cross-sector digitalization strategy at national level?") ■ If answers "yes" and provides clear evidence =100%	50% ("Yes, with no clear evidence")

Sub-standard name	Methodology description	UA scores
	■ If answers “yes” and provides unclear/limited evidence = 50% ■ If answers “no” or if evidence is out of scope = 0%	
8.2 Knowledge Sharing	8.2.1. The indicator reflects that there are measures/initiatives from state authorities to engage and proactively approach startups and scale-ups in order to share knowledge and best practices regarding digitalization (“Are startups and scale-ups proactively approached and engaged by state authorities to share knowledge and best practices regarding digitalization?”) ■ If answers “yes” and provides clear evidence =100% ■ If answers “yes” and provides unclear/limited evidence = 50% ■ If answers “no” or if evidence is out of scope = 0%	100%

Ukraine’s performance under **Sub-standard 8.1 (Digital First)** highlights a highly mature digital delivery system constrained primarily by reporting and coverage gaps. While **Indicator 8.1.1 (Index of digital public services for businesses)** is not scored (N/A) because it relies on DESI, and Ukraine is not covered in that dataset, **Indicator 8.1.2 (Digital public services availability by percentage of areas covered) scores 100%** because the ESNA checklist of “digitally designed” services is fully met. Through services like "e-Entrepreneur" (е-Підприємець), founders can access multiple business services in a single automated application, allowing an LLC to be **registered** in approximately 30 minutes with an administrative fee of zero for online submissions. Digitalization is further anchored by the Prozorro system, which ensures all **public tenders** are conducted online, and the Unified State Register (USR), which allows for real-time **consultation of official records** via digital signatures. This consolidated operating environment allows key administrative workflows for legal establishment, tax filing, and procurement to be executed in parallel, in a consolidated digital operating environment, significantly reducing the bureaucratic load for domestic users.

Indicator 8.1.3 (Existence of national digitalisation strategy implementation) scores 50%, which reveals a gap between this high functional maturity and the formal strategic documentation required by ESNA. While the WINWIN 2030 Global Innovation Strategy

provides a bold vision for Ukraine as a knowledge-based economy and identifies 14 priority tech sectors, its full implementation remains in transition. Specifically, while the strategy outlines a roadmap for decentralizing innovation via specialized Centres of Excellence and a new State Agency for Innovations Development, there is a lack of evidenced cross-sectoral coordination and finalized KPI monitoring frameworks for a single, overarching national digitalization strategy. Consequently, while domestic digital delivery is among the strongest in Europe, achieving full alignment under SNS #8 will require solidifying the strategic documentation trail and formalizing the resources and teams tasked with long-term oversight of these cross-sector digital goals.

Under **Sub-standard 8.2 (Knowledge Sharing)**, Ukraine scores 100% on **Indicator 8.2.1 (Existence of proactive engagement for digital knowledge sharing and best practices)**, confirming that public authorities actively engage with startups and scale-ups regarding digitalization practices. This performance is anchored by the **Diia.Business** and **Diia.Education** ecosystems, which provide centralized platforms for consulting, digital literacy "educational series", and structured business guides. Furthermore, the government has institutionalized high-level engagement through the **Global Government Technology Centre (GGTC) Kyiv**, established in 2024 in partnership with the World Economic Forum to drive open innovation and knowledge exchange in GovTech. Practical execution of this proactive model is evidenced by the **GovTech Lab UA**, which invites startups to co-develop solutions for specific public sector challenges, such as urban development and digital legal aid, providing them with direct institutional pathways and pilot funding. Complementing these initiatives, the newly launched national network of **European Digital Innovation Hubs (EDIHs)** offers "test-before-invest" services and digital maturity assessments, while the **Innovation Sandbox program** provides specialized legal and technical audit support for startups in frontier technologies like AI and blockchain. This suite of instruments ensures that best practices in digitalization are not merely available, but are actively integrated into the scaling journey of Ukrainian startups through structured collaboration and expertise sharing.

Overall, the resulting shortfall in the composite score for SNS #8 is primarily an issue of measurement coverage and the strategic documentation trail rather than a lack of functionality, which remains a clear enabling asset for the domestic ecosystem

1.4 ASSESSMENT OF UKRAINE'S STARTUP ECOSYSTEM

1.4.1 Introduction to general tech and innovation ecosystem

1.4.1.1 Macroeconomic and wartime context shaping entrepreneurship

Since the onset of Russia's full-scale invasion, Ukraine has faced an economic shock unprecedented in its modern history. In 2022, real GDP contracted by approximately **30%**, inflation peaked at **26.6%**, and around **23% of the pre-war population** was displaced, including **6.4 million refugees abroad** and **3.7 million internally displaced persons**. By the end of 2023, direct damage to infrastructure, housing, and productive assets was estimated at **$152B**. Despite these conditions, **Ukraine has avoided macroeconomic collapse,** supported by rapid fiscal adjustments, monetary stabilisation, and large-scale international financial assistance covering roughly half of the state budget[1].

For the private sector, and particularly for startups, **the war has reshaped the operating environment** in several structural ways. Prior to the invasion, small and medium-sized enterprises (**SMEs**) accounted for around **60% of GDP**, **7 million jobs**, and approximately **40% of tax revenues**. The initial phase of the invasion caused severe disruption, with **64% of MSMEs temporarily suspending or closing operations**. However, resilience has been notable: **84% of affected businesses resumed activities within six months**, and by October 2023 only **9.6%** were considered at risk of permanent closure. These dynamics underscore both the vulnerability and adaptive capacity of Ukrainian entrepreneurship[2].

At the same time, **the war has fundamentally altered the composition of the economy.** Heavy industry and mining were hit especially hard, with around **70%[3] of crude steel production capacity lost** and mining output declining by roughly **30% in 2022**, largely due to damage and occupation in eastern regions[4]. Compared with these large negative shifts, most major export sectors also contracted in 2024: **transport services exports fell by 64.6%**, **mineral products by 43.0%**, and **metallurgy by 47.8%**. Even **agricultural products**, which continued to be a major export category, experienced a decline of **10.8%**. In contrast, **IT services was the only one of the top five export industries to register positive dynamics, increasing its share by 23.6%**, underscoring the sector's resilience[5].

[1] Two years of war: The state of the Ukrainian economy in 10 charts
[2] Assessment of the Impact of the War on Micro-, Small-, and Medium-sized Enterprises in Ukraine
[3] 2023 World Steel in Figures
[4] What is happening in the mining industry in the fourth year of the war
[5] Ukrainian IT industry paid more than $1 billion in taxes in 2024 — IT Ukraine Association research

In this context, where the revitalisation of many asset-heavy and logistics-dependent sectors remains constrained by physical war-related damage, security risks, and disrupted supply chains, sectors less reliant on fixed infrastructure, most notably technology, have retained export capacity and international connectivity. **As a result, the tech sector has emerged as a key stabilising component of Ukraine's economy and is increasingly positioned as a locomotive for recovery and reconstruction.**

1.4.1.2 The role of the tech sector and its relevance for startups

Ukraine's technology sector, within which startups represent a distinct, innovation-driven segment, has remained one of the country's most internationally integrated parts of the economy during wartime. In **2024**, IT services were the **second-largest export industry** after agriculture, generating an estimated **37–42% of services exports** and around **11.5% of total exports of goods and services**[6].

According to the **National Bank of Ukraine**, IT services contributed **$5.97B in export revenues** over the first **11 months of 2025**, averaging approximately **$540M per month**[7]. The sector also generated around **$1B in tax payments in 2024**, illustrating the continued role of technology as a stabilising export and fiscal contributor despite the ongoing war.

However, the performance of the broader IT services sector should not be treated as a direct proxy for startup ecosystem performance. Much of Ukraine's tech export strength is driven by established service companies operating on outsourcing and contract-based models, whereas startups depend on a different set of success factors such as access to **risk capital**, structured **support infrastructure**, **market entry channels**, and a predictable **governance and regulatory environment**. As a result, **strong tech-sector export indicators create favorable background conditions** (talent base, international connectivity, reputation), **but do not automatically translate into high rates of startup creation, survival, and scaling.**

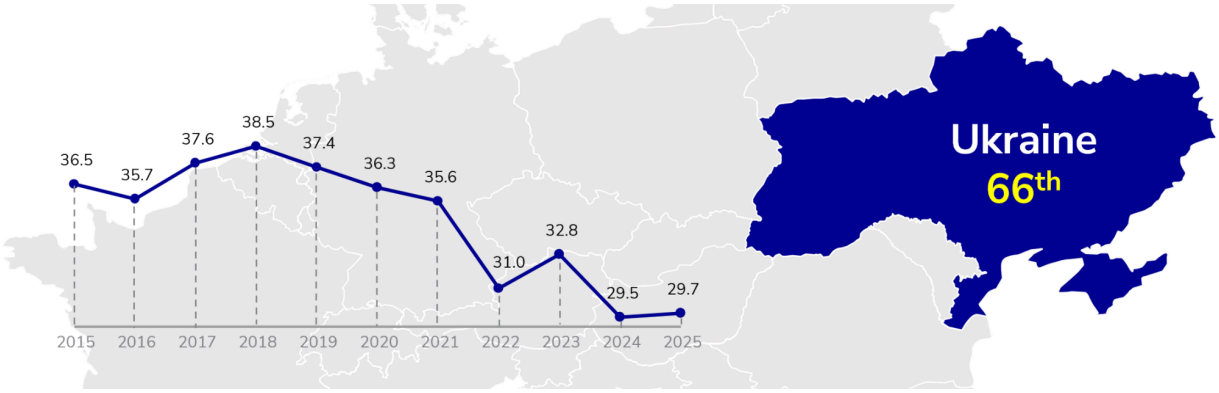
1.4.1.3 Innovation capacity and innovation performance

[6] Ukrainian IT industry paid more than $1 billion in taxes in 2024 — IT Ukraine Association research
[7] On average, the IT sector brings $543 million per month to Ukraine

Against the macroeconomic backdrop, international innovation and digitalisation benchmarks provide a useful diagnostic lens for assessing Ukraine's underlying innovation capacity and the systemic constraints affecting startup development.

In the **Global Innovation Index (GII)**, Ukraine's ranking declined from **60th in 2024** to **66th in 2025**, despite a slight increase in its score to **29.7 points**[8]. Ukraine has nevertheless been recognised as an **innovation achiever for the eighth consecutive year**, reflecting performance above expectations for its income level. Strengths include **ICT services exports (5th)**, **human capital**, and **digital public services (5th)**, while persistent weaknesses remain in **labor productivity growth (130th)**, **gross capital formation (126th)**, and **operational stability for businesses (126th)**, – all of which directly affect startups' ability to scale.

Figure 5. Dynamics of Ukraine's positions in the Global Innovation Index, 2015-2025



Source: Global Innovation Index 2025

Overall, Ukraine's performance in the GII reflects its **ability to innovate** under difficult circumstances, but it also highlights **areas in need of further development** to improve competitiveness on the global stage.

A similar picture emerges from the **European Innovation Scoreboard (EIS) 2025**, where Ukraine is classified as an **Emerging Innovator**, with overall performance at **32.6%**[9]. Since 2018, progress has been recorded in **venture capital expenditure**, **knowledge-intensive services exports**, and **trademark applications**, while notable declines were observed in **linkages**, **collaboration among innovative SMEs**, and **non-R&D innovation expenditure**. R&D funding remains a critical constraint, with government and private R&D spending at just **5.1%** and **11.2% of the EU average**, respectively.

[8] Ukraine ranking in the Global Innovation Index 2025
[9] European Innovation Scoreboard

1.4.1.4 Digitalisation and digital governance

Ukraine has achieved significant progress in **digital governance and public-sector digitalisation**, which has become an important enabling factor for entrepreneurship and startup activity. Since **2019**, Ukraine has systematically expanded e-government services, with the most visible outcome being the development of the **Diia digital ecosystem** led by the Ministry of Digital Transformation.

As of 2024, **Diia has more than 21 million users**, meaning that approximately **every second resident of Ukraine** is registered on the platform. The ecosystem provides access to **over 130 digital public services and 14 digital documents**, substantially reducing administrative and compliance costs for individuals and businesses. Despite this progress, stakeholder interviews suggest that these digital advances **do not remove all administrative frictions** for startups operating in more complex legal configurations, particularly where international structuring is involved.

In the **Online Services Index 2024**, part of the UN E-Government Development Index, Ukraine ranks **5th globally**, compared to **102nd in 2018**, representing a rapid improvement over a six-year period[10]. However, an **area of improvement remains the speed at which formal progress in digital governance is translated into practical implementation**. While some delay between the identification of issues and policy response is unavoidable, participants in the focus group on ecosystem coordination emphasized that the time between initial initiative and implementation could be significantly reduced.

Ukraine also ranks **1st globally in the E-Participation Index**, indicating a high level of citizen engagement in digital public services. Overall, Ukraine's **E-Government Development Index ranking (30th place in 2024)** exceeded the European regional average for the first time[11].

In parallel, Ukraine has advanced in **open data maturity**, ranking **3rd in Europe** in the **Open Data Maturity Index 2024**, with a maturity level of **97%**, compared to a European average of 83%. However, access to public datasets has been **partially suspended due to security considerations during the war**[12]. Prior to the full-scale invasion, reforms to open data legislation and a national open data strategy through 2025 were under preparation[13].

[10] UN e-government survey ranks Ukraine fifth globally for development of online services
[11] UN E-Government Survey 2024
[12] Ukraine is among the top three European countries in the development of open data
[13] Ukraine in top three of the Open Data Maturity European ranking

To align digitalisation efforts with the EU framework, Ukraine has initiated formal integration into the **Digital Economy and Society Index (DESI)**[14]. In **September 2023**, the Cabinet of Ministers approved the official list of DESI indicators for Ukraine and the methodology for data collection and exchange. This was followed by the approval of the **Plan of State Statistical Observations for 2025**, focusing in particular on ICT use by enterprises, with similar indicators retained in the draft plan for **2026**. These steps establish a structured basis for monitoring digital transformation and benchmarking Ukraine's digital economy against EU Member States[15].

For startups and SMEs, digitalisation offers significant potential to increase resilience by lowering entry barriers, reducing administrative burden, and enabling remote operations.

[14] Building the DESI Ecosystem In Ukraine

[15] Затверджено Індекс цифрової економіки та суспільства: що це означає для України?

1.4.2 Startup ecosystem overview

1.4.2.1 Definition alignment

As Ukrainian legislation does not provide a formal definition of startups or scale-ups, this research applies the following operational definitions[16]:

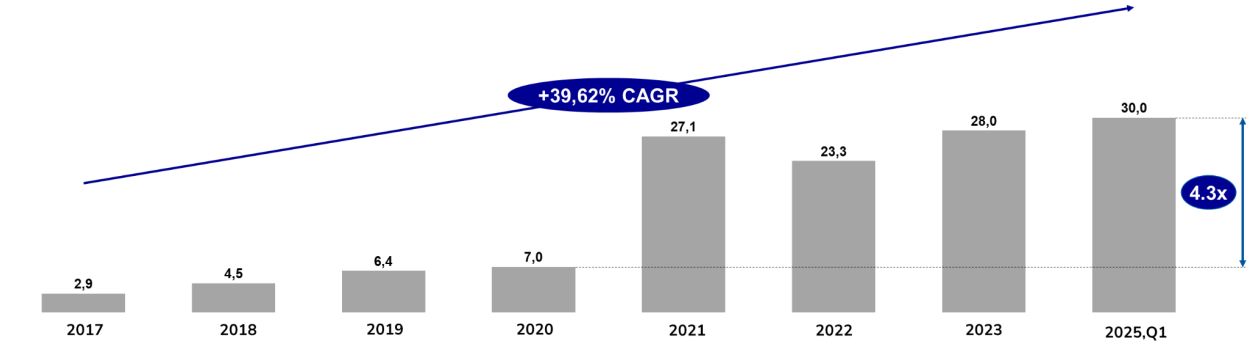
- **Startup**: a company founded less than 10 years ago that develops an innovative product or service with high potential for rapid growth and a scalable business model, aimed at solving real-world problems.
- **Scale-up**: a company with annual revenue above **$5M**, that has raised **Series A (or later)** investment, and has a valuation above **$50M**.
- **Ukrainian startup**: a company that meets at least one of the following criteria: (i) at least one founder is a citizen of Ukraine; (ii) more than 30% of the company's workforce is Ukrainian; or (iii) the company has a registered, tax-paying legal entity in Ukraine.

1.4.2.2 Ecosystem scale and performance signals

As of 2025, Ukraine hosts an estimated **2,600 active startups**, with approximately **18% founded after the start of the full-scale invasion** – evidence that company creation has continued even under conditions of prolonged uncertainty. In value terms, the Ukrainian startup industry is estimated at €**30B in Q1 2025**, up from €**28B in Q1 2024**, indicating continued growth despite constraints on domestic demand, infrastructure, and security[17].

[16] Techosystem unveils an updated catalog of Top 100 Rising Ukrainian Startups of 2024
[17] The CEE startup ecosystem is worth €243B in 2025 – Dealroom report

Figure 6. Ukrainian startups combined annual enterprise value, €B



Source: Dealroom report

Ukraine now counts a growing group of **billion-dollar tech companies with Ukrainian roots**, having 10 unicorns (companies with valuation over **$1B**) and one decacorn (companies with valuation over **$10B**). **Grammarly** reached a **$13B valuation** in its 2021 funding round, placing it firmly in decacorn territory[18].

Among privately held unicorns of Ukrainian origin, widely cited examples include **GitLab** (valued at **$1.1B** in 2018)**, People.ai** (valued at **$1.1B** in 2021), **Unstoppable Domains** (valued at **$1B** valuation in 2022), **airSlate** (valued at **$1.25B** in 2022), and **Creatio** (valued at **$1.2B** in 2024). **Bitfury** is also frequently referenced by Ukrainian and international media as a blockchain unicorn, although its valuation has not been consistently disclosed in public sources.

Importantly, the unicorn set has expanded recently. In **October 2025**, **Fintech-IT Group** (the developer behind **monobank**) reached a **$1B valuation** following an investment from the Ukraine-Moldova American Enterprise Fund[19]. In parallel, **Fireworks AI** startup with Ukrainian founding roots, raised **$250M in a Series C** round in October 2025, reaching a valuation of **$4B**[20]. In **January 2026**, Ukrainian-founded **Preply** reached unicorn status at a **$1.2B valuation** after closing a **$150M Series D led by WestCap**[21].

[18] Grammarly raises $200 million in investments and becomes a "decacorn".
[19] Monobank becomes Ukraine's first fintech unicorn valued at $1 billion following UMAEF investment
[20] Fireworks AI, a startup co-founded by Ukrainians, raised $250M and reached a valuation of $4 billion
[21] New Ukrainian Unicorn: Preply Raises $150M Series D, Hits $1.2B Valuation

Figure 7. Overview of Ukrainian unicorns

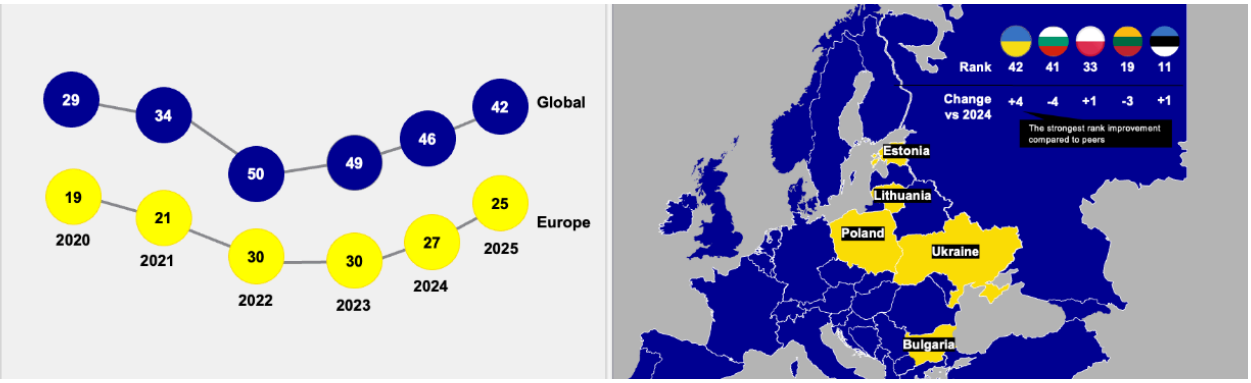


Source: Civitta analysis

Beyond confirmed unicorns, Ukrainian business media and ecosystem sources often point to a "next-in-line" pipeline, frequently including companies such as **AJAX, Headway, Reface, BetterMe, and Restream**, though these are typically cited as candidates rather than confirmed unicorns due to limited public valuation disclosure.

International benchmarking also suggests a sustained recovery trajectory. In the **StartupBlink Global Startup Ecosystem Index**, Ukraine remained within the global top 50 throughout the war period and has improved its global ranking for four consecutive years: from **50th in 2022** to **49th in 2023**, **46th in 2024**, and **42nd in 2025**. At the European level, Ukraine strengthened its position from **30th (2022–2023)** to **27th in 2024** and **26th in 2025**, rising to **8th in Eastern Europe**. Importantly, Ukraine recorded the **highest ecosystem growth rate** among comparable ecosystems in 2025 at **26.2%**, outperforming both higher- and lower-ranked peers[22].

Figure 8. Ukraine's rankings in the Global Startup Ecosystem Index, 2020-2025



Source: Global Startup Ecosystem Index 2025

[22] Startup Ecosystem Report 2025

A complementary perspective is provided by Dealroom's regional comparison: in its 2025 reporting, Ukraine is described as the **third-largest startup ecosystem in Central and Eastern Europe**, after Poland and Estonia. Over **2020–2025**, the ecosystem is estimated to have achieved **3.7x growth**, placing it among the fastest-growing ecosystems in the region[23].

While the national ecosystem remains active, it is becoming more geographically concentrated. Now **startup activity is primarily anchored in Kyiv**, and wartime relocation dynamics have further reinforced the capital's dominant role as the most internationally connected hub for founders, investors, and support organisations. As was noted during the **focus group on ecosystem coordination**, the ecosystem remains heavily centralized in Kyiv, while regional actors often lack information, visibility, and structured access points into the broader national startup environment.

In 2025, Kyiv climbed **seven positions** to **68th globally**, ranking **fourth in Eastern Europe**. Kyiv's growth rate exceeded **24%**, the highest among Ukrainian cities, and the city shows particular strength in **SaaS** and **VR/AR**, where it ranks **25th globally** and **fourth in Eastern Europe**. Ukraine's overall presence in the global top 1,000 startup cities declined from **six cities (Kyiv, Odesa, Lviv, Kharkiv, Dnipro, Ternopil) in 2024 to four (Kyiv, Odesa, Lviv, Kharkiv) in 2025**, with all cities except Kyiv losing positions[24]. This pattern is consistent with stakeholder feedback from the focus group on coordination in the ecosystem, where participants agreed that expansion beyond Kyiv remains constrained by weak regional access points, limited visibility of opportunities, and the absence of sufficiently embedded coordination structures outside the capital.

At the same time, a significant share of more mature companies has **shifted headquarters abroad**. By 2025, over 90% of Ukrainian scale-ups have relocated their headquarters abroad, reflecting challenges related to security, capital access, and international market proximity[25]. Stakeholder interviews confirmed that this relocation trend is often driven less by strategic preference than by **structural necessity**. In particular, interviewees noted that Ukrainian startups, especially in more capital-intensive segments, are often **forced to register abroad in order to attract and retain development financing, even when they would prefer to continue operating from Ukraine**.

[23] The CEE startup ecosystem is worth €243B in 2025 – Dealroom report
[24] Startup Ecosystem Report 2025
[25] The CEE startup ecosystem is worth €243B in 2025 – Dealroom report

According to the **Top 100 Rising Ukrainian Startups** analytics, the most represented product verticals include **healthcare**, **aerospace**, **business productivity**, **marketing and media**, and **energy and environment**.

Figure 9. Distribution of represented product verticals in 2025



Source: Top 100 Rising Ukrainian Startups 2025

A defining feature of the current landscape is the **rapid expansion of defense tech** activity. With national security priorities reshaping innovation incentives, Ukraine has seen a sharp increase in the number of teams developing dual-use and defense-oriented solutions. While the total number of defense tech startups is difficult to estimate due to fragmented registration and varied definitions, the scale of activity on **BRAVE1** provides a strong proxy: as of December 2025, the platform hosts more than **2,000 developers** and **4,600 defense products**. This shift is also clearly reflected in stakeholder discussions, where participants in the focus group on coordination in the ecosystem noted that defense tech has become the dominant direction for new startup activity, with a large share of teams either already moving into this segment or considering it as their main growth track.

Across sectors, the ecosystem is also characterised by the **widespread adoption of AI**. In the same catalogue-based sample, **77.5%** of startups report already embedding AI technologies into their products, suggesting that AI is increasingly treated as a baseline capability within the emerging startup cohort rather than a niche specialisation.

In terms of go-to-market approach, **B2B is the most prevalent model (53.2%)**, with **B2C** the second most common (**23.4%**), underscoring the ecosystem's strong orientation toward business customers and scalable international markets.

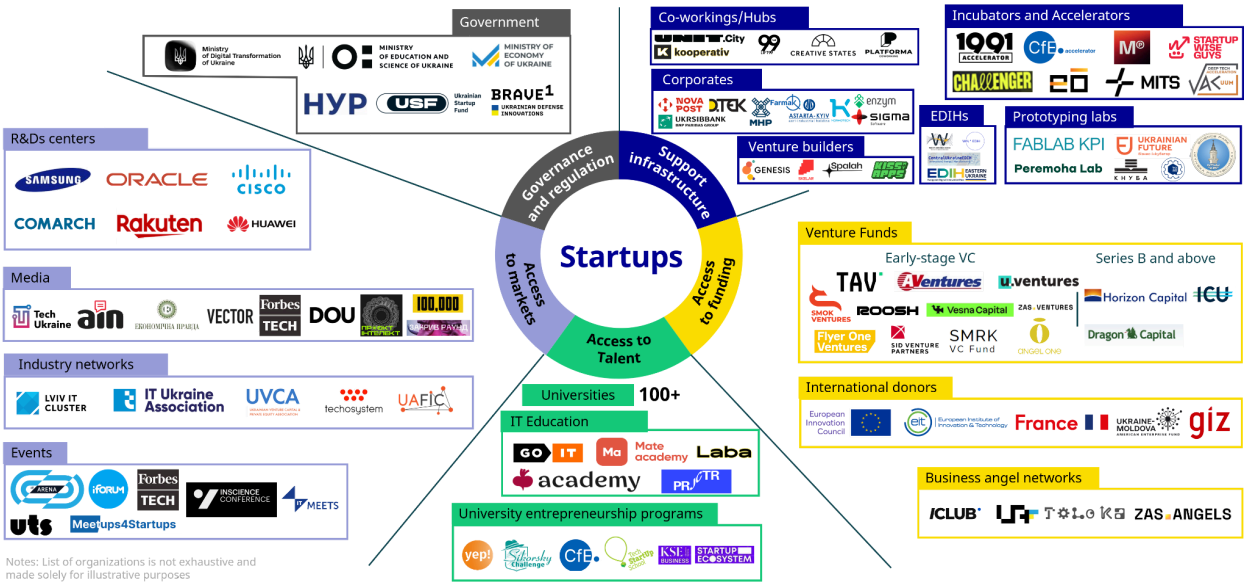
The current snapshot of the Ukrainian startup ecosystem reveals both continuity and transformation: sustained startup formation, growing international success stories, and the emergence of defense-driven innovation, alongside increasing centralisation and the outward relocation of scale-ups. These patterns are not driven by startups alone, but by the broader configuration of public, private, and international actors that shape the ecosystem.

1.4.3 Mapping of key stakeholders of the startup ecosystem

While startups remain the central actors in the startup ecosystem, their development depends on the availability and interaction of complementary stakeholders providing capital, talent, infrastructure, market access, and enabling regulation. Under wartime conditions, this ecosystem has become more internationalised, more fragmented by stage, and increasingly differentiated between civilian and defense-oriented innovation tracks.

The stakeholder landscape described below is therefore best understood as a **layered ecosystem**, in which different actors operate at different stages of the startup lifecycle and with varying degrees of coordination.

Figure 10. Ukraine's startup ecosystem actors overview



Source: Civitta

1.4.3.1 Regulation landscape: government institutions and policy actors

Public institutions play a foundational role in shaping the regulatory, fiscal, and institutional environment for startups. Key government actors include the **Ministry of Digital Transformation**, **Ministry of Education and Science**, and **Ministry of Economy**, which together influence digital policy, innovation governance, and entrepreneurship support. During the full-scale invasion, these institutions have prioritised continuity of essential functions, digital service delivery, and defense-related innovation, while operating under significant fiscal and

administrative constraints. Detailed analysis of government stakeholders and instruments is provided in Section 6.4. Governance and regulation.

Several state-backed initiatives function as direct ecosystem instruments:

- The **Ukrainian Startup Fund** has served (prior to 2022) as the primary public grant instrument for early-stage startups, awarding **571 grants** totalling over **$11M**[26]. At the same time, as noted in stakeholder interviews, the Fund's role as a broad-based seeding instrument has weakened since the full-scale invasion, due to reduced budgetary and team capacity, as well as a broader reorientation of public grant funding toward defense-related channels.

- **BRAVE1** has emerged as a central coordination platform for defense and dual-use innovation, acting as a coordinator between startups, the military, international partners, and investors.

- **Diia.City** provides a dedicated legal and tax framework for technology companies, aimed at improving operating conditions, talent retention, and investment attractiveness.

Together, these instruments provide a basic public support layer, though their **scale remains limited relative to ecosystem needs, particularly for later-stage growth**. This assessment is consistent with stakeholder feedback from interviews, which indicates that existing public and donor-backed instruments remain too limited in scale to meet ecosystem demand, especially beyond the pre-seed and seed stage, where follow-on financing and structured growth support remain particularly weak.

1.4.3.2 Access to funding: private investors and donor-driven finance

Angel investors

Early-stage financing is supported by an estimated **380 local angel investors**, primarily organised through three networks: **iClub**, **Toloka**, and the **United Angels Network**. Angel investors play a critical role at the pre-seed and seed stages, often combining capital with mentoring and early market access. However, angel activity remains concentrated in a small number of hubs and sectors, with relatively modest deal sizes. This limitation is also reflected

[26] Building the Future in a War Zone: Inside Ukraine's Innovation Revolution

in stakeholder interviews, which indicate that the pool of active investors remains narrow and insufficiently distributed across the ecosystem.

Venture capital funds

Ukraine has approximately **30 venture capital funds**, but the majority of Ukrainian VC activity is oriented **outside the domestic market**, with investments concentrated primarily in **CEE, wider Europe, and the United States**. As a result, only a limited number of funds invest consistently in startups **registered in Ukraine**, while many Ukrainian-founded companies are funded after relocating or structuring their operations abroad. As discussed during the focus group on access to funding, this pattern is also driven by **investor protection concerns** within the Ukrainian jurisdiction. Participants noted that weak protection of investor capital due to the poor functioning of the judicial system encourages companies to incorporate in jurisdictions such as the US or Estonia instead.

Most deals are concentrated at the **seed stage**, with relatively few investors active beyond **Series A**. The most active investors in rounds up to Series A included **TA Ventures, AVentures Capital, Flyer One Ventures, u.ventures, SMRK, and SID Venture Partners**. **Series B and later-stage** investment remains constrained and is largely led by a small set of investment groups such as **Dragon Capital, Horizon Capital, and Diligent Capital Partners**, reinforcing the ecosystem's structural gap in growth-stage capital. This assessment is also consistent with interview feedback from ecosystem stakeholders, who pointed to a clear shortage of funding at the growth stage. In particular, interviewees emphasized that while some capital is available at pre-seed, seed, and to a lesser extent Series A, the number of actors able to support companies at Series B and beyond remains very limited. Stakeholder interviews also indicate that financing at the growth stage remains highly constrained, with only a very limited number of domestic investors active in this segment.

Figure 11. Venture Capital landscape 2025



Source: AVentures Dealbook of Ukraine 2025

International donors and non-dilutive funding

Non-dilutive funding plays an outsized role in the Ukrainian startup ecosystem, particularly under wartime conditions. International donors and development institutions, including **Expertise France**, **European Innovation Council (EIC)**, **European Institute of Innovation and Technology (EIT)**, **GIZ**, **European Bank for Reconstruction and Development** (**EBRD**), **World Bank Group**, **The United Nations Development program** (**UNDP)**, and others, support startups through grants, cascade funding mechanisms, and project-based instruments.

While donor funding has been essential for ecosystem resilience and early-stage survival, its project-based nature and limited focus on scaling can constrain long-term sustainability. Interviews across the ecosystem indicate that the structure of much donor support **remains short-term and oriented toward rapid visible results**, whereas startups, particularly in deep tech, often require support trajectories lasting several years. Furthermore, under wartime conditions the focus of donor and state-backed support has partly **shifted** away from longer-term digital and innovation development **toward more generalized business survival support**, which does not fully correspond to the long-term development logic of startups.

1.4.3.3 Access to talent: universities and private education providers

Academia and research institutions

Ukraine's startup ecosystem is underpinned by a broad academic and research base of **634 institutions**[27] such as Sikorsky Kyiv Polytechnic Institute, Taras Shevchenko National University of Kyiv, Kyiv School of Economics, Kyiv-Mohyla Academy, Lviv Polytechnic National University, Ukrainian Catholic University, Karazin Kharkiv National University, Dnipro Polytechnic, Odesa National Polytechnic University, the National Academy of Sciences of Ukraine, and others.

These institutions provide a substantial pool of technical talent but remain weakly integrated into structured commercialisation pathways, limiting the translation of research outputs into startup formation and growth. As noted by the focus group on the commercialization of university research, one of the core constraints is the **absence of effective mechanisms linking universities with industry actors**, which weakens the conversion of research results into commercially viable ventures .This problem is further intensified by the insufficient

[27] Державна служба статистики

development of the entrepreneurial component within academia, which limits the commercialization potential of both students and researchers.

Non-formal education providers

Talent formation is supported by a mix of **private IT education providers**, including **GoIT**, **IT Step Academy**, **Mate Academy**, **Laba**, **Projector Institute**, and **Beetroot Academy**, and **university-based entrepreneurship programs** such as **YEP!**, **Sikorsky Challenge**, **Center for Entrepreneurship (CFE)**, **Tech Startup School**, and the **KSE Business Startup Ecosystem**.

These actors play a key role in skills development and early-stage founder support, though their reach and quality vary significantly across regions. As noted during the focus group on coordination in the ecosystem, this **unevenness is reinforced by the continued centralization of opportunities in Kyiv**, while actors in other regions often face weaker access to information, support channels, and entry points into the wider startup ecosystem.

1.4.3.4 Access to market: connections and visibility

Industry associations and clusters

Industry associations and regional clusters play an important role in ecosystem coordination and representation. Key actors include the **Ukrainian Venture Capital and Private Equity Association (UVCA)**, **IT Ukraine Association**, **UAFIC**, and regional IT clusters in **Kyiv, Lviv, Kharkiv, Dnipro, and Odesa**. These organisations support networking, advocacy, and international engagement, though coordination across associations remains uneven.

Events, media, and visibility platforms

Ecosystem connectivity is reinforced through events such as **IT Arena, iForum**, **Forbes Tech**, **IT Meets**, **Meetups4Startups**, **Inside Web Conference**, and **UTS**, which facilitate networking and visibility. Media outlets, including **AIN.UA**, **DOU**, **MC.today**, **Vector**, **Speka**, **TechUkraine**, and **Forbes Tech**, support information flows and international visibility, though coverage remains concentrated on a limited number of hubs and success stories.

1.4.3.5 Support infrastructure: ecosystem enablers and testing spaces

Incubators and accelerators

Incubators and **accelerators** act as the ecosystem's primary "enablers" by providing structured pathways for founders to move from idea to validation, and from early traction to investment readiness. Notably, discussions during the focus group on coordination in the ecosystem suggest that these **support formats do not yet form a sufficiently continuous development pipeline**, and that more seamless progression between stages of startup development remains needed.

Incubation programs typically focus on idea-stage, helping teams validate problems and solutions, develop MVPs, and gain basic entrepreneurial capabilities. Key examples include **CFE (Center for Entrepreneurship)**, **YEP!**, **Seeds of Bravery**, **EO Business Incubators**, **Ukrainian Future Business Incubator**, and **Mission Possible**.

Acceleration programs target more mature startups with a validated product or initial traction, with the aim of accelerating growth, preparing companies for fundraising, and supporting market entry and scaling. General acceleration programs operating in Ukraine include **Startup Wise Guys**, **Challenger Accelerator, 1991 Accelerator**, **CFE Accelerator**, **YEP! (acceleration track)**, **Vacuum Deep Tech Acceleration**, and **Impact Business / UNation**.

In parallel, wartime conditions have accelerated the emergence of **sector-specific accelerators**, particularly in **defense/dual-use**, such as **defense Builder (DefTech)**, **D3 (DefTech)**, and **MITS (DefTech)**. This reflects demand pull from defense needs, as well as the increasing specialisation of support formats (e.g., procurement readiness, compliance, product validation with end-users).

Hackathons and challenge-driven formats

Hackathons and challenge formats serve as an important entry point into the ecosystem, particularly for technical teams and first-time founders. They enable **rapid prototyping**, **cross-sector collaboration**, and **early testing of solutions** with real stakeholders. In Ukraine, hackathons have played a dual role: (i) general innovation mobilisation (healthcare, recovery, logistics), and (ii) accelerated solution development aligned with wartime priorities (defense, cybersecurity, drone tech, situational awareness). Stakeholder interviews also suggest that

hackathons are valued not only as short-term innovation events, but as a **mechanism for generating a broader pipeline of new startup teams,** especially when they are linked to real industry problems and followed by further support.

Prominent examples of formats used include the **Health Hackathon**, **National defense Hackathon**, **Rebuild UA Hackathon**, and **AI for Ukraine Recovery Hackathon**, as well as corporate-led hackathons (e.g., **Nova Post, Fozzy Group**) focused on applied problem-solving.

These formats contribute to the ecosystem not only through outputs (prototypes), but through **team formation**, **talent discovery**, and **pipeline feeding** into incubators and accelerators. As also noted during the focus group on coordination in the ecosystem, the **value of hackathons increases significantly when they are embedded into a wider support sequence**, where promising teams can move further into incubation, acceleration, and funding opportunities rather than remaining at the level of one-off events.

Community builders and ecosystem connectors

A recurring constraint in Ukraine's ecosystem is fragmentation by region, stage, and sector; community builders partially compensate by creating shared spaces for information exchange and collaboration. Organisations such as **Techosystem**, **TechUkraine**, and the **EIT Community Hub** help convene founders, investors, corporates, donors, and policymakers through meetups, communities, and curated programs.

This layer is critical because it: (i) reduces search costs for founders, (ii) improves trust and deal flow connectivity, and (iii) supports international visibility and partnerships.

Coworking spaces provide practical infrastructure (workspace, meeting rooms, events) and also function as "collision spaces" where founders, investors, mentors, and corporates interact informally. Key spaces include **UNIT.City**, **LIFT99**, **Startup Depot**, **Platforma**, **Creative States**, **iHUB**, **Impact Hub Odesa**, and **Kooperativ**. In wartime conditions, these spaces have taken on additional roles: safe coordination points, hubs for community activity, and venues for hybrid programs and investor events.

A key structural feature is **geographic concentration**: most high-density hubs and co-workings are anchored in major cities (especially Kyiv), contributing to the ecosystem's centralisation and unequal access to support infrastructure across regions. As noted by the focus group on coordination in the ecosystem, this **concentration is further reinforced by the lack of accessible entry points for regional actors**, who often face limited access to information, networks, and support opportunities compared to those operating in major hubs.

Corporations as innovation actors

Corporates contribute to ecosystem development through three primary channels:

1. **as customers and pilot users**, enabling startups to validate solutions in real operating environments
2. **as partners and integrators**, providing distribution, infrastructure, or domain expertise
3. **as innovation investors or sponsors**, funding applied programs, challenges, and occasionally direct startup investments

Companies such as **Nova Post**, **DTEK**, **Farmak**, **Enzym**, **Ukrsibbank**, **MHP**, **PUMB**, **Kormotech**, **Astarta-Kyiv**, and **Sigma Software** are among those commonly referenced as active corporates in the ecosystem.

However, **corporate involvement remains uneven and often opportunistic**. As was highlighted by the focus group on commercialization of university research, corporate engagement often remains **selective and short-horizon**, with businesses showing limited readiness to commit to longer-term innovation projects and instead preferring more immediate and controlled forms of engagement.

A recurring gap is the limited scale of **systematic corporate innovation procurement** (clear innovation problem statements, structured pilot pipelines, and repeatable contracting mechanisms). Stakeholder interviews likewise suggest that a key weakness lies in the still **limited treatment of startups as solution providers rather than only program beneficiaries**, pointing to the need for more structured demand from corporates through clearly defined problem statements, pilot pathways, and repeatable procurement mechanisms.

European Digital Innovation Hubs (EDIHs)

Ukraine joined the European Digital Innovation Hubs network in 2025 and has 10 EDIHs in place as of Q2 2026. Within the startup ecosystem, EDIHs represent a **new intermediary layer** connecting technology providers, SMEs, public institutions, universities and corporates under the EU digital program umbrella. Their core function is to **accelerate practical technology adoption** by enabling organisations to **test** digital solutions before investment, build **digital skills**, receive **financing guidance**, and **access** wider innovation **networks**. Although EDIHs are not designed specifically for startups and serve a broader base of SMEs and public-sector organisations, they can provide meaningful support to startup development by **linking startup solutions with demand for innpovations** from SMEs, municipalities, industrial companies, and

public institutions. This makes them relevant not only as advisory and training platforms, but also as potential **facilitators of pilots, validation, early customer discovery, and innovation procurement by government bodies and corporates**. The role of EDIHs is particularly important in the wartime context, where these organisations can act as cornerstones of business support in frontline regions, as evidenced by the case of Eastern Ukraine EDIH.

Venture builders

Venture builders represent a distinct **company-building layer** within Ukraine's startup ecosystem. Unlike incubators and accelerators, which primarily support external teams for a limited period, venture builders **systematically create, validate, finance, and scale new companies** from within their own organisational structures. In Ukraine, this model is represented by actors such as **Genesis, SKELAR, and KissMyApps**, which combine entrepreneurial talent, product expertise, growth marketing, analytics, operational support, and international market knowledge to launch and scale digital businesses. Their **ecosystem role is twofold**: they directly **generate new startups** by identifying market opportunities and assembling founding teams, while also **developing experienced operators**, **product managers**, **marketers, analysts, and engineers** who later contribute to the wider startup ecosystem as founders, mentors, investors, or senior employees. The impact of venture builders is particularly visible in software, consumer internet, marketplaces, fintech, media, and other product-led digital businesses, where speed of execution, access to specialised talent, and international go-to-market capacity are critical for growth.

During the interviews, stakeholders noted that the **largest venture builders**, particularly Genesis and SKELAR, increasingly **operate as separate ecosystems within the broader startup ecosystem**. While they concentrate significant talent, know-how and resources, their **contribution to wider ecosystem development was perceived as relatively limited**, as much of their support infrastructure, networks and learning remain internal to their own portfolios.

Prototyping labs and testing facilities

Beyond mentorship and programs, ecosystem maturity depends on access to **testing and prototyping infrastructure**, especially for hardware, robotics, aerospace, energy, medical devices, and defense/dual-use solutions. These facilities can include makerspaces and prototyping labs (electronics, mechanical fabrication), university and research institute laboratories (materials, sensors, imaging, etc.), specialised testing environments (e.g., for

energy systems, UAV components, communications), industrial partner facilities used for pilots and pre-certification testing.

In Ukraine, such infrastructure often sits within **universities, R&D institutes, corporate engineering centres, and innovation hubs**. Examples include **Peremoha Lab** at Chernihiv Polytechnic and the **FabLab** at Igor Sikorsky Kyiv Polytechnic Institute, as well as others**.** However, the access to such infrastructure can be fragmented or constrained by security and funding limitations, which creates a structural bottleneck for deep-tech startups: even with strong technical teams, the lack of accessible, affordable, and reliable testing environments can slow product development, certification readiness, and commercialisation. The focus group on the commercialization of university research suggested that, in many cases, infrastructure formally exists, but remains institutionally closed or difficult to access for external teams, including startups that are not embedded in the host institution.

Overall, the Ukrainian startup ecosystem comprises a broad and diverse set of stakeholders spanning public institutions, private investors, donors, corporates, academia, and support organisations. However, the ecosystem operates through **parallel and only partially coordinated layers**, with fragmentation by stage, sector, and geography. As also highlighted during the focus group on coordination in the ecosystem, this **fragmentation is reinforced by capacity constraints among ecosystem actors themselves**, as many relatively small teams lack the time and resources required for sustained coordination beyond their own core activities. Wartime conditions have intensified these dynamics, accelerating internationalisation and defense-oriented innovation while reinforcing growth-stage financing gaps and coordination challenges.

This stakeholder configuration forms the basis for the subsequent analysis of how effectively startups can access **funding**, **support infrastructure**, **markets**, and **talent**, as well as how the wider **governance and regulatory environment** enables or constrains startup creation, growth, and scaling under current conditions.

1.4.4 Governance and regulation

1.4.4.1 Core legal documents relevant to entrepreneurship and startups

While the broader context is defined by European integration and wartime resilience, the operational reality for startups is shaped by a distinct regulatory duality. The state has effectively partitioned the economy into differing regulatory zones: **a general regime**, which largely retains the rigidities of the traditional Civil and Labor Codes, and **specialized "greenhouse" frameworks** designed to shield high-value sectors from bureaucratic friction. This segmentation creates a complex environment where legal certainty, tax liability, and operational speed vary depending on the chosen corporate vehicle and industry vertical.

This section examines these dynamics, offering an overview of the current legal reality, in particular with respect to issues such as registration, corporate governance, access to finance, investment protection, intellectual property, taxation, and labor relations, as well as sector-specific regulations (IT, MilTech, MedTech, EdTech, Energy, AgriTech, E-commerce, virtual assets and blockchain). It leverages primary legislative sources, including the key Codes (Civil Code, Tax Code, Labor Code, etc.), general and sectoral Laws of Ukraine, and specific Cabinet of Ministers resolutions, to provide a definitive reference on the subject.

Registration and legal establishment

The process of legal establishment in Ukraine has undergone a digital revolution, positioning the country as a leader in government-tech implementation. However, the choice of legal vehicle is no longer a simple selection of a corporate form; it involves a strategic decision regarding which regulatory regime to inhabit.

A key challenge is that **Ukrainian legislation does not provide a formal definition of a "Ukrainian startup"**, leaving ambiguity about which entities qualify. At the same time, this gap may be partially addressed in the future through Draft Law No. 13715 "On Supporting and Developing Innovation Activity," informally referred to as the **Startup Act**. It was registered by the Cabinet of Ministers on 29 August 2025, adopted by the Verkhovna Rada in the first reading on 11 February 2026, and is currently being prepared for second reading.

For the purposes of this analysis, given the current absence of a formal "startup" definition, we will focus on the two most common registration forms: Limited Liability Companies (LLCs) and individual entrepreneurs (FOPs).

It is important to note that while the LLC functions as a standard corporate entity, the FOP model is rarely used in isolation; instead, it functions as a cluster of FOPs, bringing together several individual contractors under a single management umbrella to simulate corporate operations while optimizing tax liabilities.

Limited Liability Company (LLC)

The Limited Liability Company (Товариство з обмеженою відповідальністю, or LLC/ТОВ) serves as the default legal entity for the vast majority of businesses in Ukraine. Governed principally by the Civil Code of Ukraine[28] and the Law "On Limited Liability and Additional Liability Companies" (No. 2275-VIII)[29], the LLC offers a balance of liability protection and operational flexibility.

Ukraine's alignment with ***ESNA Standards #1 (Fast Startup Creation, Smooth Market Entry) and #8 (Digital First)*** is most visible in its registration procedures. The Ministry of Digital Transformation has effectively migrated the registration process to the Diia portal, creating a streamlined, paperless pathway for founders.

The registration steps are as follows:

- The process begins with a meeting of founders to draft and approve the Charter (Articles of Association). While the law allows for a Model Charter (a standardized template approved by the Cabinet of Ministers), sophisticated startups can opt for a customized Charter to incorporate shareholder agreements and specific governance clauses;
- Founders authenticate on the Diia web portal using a qualified electronic signature (QES) or BankID, after which the system auto-populates fields based on the founders' tax IDs;
- The application is submitted alongside the Charter and the Minutes of the Constituent Assembly;
- A critical, often burdensome step involves disclosing Ultimate Beneficial Owners (UBOs), who are defined as individuals holding 25% or more of the share capital (Laws of Ukraine

[28] Цивільний кодекс України
[29] Про товариства з обмеженою та додатковою відповідальністю

"On State Registration of Legal Entities, Individual Entrepreneurs and Public Associations" (No. 755-IV)[30], "On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction" (No. 361-IX)[31], "On Amendments to Certain Laws of Ukraine Regarding the Improvement of Regulation of Ultimate Beneficial Ownership and Ownership Structure of Legal Entities" (No. 2571-IX)[32]). The startup must provide a schematic representation of the ownership structure, and if a founder is a foreign legal entity, an extract from the relevant trade or banking register of the foreign jurisdiction is required to trace the chain of control to a natural person. Failure to maintain accurate UBO data attracts significant administrative fines. For founders who are Ukrainian nationals, the data is verified against the Demographic Registry. However, a friction point arises for startups with foreign founders or complex holding structures. Documents confirming the existence and ownership of foreign legal entities must be legalized (apostilled) and translated, reintroducing paper-based delays into the digital workflow. Furthermore, recent amendments require that documents confirming UBO identity must be issued no earlier than 90 days prior to submission, adding a temporal constraint that can complicate closings for international investment rounds;

- During the entity registration application, founders can elect their tax regime (general or Group III) and register as a Value Added Tax (VAT) payer. This interoperability eliminates the need for separate visits to the State Tax Service.

Crucially, the law establishes a strict timeline for consideration: documents submitted electronically must be processed within 24 hours, excluding weekends and holidays. In practice, if no flags are raised by the system, automated registration (without registrar intervention) can occur in under 30 minutes for entities using the Model Charter. This performance metric directly supports ESNA Sub-standard #1.1 (Time and Cost), which benchmarks startup creation within one day for a fee of less than €100. In Ukraine, the administrative fee is waived for online registration using the Model Charter, reducing the cost to zero, thereby exceeding the ESNA cost efficiency benchmark.

There is no minimum share capital requirement for a general LLC, allowing incorporation with nominal capital (e.g., UAH 1), which lowers barriers to entry.

[30] Про державну реєстрацію юридичних осіб, фізичних осіб — підприємців та громадських формувань

[31] Про запобігання та протидію легалізації (відмиванню) доходів, одержаних злочинним шляхом, фінансуванню тероризму та фінансуванню розповсюдження зброї масового знищення

[32] Про внесення змін до деяких законів України щодо вдосконалення регулювання кінцевої бенефіціарної власності та структури власності юридичних осіб

Individual entrepreneur (FOP)

The status of an individual entrepreneur (фізична особа-підприємець, or FOP/ФОП) represents the simplest legal form for doing business in Ukraine. Governed by the Civil Code of Ukraine and the Law "On State Registration of Legal Entities, Individual Entrepreneurs and Public Associations" (No. 755-IV), the FOP model treats the founder and the business as a single legal subject, meaning there is no distinction between personal and business assets.

Similar to LLC, this model's registration procedures reflect Ukraine's adherence to ESNA ***Standards #1 and #8***. Through the ecosystem developed by the Ministry of Digital Transformation, the registration of a FOP is currently one of the fastest in the world, often completed automatically without the intervention of a state registrar.

The detailed registration steps are as follows:

- The founder accesses the Diia portal using a QES or BankID. Unlike the LLC process, there is no need for a Charter or Minutes of a Constituent Assembly, which significantly reduces the preparatory burden;
- The applicant must select the appropriate codes for economic activity (KVED). For instance, for tech startups, this typically involves software development and data processing codes. The system offers intelligent suggestions to ensure compliance;
- During the registration application, the founder can simultaneously apply for the Simplified Taxation System. Most tech founders opt for Group III of the single tax (5% revenue tax), which provides a low fiscal burden during the early pre-seed stages. This integration eliminates the need for a separate interaction with the State Tax Service;
- Once the application is signed electronically, it is processed by the Unified State Register (USR). If the data matches the demographic registry, the registration is automatic.

The FOP model allows Ukraine to exceed the benchmarks set by ESNA Sub-standard #1.1 (Time and Cost). While the standard mandates a process under one day for less than€100, the FOP registration in Ukraine is free of charge (for online submission) and occurs in under 15 minutes, with the record appearing in the registry almost instantly. Furthermore, ESNA Standard #8 (Digital First) is realized here, as FOPs can pay taxes, submit reports, and manage their status entirely through a smartphone application.

Corporate governance and access to finance

Effective corporate governance and unimpeded access to finance are the foundation of a scalable startup ecosystem. In Ukraine, these elements are governed by a complex legal environment that creates different operating realities depending on the legal form chosen.

Limited Liability Company (LLC)

The LLC is the primary vehicle for investment-grade startups, regulated by the specialized Law of Ukraine "On Limited Liability and Additional Liability Companies" (No. 2275-VIII). This law marked a shift from the rigid norms of the 1991 Law "On Business Societies" (No. 1576-XII)[33] to a discretionary model that prioritizes contractual freedom between founders.

A fundamental characteristic of this structure is that shareholders are **liable** for the company's obligations only to the extent of their contributions to the authorized capital. The corporate veil is solid, ensuring that shareholder assets are legally separated from company assets, and can only be pierced in exceptional cases of proven criminal negligence or intentional bankruptcy.

Regarding **capital structure**, Law No. 2275-VIII abolished minimum share capital requirements, allowing an LLC to be incorporated with a nominal capital of as little as UAH 1, thereby removing entry barriers. Contributions can be made in cash, property, or intangible assets such as intellectual property rights, subject to valuation.

Furthermore, the governance framework was significantly strengthened by Article 7 of Law No. 2275-VIII, which explicitly authorizes **Corporate Agreements** (корпоративні договори). This provision allows founders to legally structure complex governance rights that were previously unenforceable in Ukraine, including voting trusts, deadlock resolution mechanisms, and specific rights critical for venture capital, such as drag-along and tag-along rights. To secure these obligations, the law introduced the concept of an Irrevocable Power of Attorney, which ensures that a shareholder's vote or share transfer can be executed automatically upon specific triggers, minimizing the risk of sabotage by minority holders.

However, a critical dichotomy exists between the flexibility of Corporate Agreements and the rigidity of **statutory administration**. While shareholders can contractually agree on complex transfers, the execution of these transfers faces transactional friction.

[33] Про господарські товариства

The Corporate Agreement is binding between the parties but is not visible to the State Registrar. Therefore, the actual transfer of shares, even if stipulated in the Agreement, must strictly comply with the Law "On State Registration of Legal Entities, Individual Entrepreneurs and Public Associations." This requires the physical execution of notarized Acts of Acceptance and Transfer for each share transfer. Unlike jurisdictions where a simple electronic signature on a stock transfer form is sufficient, Ukrainian law mandates notarized documents and the physical presence of the parties for every cap table adjustment, which significantly slows down deal closing and increases administrative costs.

Furthermore, transferring stakes to employees or advisors in a standard LLC creates risks of immediate tax exposure. While Ukraine's Tax Code[34] (Article 170.2) theoretically allows for tax deferral on investment assets, applying this regime to employee equity in a standard LLC is administratively complex and fraught with risk. Unlike the special Diia City regime, which provides explicit statutory exemptions, transferring stakes in a standard LLC creates a high risk of reclassification by tax authorities. Without sophisticated legal structuring, the tax office often views such transfers not as investment operations but as "additional benefits" (додаткове благо). This exposes the recipient to immediate taxation on the assessed market value of the share long before any liquidity event, making standard equity incentives difficult to implement safely without significant legal overhead.

The standard LLC model also faces friction regarding **capital injection**. Unlike the authorized share capital model found in US or UK law, standard Ukrainian LLCs operate under a fixed capital model. According to Article 18 of Law No. 2275-VIII, every investment round requires a formal Statutory Capital Increase procedure. This entails a multi-stage process: an initial shareholders' resolution to approve the attraction of additional contributions, the actual payment of such contributions, and a subsequent resolution to approve the results and amend the Charter, followed by state registration of the updated capital. In practice, this procedure frequently involves notarized documents and the physical presence of shareholders, which makes "quick closes" effectively impossible and increases transaction costs compared to common-law jurisdictions.

Furthermore, the standard regime lacks statutory support for automatic convertible instruments. Ukrainian LLC law provides no mechanism for self-executing conversion of debt into equity (as found in instruments such as SAFE (Simple Agreement for Future Equity)). Instead, debt-to-equity swaps operate through the set-off of mutual claims, which is permitted under Article 18 of Law No. 2275-VIII ("additional contributions may be made by way of set-off

[34] Податковий кодекс України

of mutual homogeneous claims"). However, such conversion is not automatic: even after a contribution is made (including via set-off), the company must still obtain a separate shareholder resolution approving the results of the additional contributions, the updated ownership structure, and the increased statutory capital. Interviews with startups confirmed that these legal limitations translate directly into practical financing constraints: quasi-investment instruments such as SAFE or KISS do not function effectively within Ukrainian legal entities, and investors are often unwilling to structure such investments through Ukrainian companies.

Additionally, existing shareholders hold a statutory pre-emptive right to make additional contributions in proportion to their shares, under Article 18. While a Corporate Agreement may obligate shareholders to waive this right, the statutory procedure remains active by default unless the pre-emptive stage is explicitly removed from the company's Charter through a unanimous shareholder decision. As a result, incoming investors must either wait for the statutory pre-emptive period to elapse or collect waivers from all existing shareholders (which in practice are often notarized), adding an administrative layer and complicating institutional investment.

Individual entrepreneur (FOP)

The status of an Individual Entrepreneur (FOP) is not a separate legal entity but a status acquired by a natural person, creating fundamental structural limitations for venture-backed growth. Under Article 52 of the Civil Code of Ukraine, an individual entrepreneur answers for liabilities arising from entrepreneurial activity with all their personal property, including real estate, vehicles, and personal bank accounts, except for specific assets protected by law. This unlimited liability creates a significant fragility trap for high-risk startups, as a single lawsuit regarding IP infringement or a debt default can lead to personal bankruptcy and the seizure of private assets.

Moreover, FOPs are functionally invisible to venture capital funds due to their inability to issue equity. There is no legal concept of shares or options in a FOP structure, and co-founding a FOP is legally impossible. Partnerships between entrepreneurs can only be structured via Joint Activity Agreements (договори про спільну діяльність), which are legally weaker than corporate charters. These contracts lack statutory mechanisms for enforcing governance rights, managing "bad leaver" scenarios, or facilitating a clean exit for investors, making the FOP model unsuitable for scalable, investment-driven ventures.

Given the statutory inability to issue equity, startups operating as clusters of FOPs are compelled to rely on alternative, often complex, financing structures to attract early-stage capital. Instead of standard dividends or equity growth, investments in such entities are frequently structured as private loans or Revenue-Sharing Agreements. Under this model, the investor provides capital in exchange for a fixed percentage of future gross revenue. While this mechanism is relatively simple to execute, it significantly caps the investor's upside by eliminating the potential for an exit multiple and simultaneously drains the startup's operating cash flow during its most critical growth phase.

To accommodate the compliance requirements of institutional investors, FOP clusters can resort to establishing a "technical LLC" or special purpose vehicle (SPV). In this hybrid configuration, a standard LLC is incorporated to accumulate intellectual property rights and serve as the formal counterparty for investment agreements, while the FOPs continue to act as independent contractors. Although this structure attempts to combine the tax efficiency of the FOP model with the investment attractiveness of a corporate entity, it introduces substantial administrative overhead and compliance risks regarding labor relations. Consequently, for many such ventures, the primary source of non-dilutive funding remains equity-free grants or accelerator programs, which typically require the subsequent incorporation of a full-fledged legal entity to formalize any equity stake.

Diia City

Diia City is a special legal status granted to IT companies. This legal regime is established for an unlimited period, but not less than 25 years from the date of entry of the first Diia City resident into the Diia City Register, which occurred in 2022. It functions as an overlay to the standard LLC structure, modifying the applicable tax and labor laws and introducing several English common law instruments to improve access to venture capital. Crucially, individual entrepreneurs cannot become residents of Diia City, as this legal regime is intended only for companies.

To qualify for residency, a startup must meet rigorous criteria set out in the Law "On Stimulating the Development of the Digital Economy in Ukraine" (No. 1667-IX)[35]:

- The entity must derive at least 90% of its income from specific IT activities (software development, cybersecurity, robotics, R&D, etc.);

[35] Про стимулювання розвитку цифрової економіки в Україні

- The average monthly remuneration for employees and gig-specialists must generally exceed the equivalent of€1,200 (in UAH at the official NBU exchange rate) before tax;
- The entity must have at least 9 employees or gig-specialists.

At the same time, early-stage startups are exempt from the salary and staffing requirements for a limited period, but must prove a minimum annual income to maintain status.

To bridge the gap between the general civil law system and the risk management expectations of international venture capital, Law No. 1667-IX introduced specific legal instruments derived from English common law. In particular, the law creates a statutory framework for loans convertible into share capital. Unlike standard LLCs, where debt-to-equity swaps require cumbersome bureaucratic procedures and immediate valuation exercises, Diia City residents can execute agreements analogous to international SAFE or KISS (Keep It Simple Security) notes. Under Article 29 of Law No. 1667-IX, the lender has the right to convert the loan amount into the authorized capital of the resident company upon the occurrence of specific trigger events. This mechanism relies on prior unanimous consent required to enter into such an agreement, thereby removing the need for additional shareholder votes at the moment of conversion. According to the focus group on access to funding, the above-outlined mechanisms represent a meaningful improvement over the general regime, although market participants still view SAFE-type instruments as not yet fully functional in Ukraine in the conventional sense, with convertible loan structures through Diia.City serving as the closest currently available alternative.

Beyond external financing, Diia City expands the internal structuring capabilities of the company, addressing the valuation and priority issues inherent in standard LLCs. Relying on Article 30 of Law No. 1667-IX, the regime creates a streamlined legal mechanism for Employee Stock Ownership Plans (ESOPs). Unlike the standard LLC “gift” model, Diia City validates option contracts where taxation is deferred until the actual sale of shares, creating a clear pathway for incentivizing gig-specialists and employees with equity.

Investment protection

In terms of investment protection, Ukrainian jurisdiction was historically perceived as high-risk due to the unpredictability of judicial enforcement and the rigidity of the Civil Code. However, the legislative reforms of 2018 (adoption of Law No. 2275-VIII) and the subsequent introduction of the Diia City regime have created a multi-layered system of safeguards. This system evolves from basic statutory protections in standard corporate entities to advanced,

English-law-style risk management instruments available specifically for the technology sector. However, ecosystem acotrs at the interviews stated that formal improvements in legal structuring have not fully removed concerns about the jurisdiction itself. In particular, rule-of-law weaknesses and doubts regarding effective rights protection remain among the most serious constraints on investor confidence, in some cases perceived as an even greater problem than the war itself.

Limited Liability Company (LLC)

For investors operating within the standard Limited Liability Company framework, the primary layer of risk management is structured through the **Company Charter** and the **Corporate Agreement**. The Charter serves as the constitutional document of the entity, defining the fundamental rights and obligations of participants, including profit distribution rules, quorum requirements, and restrictions on share alienation. However, the most effective instrument for formalizing investor control without direct operational management is the Corporate Agreement, explicitly authorized by Article 7 of Law No. 2275-VIII. This mechanism allows parties to contractually secure critical venture capital rights, such as preemption rights, drag-along and tag-along clauses, and specific voting arrangements. By utilizing these agreements, investors can effectively prevent deadlock situations and secure guarantees regarding future business exits.

Beyond contractual arrangements, the legislation provides robust statutory recourse against "rogue management." Investors are protected by the concept of **fiduciary duties**, which allows shareholders to hold company officials accountable for damages caused by their actions or inaction. Specifically, Article 40 of Law No. 2275-VIII establishes that executive officers are liable for damages caused to the company by their guilty actions or inaction. Article 54 of the Commercial Procedure Code[36] empowers participants to enforce this liability through a "derivative lawsuit", filing a claim on behalf of the company against a director for losses incurred due to negligence, fraud, or exceeding authority.

Furthermore, minority shareholders are granted statutory **rights to information and audit**. Investors can demand full access to financial reports and, crucially, can stipulate the requirement for an independent annual audit within the Corporate Agreement.

For foreign capital, domestic statutory protections are reinforced by mechanisms of international law. Ukraine is a signatory to numerous **bilateral investment treaties**, which guarantee foreign investors protection against expropriation without compensation, ensure fair

[36] Господарський процесуальний кодекс України

and equitable treatment, and guarantee the free transfer of dividends abroad. In the event of a violation of these rights by the state, an investor may initiate international arbitration proceedings (e.g., via ICSID or UNCITRAL), bypassing the local court system entirely. Additionally, many institutional investors mitigate local risks through structural mechanisms, such as investing via a **special purpose vehicle** (SPV) incorporated in a jurisdiction with a favorable tax and legal regime. This SPV structure not only facilitates tax planning but also places the shareholder relationship under a foreign jurisdiction, providing an additional layer of corporate security.

Financial risk management within an LLC is further supported by the **statutory priority of debt over equity**. Investors may strategically structure their capital injections through convertible loans or debt obligations to leverage the priority of repayment over equity distribution. In an insolvency scenario, shareholders are legally treated as residual claimants who receive proceeds only after all creditor claims have been fully satisfied. Consequently, if a convertible loan has not yet converted into equity at the time of a default, the investor retains the status of a creditor, typically falling into the fourth rank of claims under Article 64 of the Bankruptcy Code[37], thereby ensuring their right to repayment takes precedence over the founders and other shareholders.

To achieve the highest tier of protection, institutional investors can further structure financing as secured debt, for instance, by pledging the company's intellectual property or critical assets. Under the specialized provisions for secured creditors in the Bankruptcy Code (Article 64, Part 6), claims secured by a pledge are satisfied outside the general statutory order of priority directly from the proceeds of the pledged asset. This mechanism effectively ring-fences the investor's capital, isolating it from the claims of unsecured creditors such as tax authorities or suppliers (except for expenses related to the preservation and sale of the asset as detailed in Article 61), thus providing a layer of protection unavailable to holders of simple equity.

Individual entrepreneur (FOP)

For investors dealing with FOPs, protection mechanisms are fundamentally weaker because they rely exclusively on general contract law rather than the specialized safeguards of corporate law. Investors in FOP structures do not possess shareholder rights; they cannot vote, block strategic decisions, appoint management, or access statutory audit procedures. Control is strictly limited to the terms explicitly negotiated in bilateral contracts, such as Joint Activity Agreements or Loan Agreements. Consequently, if a conflict arises, the investor lacks the

[37] Кодекс України з процедур банкрутства

corporate leverage to remove a “founder” from the business, as the entrepreneurial activity is legally inseparable from the individual.

A further critical risk in the cluster of FOPs model is asset fragmentation. Intellectual property, contracts, and domain names are often registered to different individuals within the cluster rather than a central entity. This creates a severe risk of asset stripping: if a key FOP terminates their relationship with the cluster, they may legally retain critical components of the product. Unlike a corporate structure where assets are locked within the entity, enforcing the return of IP from a departed FOP requires complex litigation with uncertain outcomes. Moreover, while international mechanisms like bilateral investment treaties theoretically protect foreign investments, applying them to disputes with private individuals is legally ambiguous. Enforcing an arbitral award against a natural person’s private assets involves a significantly higher threshold of procedural complexity than enforcing against a corporate entity, rendering the FOP model generally unviable for institutional capital seeking solid risk management.

Diia City

Recognizing that the standard protections may still be insufficient for high-growth technology ventures, the Diia City regime (Law No. 1667-IX) creates a “safe harbor” that overlays the standard legislation with specialized protective instruments derived from English common law. This regime fundamentally shifts the risk allocation, providing statutory validity to mechanisms that were previously difficult to enforce in Ukrainian courts.

One of the most critical innovations for risk management in this regime is the validation of **compensation for false assurances**. The regime explicitly validates compensation mechanisms for false assurances regarding circumstances (неправдиві запевнення щодо обставин). Pursuant to Article 32, if a founder provides inaccurate representations regarding the company's assets (for instance, claiming valid IP ownership, the absence of hidden litigation, etc.), the investor has a statutory right to claim damages or terminate the contract. This right exists regardless of whether the founder had fraudulent intent, thereby significantly lowering the risk profile for institutional capital entering the Ukrainian market by ensuring that the seller bears the cost of information asymmetry.

Furthermore, the regime addresses the **financial hierarchy during exits**. Diia City residents can incorporate specific classes of preference rights into their Corporate Agreements. This allows investors to negotiate priority in asset distribution during a liquidity event, ensuring they recoup their investment before common shareholders (founders) receive proceeds. In a standard LLC, distribution is often tied to ownership percentages, which can disadvantage investors. The

statutory recognition of liquidation preferences in Diia City ensures that the economic logic of a venture deal is legally enforceable, guaranteeing the investor's downside protection.

Given that the primary asset of a tech company is its team, Diia City introduces specific mechanisms to protect against **talent loss**. Unlike the standard Labor Code, where non-compete clauses are generally void, Law No. 1667-IX explicitly legalizes Non-Compete Agreements (NCA) for specialists (Article 27). These agreements allow the company to legally restrict key staff from joining competitors for a specified period post-termination, provided compensation is paid. Coupled with Non-Solicitation clauses that prevent departing founders from poaching the team, these tools provide investors with the assurance that the human capital they funded remains secure.

Finally, the ultimate safety net for foreign investors in Diia City is the **right to opt for foreign governing law**. The law allows residents to subordinate their Corporate Agreements to the laws of trusted foreign jurisdictions (e.g., English Law) and to select international commercial arbitration as the exclusive dispute resolution mechanism. This removes the risk of local judicial unpredictability and ensures that complex investment terms are interpreted according to established international precedents rather than local judicial improvisation.

Intellectual property rights

Regulation of intellectual property (IP) rights in Ukraine is a critically important area where the legacy of Soviet-era protectionism in favor of individual creators often conflicts with the demands of a modern, capital-oriented innovation economy. For a long time, the Civil Code of Ukraine (Article 429) supported the presumption of joint ownership or retention of rights by the author, which created significant risks for foreign investors who require absolute legal certainty regarding a company's intangible assets. However, the adoption[38] of the new Law of Ukraine “On Copyright and Related Rights” (No. 2811-IX) in 2022 and the specialized Diia City framework have changed this landscape, moving to a pro-employer model that complies with international venture capital standards, although significant nuances remain depending on the chosen corporate structure.

General regime: LLCs

For a standard LLC operating under the general legal regime, the protection of **creative assets** is primarily governed by the concept of a “course-of-duty work” (службовий твір). Under

[38] Про авторське право і суміжні права

Article 14 of the Law of Ukraine "On Copyright and Related Rights" (No. 2811-IX)[39], the proprietary (economic) rights to a work created by an employee in the course of their employment duties now transfer to the employer at the moment of creation, unless otherwise provided by the employment contract or law. This represents a significant improvement over previous legislation, which often resulted in a regime of joint ownership, historically requiring companies to obtain separate assignment deeds from every creator for every distinct asset to ensure a clean chain of title. However, this transfer is not automatic; it is contingent upon strict statutory criterion: the work must be created strictly in the course of employment duties (Article 1). To ensure this qualification applies, the employer must be able to demonstrate that the creation process was properly organized within the scope of employment (e.g., by issuing a technical task or providing resources). If an employee, for instance, creates IP outside of working hours or beyond their specific job description, the "course-of-duty work" presumption may fail, leaving the rights with the employee.

Furthermore, while economic rights transfer, non-proprietary (moral) rights remain inalienably with the employee (Article 14, Part 1), and under the general civil law principles, any contractual clause purporting to fully waive moral rights risks being declared void in court. However, Law No. 2811-IX mitigates the risk of authors blocking updates: Article 14, Part 3 explicitly grants the employer the right to modify or complete the work unless the employment contract expressly forbids it. This acts as a statutory exception to the general integrity right. Despite this safeguard, a residual theoretical risk persists where a designer might claim that a specific extensive alteration exceeds the scope of a permissible "modification" and constitutes a "distortion" under Article 11.

The situation differs significantly for hardware startups, DeepTech ventures, or MedTech companies dealing with patentable subject matter such as **inventions and utility models**. According to Article 9 of the Law of Ukraine "On Protection of Rights to Inventions and Utility Models" (No. 3687-XII),[40] the right to obtain a patent for a "course-of-duty invention" (created in the course of employment using the employer's resources) belongs to the employer, provided that the employment contract or job description does not stipulate otherwise. However, the law imposes a critical procedural deadline: the employer must file a patent application (or transfer the right, or decide to keep the invention confidential) within four months of being notified by the inventor. If the employer fails to file the application or transfer the right within this window, the right to obtain the patent legally reverts to the employee. Additionally, the law mandates that the employee-inventor is entitled to "fair remuneration" for the creation and use of the service invention, which is legally distinct from their regular salary.

[39] Про авторське право і суміжні права

[40] Про охорону прав на винаходи і корисні моделі

Failure to explicitly regulate this remuneration in internal policies can lead to litigation where the inventor claims a share of the profits generated by the patent retroactively, posing a latent financial liability for the company.

For consumer-facing startups where brand equity is essential, the regulation of **trademarks** presents another layer of compliance. Unlike jurisdictions that recognize “first to use” rights (such as the United States), Ukraine operates primarily as a “first to file” jurisdiction under the Law of Ukraine “On Protection of Rights to Marks for Goods and Services” (No. 3689-XII)[41]. Specifically, Article 5 establishes that ownership is contingent upon formal registration (certified by a certificate) rather than mere commercial usage, while Article 16 confirms that exclusive rights become effective from the filing date. Consequently, an LLC does not own a brand simply by using it in commerce; ownership is contingent upon formal registration with the Ukrainian National Office for Intellectual Property and Innovations. Startups that delay registration face the risk of “trademark squatting”, where third parties register the brand name to extort payment.

Furthermore, the transfer of trademark rights to the LLC is a common friction point in terms of taxation and due diligence. Unless the transfer is structured as a contribution to the authorized capital, the transfer of a trademark from an individual to a legal entity is treated as the sale of an investment asset, triggering personal income tax (18%) and military tax (1.5%) for the seller. Conversely, a gratuitous transfer (gift) to the company can be classified as taxable income for the LLC or raise questions during due diligence regarding the “arm's length” nature of the transaction.

A substantial portion of R&D and creative work in Ukraine is **outsourced to FOPs** rather than performed by full-time employees. For these relationships, the statutory “course-of-duty work” presumptions of the Labor Code and Copyright law do not automatically apply. Instead, IP transfer is governed by the specific terms of the civil law agreement and the new statutory framework for “commissioned works” under Article 15 of Law No. 2811-IX.

Under this new regime, proprietary rights transfer to the commissioning party at the moment of the work's creation in full, unless the contract explicitly states otherwise. This significantly reduces the historic “gap of uncertainty” between creation and formal acceptance. However, a latent risk remains in the definition of the engagement itself. If a contract is drafted vaguely as general “consulting services” rather than a specific “commission for the creation of a work”, there is a risk that the statutory presumption of Article 15 may not apply. In such ambiguous

[41] Про охорону прав на знаки для товарів і послуг

scenarios, judicial practice could interpret the absence of specific IP transfer clauses as leaving the rights with the creator.

Regarding moral rights, Article 15 grants the commissioning party the statutory right to modify, adapt, or complete the work, preventing the author from blocking routine updates. This provision is aimed at mitigating the risk of the author blocking future product updates based on the right to integrity, mirroring the protection available in employment relationships. However, a residual theoretical risk persists that a creator might claim a specific extensive alteration exceeds a permissible "modification" and constitutes a "distortion" under Article 11, once again mirroring the employment relationships profile.

General regime: FOPs

A distinct set of intellectual property challenges arises when an Individual Entrepreneur (FOP) acts not as a developer, but as the commissioning party ordering works from other freelancers or contractors. In the widespread cluster of FOPs model, a lead founder typically enters into direct civil law agreements with other independent contractors to develop components of the product. Legally, this relationship is governed by the **regime of a "commissioned work."** Under the already mentioned Article 15 of Law No. 2811-IX, the proprietary rights to such works transfer to the commissioning FOP at the moment of the work's creation, unless the contract explicitly stipulates otherwise. While this statutory presumption facilitates the initial transfer from the freelancer to the founder, it does not solve the structural issue.

The cluster of FOPs model generates a unique systemic threat known as **asset fragmentation**. Since a FOP is a natural person and not a corporate entity, any IP rights acquired by a founder-FOP become their personal property, legally indistinguishable from their private assets. In a startup operating as a cluster of multiple co-founders, different components often end up owned by different individuals (e.g., in an IT startup, the backend code might belong to the CTO-FOP, while the brand and trademark rights are registered to the CEO-FOP). Consequently, the "startup" as a unified investable asset does not legally exist; instead, it represents a collection of disparate rights held by unconnected individuals.

To remedy this prior to an investment round, founders are often forced to execute a complex series of assignment deeds to consolidate all IP rights onto a newly created LLC or a foreign holding structure, effectively acting as an SPV. This consolidation process triggers strict scrutiny during legal due diligence. If the chain of title from the original sub-contractors to the commissioning FOPs and subsequently to the company is broken, e.g, due to missing contracts

with early freelancers or vague transfer clauses, the company's valuation can be severely discounted.

Special regime: Diia City

The Diia City regime (Law No. 1667-IX) establishes a streamlined IP framework designed to eliminate administrative bottlenecks. For gig-specialists, Article 24 ensures that all **proprietary rights** transfer to the resident company automatically at the moment of creation, thereby removing the need for cumbersome “act-by-act” transfer documentation often required in standard civil contracts. Regarding **moral rights**, the regime aligns gig-contracts with the legal framework for commissioned works under Article 15 of Law No. 2811-IX.

Special regime: defense and secret inventions

For startups in the MilTech sector, IP rights may be subject to the regime of state secrets. Under the Law “On State Secrets” (No. 3855-XII)[42] and the Law “On Protection of Rights to Inventions and Utility Models” (No. 3687-XII), inventions containing classified information must undergo a closed (“secret”) patenting procedure. The ability of the patent owner to license or transfer such IP is significantly restricted, as Article 28 of Law No. 3687-XII stipulates that any such transactions require explicit approval from the State Expert, while Article 32 of Law No. 3855-XII strictly limits cross-border transfers. Moreover, under Article 36 of the Law “On Defense Procurement” (No. 808-IX)[43], the State automatically becomes the owner of any intellectual property rights created at state expense during the performance of a defense contract.

Special regime: public research institutions

For startups operating in science-intensive sectors, such as AgriTech, MedTech, Energy, or Defense Tech, the core intellectual property often originates not from private development but from the laboratories of higher education institutions or state research institutes. This specific configuration typically arises in two scenarios: when academic staff or students seek to commercialize their scientific results by founding a distinct spinoff entity, or when an existing private venture seeks to integrate a specific technology developed within the public sector into its product. In both cases, the intellectual property underlying these startups is usually created using state budget funds, which prevents simple assignment and triggers a complex regulatory

[42] Про державну таємницю
[43] Про оборонні закупівлі

framework governed by the Law of Ukraine “On State Regulation of Activities in the Sphere of Technology Transfer” (No. 143-V)[44] and the Law “On Science and Scientific and Technical Activity” (No. 848-VIII)[45].

Unlike private R&D, where IP rights usually vest in the employer-company, the ownership of **state-funded research** is subject to a dual regime. Under Article 11 of Law No. 143-V, proprietary rights to technologies created at the expense of the state budget belong to the executing institution (university or research institute), unless the contract with the state funding agency stipulates otherwise. Critically for investors, this Article contains a mandatory reservation: if a technology is created for national security or defense needs, or if the state fully finances its development for a specific targeted use, the proprietary rights belong to the State. In such cases, a startup cannot “own” the technology; it can only obtain a license to use it. Furthermore, the transfer of such dual-use or sensitive technologies to foreign jurisdictions is strictly regulated and requires export control permits.

The primary mechanism for a private startup to access university IP is through a Technology Transfer Agreement (typically a license). While legislation theoretically permits the full assignment (sale) of rights (subject to approval by the governing body under Article 11, Part 4 of Law No. 143-V), university administrators often default to non-exclusive licensing due to bureaucratic risks. The valuation of IP constitutes the main bottleneck: transferring rights to a private entity at a price below “book value” may be interpreted by the State Audit Service as the misappropriation of state assets. Consequently, startups often operate on the basis of licenses that may be revocable or territorially limited. For VC investors, this creates a chain of title risk. Due diligence must confirm that the university had the legal authority to license the specific technology (i.e., it was not classified as exclusively state-owned under defense protocols) and that the license terms allow for sub-licensing and transfer in the event of an exit.

To facilitate deep-tech commercialization, the state introduced a mechanism for institutions to directly co-found startups, known as **scientific spinoffs**. Article 60 of Law No. 848-VIII explicitly authorizes state scientific institutions and universities to be founders or co-founders of business entities. A crucial imperative of this model is the form of contribution: the law mandates that the university’s contribution to the authorized capital must be made exclusively in the form of intangible assets (IP rights), not cash. This structure is designed to capitalize IP without diverting budget funds. For the startup, this offers a cleaner alternative to licensing: the startup obtains ownership of the IP rights as a contribution to its capital, while the

[44] Про державне регулювання діяльності у сфері трансферу технологій
[45] Про наукову і науково-технічну діяльність

university receives a minority equity stake (corporate rights). However, the university's share in profits is statutorily earmarked for reinvestment into its statutory activities, which limits the flexibility of dividend distribution.

The ecosystem for such interactions is further structured by the Law of Ukraine "On Science Parks" (No. 1563-VI)[46], significantly liberalized by amendments in 2021 (Law No. 1714-IX)[47]. These changes allow higher education institutions to create science parks without the cumbersome approval of the Cabinet of Ministers, simply via a decision of the founder. Under Article 13 of this Law, partners of a science park (which can include private startups) are entitled to utilize the intangible assets of the university on preferential contractual terms. This framework creates a "legal sandbox" where the valuation and transfer of IP can be managed with greater flexibility than in direct bilateral contracts.

Taxation

Determining the appropriate tax strategy is a core component of a startup's business model, directly influencing its burn rate, compliance load, and attractiveness to investors. This task requires a clear understanding of the divergent regulatory regimes available.

Ukraine's taxation landscape presents a multi-tiered ecosystem where traditional fiscal rules coexist with progressive, sector-specific incentives designed to accelerate individual industries (e.g., digital, MilTech, etc.). The primary legislative framework governing fiscal relations is the Tax Code of Ukraine, whereas sectoral laws and by-laws govern specific industry incentives.

Since the most popular forms of startup incorporation are LLCs and FOPs, the focus is on possible tax regimes for these particular types of businesses.

General regime: LLCs

Startups registered as LLCs and operating outside special regimes like Diia City face a standard, somewhat heavy tax burden:

[46] Про наукові парки

[47] Про внесення змін до деяких законів України щодо активізації діяльності та розвитку наукових парків

Table 2. Tax rates for LLCs under the general tax regime in Ukraine

Corporate Income Tax (CIT)	Value Added Tax (VAT)	Payroll taxes
18% on net profit	■ Mandatory if annual sales > UAH 1 million, net of VAT ■ Standard rate - 20% ■ Reduced rates (0%, 7%, 14%) apply for certain categories (exports, medical devices and supplies, agricultural products) ■ Until January 1, 2023, there was a VAT exemption for the supply of IT software domestically; currently, 0% rate applies only for exports	■ Personal income tax: 18% (deducted from the employee's salary) ■ Military tax: 5% (deducted from the employee's salary) ■ Unified Social Contribution (USC): 22% (paid by the employer on top of the salary)

Entities operating under the general regime face a rigorous compliance calendar primarily driven by CIT and VAT. The frequency of CIT reporting depends on the annual income threshold: companies with an annual income exceeding UAH 40 million must submit quarterly declarations (within 40 days after the quarter ends) and pay the tax within 10 days of the deadline. Smaller entities (income under UAH 40 million) benefit from an annual reporting cycle (within 60 days after the year ends). Conversely, VAT administration is strictly monthly: registered payers must submit returns by the 20th and settle liabilities by the 30th of the following month, alongside the continuous real-time registration of tax invoices.

The general regime represents the highest level of administrative burden in the Ukrainian tax system. Unlike the cash-based simplified system, LLCs must maintain full accrual-based accounting to calculate the taxable financial result (net profit). Reporting is exclusively electronic, typically submitted via the Taxpayer Cabinet or specialized software like M.E.Doc using a QES. Furthermore, starting January 1, 2025, the reporting frequency for payroll taxes has shifted from quarterly to monthly (the “United Report”), requiring companies to process and submit detailed employee data 12 times a year, significantly increasing the operational workload for accounting departments.

At the same time, the LLC may choose a **simplified taxation system**[48], in particular Group III, if the annual income does not exceed 1167 minimum wages (UAH 9,336,000 as of November 2025). If this amount is exceeded, the LLC is automatically transferred to the general taxation system. The tax rates for the simplified system are as follows:

Table 3. Tax rates for Group III LLCs under the simplified tax regime in Ukraine

CIT	VAT	Military tax	Payroll taxes
■ 3% (if registered as a VAT payer) ■ 5% (without VAT)	If the LLC registers as a VAT payer, standard rates apply	1% of the total sum of funds received on the account	Standard rates apply

The simplified regime offers a significantly more predictable schedule compared to the general system. The single tax and the military tax are paid quarterly, with the deadline set at 10 calendar days following the reporting limit (typically by May 20, August 20, November 20, and February 20). However, entities that opt for the 3% single tax rate must also comply with the monthly VAT regime, creating a hybrid compliance burden where VAT liabilities are settled monthly while corporate income taxes are settled quarterly.

Reporting under this regime is of medium complexity. LLCs must submit the Single Tax Declaration quarterly (within 40 days after the quarter ends), which is notably simpler than the general CIT return as it relies strictly on cash-method revenue calculation without the need to substantiate expenses for tax purposes. All submissions are electronic. A critical administrative layer is added for companies with employees, who must file the monthly Unified Report on payroll taxes, matching the frequency of the general regime.

General regime: FOPs

FOPs most often use one of the four groups of the simplified taxation system. Their distinctive characteristic is that such FOPs are not required to pay VAT, unlike under the general taxation system, where a FOP becomes a VAT payer if its annual sales exceed UAH 1 million, net of VAT. However, in November 2025, Ukraine reached[49] a staff-level agreement with the IMF on a

[48] This option is not available to companies: (i) in whose authorized capital the share of non-single tax payers exceeds 25%; (ii) with tax arrears; (iii) engaged in gambling, financial intermediation, trade in excisable goods, mining operations, etc.; (iv) non-residents; (v) companies with unregistered branches.

[49] Ukraine and the IMF reached Staff-Level Agreement on a new $ 8.1 billion Extended Fund Facility (EFF) Arrangement

new financing program worth $8.2B, which provides for the implementation of fiscal measures aimed at increasing budget revenues, including a significant reform of the simplified taxation system. Although immediate changes are not planned for the 2026 budget, the government is committed to submitting a draft law that would require all FOPs with an annual turnover exceeding UAH 1 million to register as VAT payers, effectively preparing the legislative ground for the new tax regime to launch in 2027[50]. Beyond the additional financial liability, this transition is expected to impose a substantial administrative burden on FOPs, given that VAT compliance involves complex documentation and reporting procedures that are significantly more demanding than the current simplified framework.

Legally approved activities for **Group I** include retail trade in markets and the provision of household services to the population with no hired employees. The annual income limit is 167 minimum wages (UAH 1,336,000 as of November 2025). This group pays the majority of their taxes (except for the USC) monthly in the respective amounts:

Table 4. Tax rates for Group I FOPs under the simplified tax regime in Ukraine

Single tax	USC	Military tax
10% of the subsistence minimum (UAH 302.80 as of November 2025)	22% of the minimum wage (UAH 1,760 as of November 2025)	10% of the minimum wage (UAH 800 as of November 2025)

Legally approved activities for **Group II** are the provision of services to the population and single tax payers; at the same time, cooperation with legal entities subject to the general taxation system, non-profit organizations, utility companies, budgetary institutions, and non-residents is prohibited. Such FOPs can have up to 10 employees, and their annual income limit is 834 minimum wages (UAH 6,672,000 as of November 2025). Similar to Group I, this group pays taxes monthly, except for the USC, and the amounts are as follows:

Table 5. Tax rates for Group II FOPs under the simplified tax regime in Ukraine

Single tax	USC	Military tax	Payroll taxes
20% of the minimum wage (UAH 1,600 as of November 2025)	If the LLC registers as a VAT payer, standard rates apply	10% of the minimum wage (UAH 800 as of November 2025)	Standard rates apply

[50] Зміни оподаткування ФОПів, Міндічгейт, перемовини з МВФ і гроші на війну. Особлива розмова з очільником Мінфіну і головою НБУ

Group III FOPs can engage in any type of activity, except for those that are prohibited for all individual entrepreneurs on the simplified taxation system (such as gambling, currency exchange, sale of antiques, touring events, etc.); work with foreign customers; and employ an unlimited number of staff. The annual income limit is significantly higher than that of Groups I and II and amounts to 1167 minimum wages (UAH 9,336,000); furthermore, Group III pays taxes quarterly instead of monthly and is the only simplified taxation group that can be a VAT payer. This group is most often chosen for the registration of startups by those who opt for the FOP track.

The taxation rates are the same as in the case of Group III LLCs (see above), with the difference that a FOP additionally pays ***USC*** for themselves in the amount of 22% of the minimum wage (UAH 1,760).

Group IV represents a unique taxation model for farmers. To be eligible for this group, a FOP must meet strict criteria: operate exclusively within the farming enterprise; grow, fatten, harvest and process their own agricultural products; use or own agricultural land of at least 0.5 ha but not more than 20 ha; and not use the labor of hired persons (all employees must be members of the farming enterprise, who, in turn, can only include family members). For this group, the single tax rate depends on the area of agricultural land and its normative monetary value.

The payment schedule for individual entrepreneurs under the simplified taxation system varies by group. Groups I and II operate on a rigid monthly advance payment cycle: the fixed single tax and the fixed military tax must be paid by the 20th of the current month. The USC for the founder is paid quarterly (by the 20th of the month following the quarter). In contrast, Group III FOPs follow a quarterly “pay-as-you-go” model: the percentage-based single tax and the turnover-based military tax are paid within 10 days after the quarterly declaration deadline, aligning tax outflows with actual revenue generation.

Reporting requirements are differentiated: Groups I and II benefit from the lowest administrative burden, filing a single Annual Declaration (due within 60 days after year-end). Group III entrepreneurs must submit declarations quarterly (within 40 days after the quarter ends), reporting their cumulative income. While the reporting format is fully digital and user-friendly (often automated via banking apps or the Diia portal), complexity spikes for any FOP employing staff, as they are immediately subject to the standard monthly payroll reporting obligations for all employees.

A **general taxation system** applies to individual entrepreneurs who have exceeded the limits of the simplified system or are engaged in activities prohibited from being taxed under the single tax. The tax base is net income; taxes are paid in the following amounts:

Table 6. Tax rates for FOPs under the general tax regime in Ukraine

VAT	Personal income tax	USC	Military tax	Payroll taxes
Mandatory if annual sales > UAH 1 million, net of VAT (standard rates apply)	18% of net income	22% of net income	5% of net income	Standard rates apply

Entrepreneurs on the general system are subject to a system of quarterly advance payments and a final annual settlement. FOPs must calculate their net income (revenue minus documented expenses) and remit advance payments for both personal income tax and the military tax by the 20th day of the month following each calendar quarter (April, July, and October). The final tax liability is settled after the submission of the annual tax return. Additionally, the USC must be paid quarterly (by the 20th of the month following the quarter), regardless of whether the entrepreneur had active income in that specific period (unless specific exemptions for mobilized individuals apply).

Reporting for the general system is annual, with the Property and Income Declaration due by May 1 of the following year. While the frequency of reporting is low, the complexity is high: entrepreneurs are required to keep meticulous records of all primary documents (invoices, acts of acceptance, bank statements) to justify expenses and reduce the taxable base. If the FOP has employees, they are also subject to the new monthly payroll reporting requirement introduced in 2025, which replaces the previous quarterly system, thereby aligning their payroll compliance burden with that of corporate entities. All reports are submitted electronically through the Diia portal or the State Tax Service's electronic cabinet.

Special tax regime: Diia City

Diia City residents can choose between two corporate tax models: the standard CIT (18%) or the specialized Withdrawn Capital Tax (WCT). Most tech startups opt for the WCT model as it allows for tax-free reinvestment of profits. The tax rates under this model are as follows:

Table 7. Tax rates under the Diia City tax regime in Ukraine

WCT	Payroll taxes
■ 9% levied only on specific operations that withdraw capital from the company (e.g., dividend payments, non-business expenses, royalties) ■ If profit is reinvested into business development, the rate is 0%	■ Personal income tax: 5% ■ Military tax: 5% ■ USC: 22% of the minimum wage (currently UAH 1,760 per month), regardless of the actual salary amount

WCT is paid quarterly, within 10 calendar days after the deadline for submitting the quarterly tax return. It requires submitting a specific Simplified Corporate Income Tax Declaration on a quarterly basis (within 40 days after the quarter ends). As for the payroll taxes, employers must submit the Monthly Unified Report by the 20th of the following month, consistent with the general reporting rules introduced in 2025.

Beyond standard tax filings, Diia City residents are subject to a specific compliance monitoring regime to ensure they continue to meet the residency criteria (salary levels, staff headcount, qualified income). The Initial Compliance Report is submitted once, covering the first three full calendar months of residency. It must include an independent audit opinion and is due within 6 months of acquiring resident status. The Annual Compliance Report is submitted annually by June 1 of the following year. This comprehensive report confirms adherence to all Diia City criteria and must also be accompanied by an independent assurance report from an auditor. Failure to submit this report or meet the criteria results in the loss of Diia City status.

Special tax regime: Defense City

A parallel, specialized regime is emerging for the defense-industrial complex, conceptually referred to as Defense City. Unlike Diia City, which targets IT and creative industries with payroll incentives, Defense City is designed for hardware manufacturers and defense contractors, prioritizing capital reinvestment over low labor taxes.

The regime is operational following the entry into force of the Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine regarding Support of Defense-Industrial Complex Enterprises" (No. 4577-IX)[51]. Following the first legislative steps

[51] Про внесення змін до Податкового кодексу України та інших законів України щодо підтримки підприємств оборонно-промислового комплексу

regarding customs regulations[52], this legislation creates a specific legal category for "Residents of Defense City", included in a dedicated Registry maintained by the Ministry of Defense.

A resident is a legal entity (which includes LLCs and excludes individual entrepreneurs) primarily engaged in the development or production of defense goods. Similar to Diia City, there is a requirement for "qualified income", which is defined as income from the sale of defense goods, identifying the entity's primary purpose. In particular, at least 75% of total revenue must be derived from the production/supply of goods, works, or services for the defense sector (50% for aircraft manufacturing).

The entity is prohibited from paying dividends to private shareholders. All profits must be reinvested or directed to the state budget.

The law explicitly prohibits residency for entities beneficially owned by residents of the Russian Federation or Belarus. The screening process here is far more invasive than for standard LLCs, involving vetting by security services to prevent espionage and sabotage.

The Defense City regime offers a "0% Corporate Tax" model but does not provide incentives for payroll taxes. The taxation system is as follows.

Table 8. Tax rates under the Defense City tax regime in Ukraine

CIT	VAT	Payroll taxes
■ 0%, conditional on full reinvestment of profit in the development of the enterprise, R&D, innovation, or charity for the Armed Forces of Ukraine	Standard rates apply, with specific exemptions on the import of components for manufacturing defense goods	Standard rates apply

[52] The first practical steps towards establishing the regime have been realized through the Law of Ukraine "On Amendments to the Customs Code of Ukraine regarding Support of the Defense-Industrial Complex." This Law provides immediate operational relief for defense manufacturers, streamlining the temporary admission regime for goods and equipment used in the development or production of defense products, exempting specific transport vehicles imported for defense purposes from standard environmental compliance certification, and mandating the State Customs Service to publish depersonalized open data on customs formalities (where it does not compromise national security), improving market predictability for importers.

CIT	VAT	Payroll taxes
■ If dividends are paid (except to the State Budget), the exemption is lost		

Labor relations and talent management

The regulatory framework governing labor relations in Ukraine is currently navigating a complex transition. It is balancing the rigid legacy of the Soviet-era Labor Code of 1971 with the flexible needs of the modern digital economy, while simultaneously adapting to the constraints of martial law. For startups, the choice of how to structure relationships with their team, whether through traditional employment, B2B contracts with FOPs, or the specialized Gig-contracts under Diia City, defines not only their operational agility but also their compliance burden regarding military accounting and social security.

General regime

For companies operating outside the Diia City regime, labor relations are governed by the Code of Laws on Labor of Ukraine (Labor Code)[53]. This framework is historically characterized by high employee protection and bureaucratic rigidity, making it difficult for dynamic startups to hire or dismiss staff rapidly. However, since the onset of the full-scale invasion, these rules have been substantially modified by the **Law of Ukraine "On Organization of Labor Relations Under Martial Law" (No. 2136-IX)**[54] to provide employers with more flexibility.

Under Law No. 2136-IX, which remains in effect for the duration of martial law, standard LLCs are granted the right to suspend employment contracts if the provision of work is impossible due to military aggression. This suspension does not terminate the employment relationship but pauses the obligation to pay salaries. Furthermore, the law simplifies dismissal procedures and allows for the extensive use of fixed-term contracts, which were previously restricted, thereby allowing startups to manage their runway more effectively during uncertain times.

Despite these wartime liberalizations, the general employment regime imposes a significant administrative burden regarding **military accounting**. According to the Law "On Mobilization

[53] Кодекс законів про працю України
[54] Про організацію трудових відносин в умовах воєнного стану

Preparation and Mobilization" (No. 3543-XII)[55], employers act as primary agents for the Territorial Recruitment Centers. They are obligated to maintain detailed military records of all liable employees and ensure their timely notification upon request by the authorities.

It is also critical to note the recent adoption of the Law of Ukraine No. 4630-IX[56], which enters into force on December 4, 2025. It introduces a temporary reservation for employees of defense industry enterprises who have problems with military records (missing documents, out-of-date military registration data, etc.). This reservation is granted for 45 days and does not exempt from liability for registration violations. Such employees are also subject to a probationary period of no more than 45 days.

Special regime: B2B-contracts with FOPs

To bypass the rigidities of the Labor Code, a significant portion of the Ukrainian tech ecosystem historically operates via civil law contracts with FOPs, governed by the **Civil Code of Ukraine**. In this model, the startup does not hire an employee but contracts a service provider. This offers maximum flexibility and tax efficiency (especially for Group III FOPs). However, this model carries the inherent regulatory risk of being reclassified as "hidden employment" by the State Labor Service, potentially leading to severe fines and the retroactive application of standard payroll taxes.

Special regime: Diia City and gig-contracts

The introduction of the Diia City legal regime created a "third way" designed specifically for the tech sector: the **gig-contract**. This instrument combines the flexibility of a B2B contractor relationship with the social security of traditional employment. A gig-specialist is not an employee under the Labor Code, yet the Law "On Stimulating the Development of the Digital Economy in Ukraine" (No. 1667-IX) guarantees them basic social rights, such as paid breaks (minimum 17 working days per year), sick leave coverage, and protection against unilateral contract termination without compensation.

For startups registered as legal persons, the gig-contract is the optimal instrument for scaling. It allows companies to retain full ownership of intellectual property created by the specialist automatically (unlike the ambiguous default rules of the Civil Code) and permits the inclusion of non-disclosure and non-compete agreements directly into the contract, clauses that are

[55] Про мобілізаційну підготовку та мобілізацію

[56] Про внесення змін до деяких законів України щодо організації трудових відносин в умовах воєнного стану

unenforceable under standard labor law. Furthermore, Diia City residents are exempt from the requirement to obtain work permits for foreign gig-specialists, significantly widening the talent pool.

Sector-specific regulation

Beyond the general rules of corporate structure and taxation, startups in regulated industries face additional legislative requirements. In sectors such as healthcare, education, energy, etc., market access is controlled by specialized laws. Success in these fields depends on securing specific licenses and certifications, which often serve as the primary legal threshold for entering the market.

MedTech

For startups operating at the intersection of technology and healthcare, the primary regulatory threshold is the classification of their product as a medical device. Under the Law of Ukraine "On Technical Regulations and Conformity Assessment" (No. 124-VIII)[57] and the Cabinet of Ministers Resolution "On Approval of the Technical Regulation on Medical Devices" (No. 753)[58], software can be classified as a medical device if it is intended by the manufacturer to be used for diagnostic or therapeutic purposes. If a MedTech startup develops software that merely tracks fitness or general well-being, it avoids this regime. However, if the algorithm interprets data to provide a medical diagnosis or treatment recommendation, it must undergo conformity assessment procedures. For low-risk devices (Class I), the startup may issue a declaration of conformity under its own responsibility, but for higher-risk categories (Class IIa, IIb, and III), the involvement of a designated conformity assessment body is mandatory. Furthermore, MedTech startups processing patient health data must comply with the strict regime for sensitive data under Article 7 of the Law of Ukraine "On Protection of Personal Data" (No. 2297-VI)[59], which requires specific consent mechanisms and enhanced data security protocols similar to GDPR standards.

EdTech

In the education technology sector, the regulatory burden depends entirely on whether the startup intends to issue state-recognized credentials. According to the Law of Ukraine "On

[57] Про технічні регламенти та оцінку відповідності
[58] Про затвердження Технічного регламенту щодо медичних виробів
[59] Про захист персональних даних

Education" (No. 2145-VIII)[60], educational activity is subject to mandatory licensing only if it involves the provision of complete levels of education (such as preschool, general secondary, or higher education) that results in the issuance of state-standard documents. Consequently, EdTech startups operating as platforms for non-formal education (coding bootcamps, upskilling courses, tutoring marketplaces, etc.) are generally exempt from licensing requirements and can operate as providers of information or consulting services. However, ventures seeking to establish fully accredited private online schools or universities must navigate the licensing procedures defined by the Cabinet of Ministers[61], which involve strict requirements regarding staffing, curriculum compliance, and material-technical bases, even for digital-first providers.

Energy

The regulatory landscape for Energy startups is governed by the Law of Ukraine "On the Electricity Market" (No. 2019-VIII)[62], which establishes an unbundled market model aligned with the EU's Third Energy Package. For startups developing generation or storage hardware, market participation often requires licensing. Specifically, activities such as the production of electricity (if capacity exceeds certain thresholds), energy storage, and electricity trading are subject to licensing by the National Energy and Utilities Regulatory Commission.

A critical innovation for startups in the renewables sector is the "active consumer" (prosumer) mechanism introduced through recent legislative amendments[63]. This framework allows businesses and small producers to install generating installations (e.g., solar panels) and sell surplus energy to the grid under the "Net Billing" mechanism (or self-production mechanism / механізм самовиробництва), offering an alternative to the older "Green Tariff" scheme for new small-scale entrants. While this approach enables Energy startups to monetize distributed generation assets without becoming full-scale utility companies, eligibility and operational conditions, such as installation capacity, registration with the grid operator, and compliance with regulatory requirements, must be carefully observed.

AgriTech

[60] Про освіту
[61] Про затвердження Ліцензійних умов провадження освітньої діяльності
[62] Про ринок електричної енергії
[63] Про внесення змін до деяких законів України щодо відновлення та "зеленої" трансформації енергетичної системи України

For AgriTech startups, particularly those requiring physical testbeds or dealing with precision agriculture, the Land Code of Ukraine[64] imposes significant constraints on asset ownership. While the land market was opened by Law No. 552-IX[65], the ownership of agricultural land is currently restricted to Ukrainian citizens and legal entities beneficially owned by Ukrainians. Foreign investors and startups with foreign capital are statutorily prohibited from acquiring agricultural land until the issue is resolved by a national referendum. Consequently, AgriTech ventures with foreign backing must structure their operations through lease agreements (emphyteusis) rather than ownership.

Additionally, startups utilizing drones for commercial operations, such as crop monitoring or spraying, and especially near critical infrastructure, populated areas, or restricted zones, must carefully consider aviation regulations, which classify UAVs as aircrafts.

E-commerce

For startups launching e-commerce platforms or marketplaces, the regulatory framework is primarily defined by the Law of Ukraine "On Electronic Commerce" (No. 675-VIII)[66]. This legislation establishes the legal validity of electronic contracts, equating terms accepted via a digital action with written documents, provided the startup clearly discloses its identity, location, and tax status to the consumer. A critical compliance checkpoint for this sector is the Law "On Protection of Consumer Rights" (No. 1023-XII)[67], which mandates strict rules regarding return policies and product information disclosure. Furthermore, e-commerce startups must navigate the rigorous fiscalization requirements imposed by the Law "On Application of Settlement Transaction Registers in Trade, Public Catering and Services" (No. 265/95-BP)[68]. Unlike pure software companies, online retailers accepting payments for goods or services are generally required to utilize physical or software-based registrars to generate fiscal receipts for every transaction, a requirement that applies even to many FOPs and creates a significant technical integration burden for platform operators.

Virtual assets and blockchain

[64] Земельний кодекс України
[65] Про внесення змін до деяких законодавчих актів України щодо умов обігу земель сільськогосподарського призначення
[66] Про електронну комерцію
[67] Про захист прав споживачів
[68] Про застосування реєстраторів розрахункових операцій у сфері торгівлі, громадського харчування та послуг

The regulatory environment for startups dealing with cryptocurrencies, tokenization, or blockchain infrastructure is currently characterized by a state of legislative suspension. The Law of Ukraine "On Virtual Assets" (No. 2074-IX)[69] was adopted to provide a comprehensive framework, defining virtual assets as intangible goods and establishing a licensing regime for service providers (such as exchanges and custodians) under the supervision of the National Securities and Stock Market Commission. However, pursuant to the Final Provisions of this Law, its entry into force is strictly conditional upon the adoption of amendments to the Tax Code of Ukraine defining the specific taxation regime for virtual asset operations. Since these tax amendments have not yet been enacted, the specialized regulatory regime remains dormant.

Consequently, blockchain startups currently operate in a transitional legal environment governed by the general provisions of the Civil Code of Ukraine. Specifically, while the specialized law is dormant, the Civil Code now explicitly recognizes "digital things" (цифрові речі), a category that expressly includes virtual assets (Articles 177 and 179-1). While this allows them to be held and transferred as objects of civil rights, the absence of an operational specialized regulatory regime creates significant compliance risks articularly in banking operations and financial monitoring. Banks and financial institutions, lacking clear guidance on virtual asset transactions, may apply rigorous anti-money-laundering scrutiny, which can result in practical obstacles for fiat-to-crypto and custody services.

1.4.4.2 Assessment of strategic policy documents

The strategic landscape governing the startup and innovation ecosystem in Ukraine is currently defined by a multi-layered framework of policy documents covering broad national economic goals, digital transformation agendas, and sector-specific development plans. This section examines these policy instruments to determine their effectiveness in creating a favorable environment for startups, particularly in light of Ukraine's European integration aspirations and the benchmarks set by the ESNA.

The analysis uses a dual approach: firstly, it assesses high-level national strategies that set the basic macroeconomic and digital agenda for all market participants, and then analyzes specific sectoral frameworks to understand how vertical policies in fields such as defense, healthcare, energy, agriculture, and finance directly impact the regulatory reality and growth potential of specialized startups.

[69] Про віртуальні активи

General strategies

The strategic baseline of the Ukrainian startup and innovation ecosystem comprises a set of cross-cutting policies establishing the rules for all economic actors. These documents lay out the state's long-term vision for digital infrastructure, economic liberalization, human capital development, etc., providing the foundational framework for any startup regardless of its specific industry vertical.

Strategy for the Digital Development of the Innovation Activity Sphere of Ukraine until 2030 (WINWIN)

The Strategy for the Digital Development of the Innovation Activity Sphere of Ukraine until 2030, colloquially known as the WINWIN: Global Innovation Strategy until 2030, represents the most comprehensive and modern attempt by the Ukrainian government to systematize its approach to the innovation economy. Approved by the Cabinet of Ministers Resolution No. 1351-p[70] on December 31, 2024, this document serves as the central pillar for the nation's startup policy for the coming decade. It explicitly articulates a vision of Ukraine as a country of innovations, aiming to transform the state from a resource-based economy into a knowledge-based powerhouse where innovation constitutes a primary driver of national security and economic resilience. The document is structurally sound, identifying problems such as the destruction of scientific infrastructure due to the full-scale war and the brain drain of researchers, and proposing a structured set of strategic goals to mitigate these problems.

Analysis of the WINWIN Strategy reveals its deep alignment with the principles of the "Digital First" Sub-standard (***ESNA Standard #8***), where Ukraine already demonstrates high competence. The strategy posits **digital technologies** not merely as a sector of the economy, but as the fundamental infrastructure upon which the entire innovation ecosystem must be built. This is evident in its prioritization of GovTech solutions and the integration of digital tools into public administration, aiming to reduce bureaucratic friction for startups.

The strategy acknowledges the severe impact of the war, noting that between February 2022 and January 2024, over 1,440 buildings belonging to scientific institutions were damaged or destroyed, and over 10,000 scientists were forced to migrate. In response, the strategy does not simply aim for recovery but proposes a jumpstart approach, using the need for reconstruction to establish a modern, digital infrastructure for research and development,

[70] Про схвалення Стратегії цифрового розвитку інноваційної діяльності України на період до 2030 року та затвердження операційного плану заходів з її реалізації у 2025-2027 роках

essentially attempting to turn physical destruction into an opportunity for digital modernization.

The WINWIN Strategy identifies the following **priority technology sectors** that are to receive targeted state support and deregulation: education, science, and innovation; defense; medicine; governance (GovTech); agriculture and land management; semiconductor technologies; cybersecurity; artificial intelligence; immersive technologies; space technologies. These sectors closely map to the areas where startups are most active and where global venture capital is currently flowing. This prioritization is a significant policy signal, suggesting that the government intends to move away from broad, non-specific support toward a focused allocation of limited resources to high-impact verticals. For the startup community, this implies that ventures operating within these sectors can anticipate more favorable regulatory regimes, access to specific grant programs, and integration into state procurement pipelines, particularly in defense and cybersecurity. The strategy explicitly references the need to create favorable conditions for these industries, which aligns with ESNA ***Standard #4 (Innovation in Regulation)***, although the current total score of 40% in this domain suggests a significant lag between the strategic vision and current regulatory realities.

One of the most significant structural innovations proposed by the WINWIN Strategy is the reform of the **governance of innovation**. It addresses a chronic weakness in the Ukrainian policy landscape: the fragmentation of authority between the Ministries of Education and Science, of Economy, the of Digital Transformation, and other bodies. To mitigate this, the document calls for the enhanced role of the Council for Innovation Development, the expanded mandates of Chief Digital Transformation Officers (CDTOs), and the designation of a responsible institution for coordinating the national innovation ecosystem. Although the Strategy does not introduce a centralized “single window” for innovation policy, it emphasizes strengthening coherence and reducing fragmentation through existing and newly designated coordination mechanisms.

A notable regulatory innovation in the Strategy is the introduction of a “regulatory platform”, a controlled environment for testing high-tech products, including those based on artificial intelligence, for compliance with national legislation and, where applicable, EU AI Regulation requirements. This mechanism functions as an analog to **innovation sandboxes**, allowing companies, particularly startups, to validate their technologies in a supervised environment before entering domestic or European markets, a direct nod to the ***ESNA Sub-standard #4.3***.

The document also tackles the issue of **human capital**, a critical component of ***ESNA Standard #2 (Attracting and Retaining Talent)***, where Ukraine scores strongly in visa processing but

faces challenges in talent retention due to the war. It acknowledges the distortion of incentives caused by years of underfunding in science and education, which has led to a disconnect between academic research and market needs. To remedy this, the WINWIN Strategy proposes greater financial and organizational autonomy for universities and research institutions, enabling them to commercialize research through spinoffs, technology transfer offices, and joint Diia.Business, Technology and Innovation Support centers, as well as the integration of Ukrainian researchers into the European Research Area (ERA). The document sets ambitious KPIs for 2030, including raising the share of R&D spending to 1.2% of GDP (up from 0.33% in 2023) and improving Ukraine's ranking in the Global Innovation Index to 45th place (up from 57 in 2023).

Furthermore, the **Operational Plan for 2025-2027** attached to the strategy provides concrete steps for implementation, including the development of a law on support and development of innovation activity, reviewing national digitization standards, piloting the use of immersive technologies across sectors, establishing the Science.City legal regime, and conducting an audit of existing state support instruments such as the Ukrainian Startup Fund to ensue that they do not merely distribute funding but actively stimulate private investment and support sustainable commercialization. On the contrary, interviews with ecosystem stakeholders suggest that the existence of a formal implementation plan does not fully resolve concerns about strategic operability in practice. **WINWIN is still not widely perceived as a strategy that provides sufficiently concrete and shared steps for implementation across the ecosystem, and stakeholders also indicated that the resources committed to its implementation remain insufficient to support effective delivery in practice.**

Strategy for the Development of the Innovation Activity Sphere for the Period up to 2030

Approved by Cabinet Resolution No. 526-p in July 2019[71], the Strategy for the Development of the Innovation Activity Sphere serves as the foundational, albeit dated, document for innovation policy.

Unlike the digital-centric and war-hardened WINWIN Strategy, this document focuses heavily on the structural and scientific underpinnings of the innovation ecosystem. It was drafted prior to the full-scale invasion, and its primary analysis centers on the innovation gap between Ukraine and developed economies, citing low value-added production and the obsolescence of the industrial base as critical threats. While the WINWIN Strategy focuses on digital acceleration, this 2019 strategy provides the broader theoretical and legislative framework for

[71] Про схвалення Стратегії розвитку сфери інноваційної діяльності на період до 2030 року

the national innovation ecosystem, defining the roles of scientific institutions, educational bodies, and industrial enterprises in the innovation cycle.

The document is underpinned by a **rejection of previous "sectoral priority" approaches**: the state should not pick winners but create horizontal conditions for all innovators. This aligns with the ESNA philosophy of standardized, supportive frameworks rather than targeted subsidies. The Strategy diagnoses systemic weaknesses (such as underdeveloped tech transfer mechanisms, weak commercialization incentives, and the absence of a venture capital culture) and proposes deregulation and innovation infrastructure development as remedies.

A significant portion of the strategy is dedicated to the concept of **technology transfer**. It notes the existence of legal barriers that prevent universities and scientific institutions from effectively contributing IP to startups and spinoffs, even though since 2015, Article 60 of the Law No. 848-VIII has allowed state research institutions and universities to become founders of companies by contributing their IP rights to the authorized capital. Subsequent legislation, including Law No. 3035-IX[72] (2023), clarified some of the practical aspects of such a founding, allowing universities to retain a portion of the dividends from such participation. This directly relates to ***ESNA Standard #5 (Innovation in Procurement).***

The strategy also addresses the **innovation infrastructure**, calling for the state to support the creation of incubators, accelerators, and innovation clusters. However, it notably emphasizes that this support should transition from direct funding to co-financing and creating favorable regulatory regimes. This nuance is critical for startups, as it suggests a policy shift toward public-private partnerships rather than state-dominated innovation hubs. The document proposes mechanisms similar to innovation vouchers (funding specific services like lab tests and marketing) and R&D tax incentives to stimulate demand for innovation and expand early-stage financing.

At the same time, despite its comprehensive scope, the Strategy's relevance has diminished due to post-2022 shifts in Ukraine's security and economic landscape. Its structural diagnosis remains accurate, but it does not account for wartime destruction or the rise of MilTech as a key innovation driver (though it does briefly mention dual-use technology inventory). It is therefore best viewed as a foundational layer to the WINWIN Strategy: where the latter provides the agile, digital, and defense-oriented impetus, the 2019 Strategy provides a roadmap for reforming the scientific and educational institutions that feed the startup pipeline with intellectual property and talent.

[72] Про внесення змін до Бюджетного кодексу України

National Economic Strategy until 2030

The National Economic Strategy until 2030 (NES 2030), approved by the Cabinet of Ministers Resolution No. 179[73] in March 2021, acts as the overarching framework for all economic policy in Ukraine. For the startup ecosystem, the NES 2030 is foundational because it codifies the principles of economic freedom, fair competition, and the rule of law as state priorities. The document explicitly lists "red lines", impermissible actions such as increasing regulatory pressure or halting reforms, which theoretically safeguard the liberalizing trends. This broad strategic cover is essential for maintaining the pro-business vector in times of crisis.

A key vector of the NES 2030 is the **digital economy**, framed as a horizontal driver of growth. The strategy aims for full digitization of public services, supporting ***ESNA Standards #1*** and ***#8***. By promoting the "state in a smartphone" concept, it provides the political mandate for initiatives like Diia, which has transformed business registration. The NES 2030 highlights underused human capital and low value-added exports, identifying IT and creative industries as key growth areas. It calls for the creation of special legal regimes for these industries, a directive that culminated in the launch of Diia City.

The strategy also addresses the **financial sector**, noting undercapitalization, limited credit, and a nascent stock market and venture capital ecosystem. It proposes the development of non-banking financial institutions and the introduction of a second pillar of pension systems, which could theoretically provide long-term institutional capital for venture funds. It also explicitly sets a goal to create a state "Fund of Funds." Unlike traditional state funds that invest directly in companies, this mechanism is designed to invest in a portfolio of private venture capital and equity funds. The strategy envisions the state acting as an "anchor investor" to de-risk investment and catalyze additional funding from international financial organizations and private investors into high-growth SMEs. This initiative has seen concrete progress: the Ukrainian Venture Capital and Private Equity Association officially launched[74] the Ukrainian Fund of Funds in 2024, with an initial target size of $300B and active fundraising for Ukraine-focused venture capital and private equity funds.

While war has disrupted timelines, the emphasis on financial diversification remains a critical policy instruction for the National Bank and Ministry of Finance to liberalize capital controls as soon as security conditions allow.

[73] Про затвердження Національної економічної стратегії на період до 2030 року
[74] Stormy Decade — A Ten-Year Retrospective on the Ukrainian Investment Landscape

Another critical aspect for startups is the **entrepreneurship vector**. NES 2030 targets improved global business rankings through deregulation and policies aligning with the "Think Small First" principle, reducing the administrative burden on SMEs, a nod to ***ESNA Standard #4***. The document acknowledges that regulatory instability and the discretionary power of inspectors are major barriers to entry for new firms. By setting a KPI for reducing the time and cost of compliance, the NES 2030 provides the high-level political cover for the specific deregulation initiatives pursued by the Ministry of Digital Transformation. However, the EU SNS Report 2024 indicates that despite these high-level goals, the practical application of "Think Small First" remains at 0%, highlighting a massive implementation gap.

The NES 2030's pre-war origin limits its current applicability in certain areas. Its assumptions about global trade flows and regional security were predicated on a different geopolitical reality. While its core goals of European integration and modernization remain valid, the specific timelines and investment targets (such as the ambitious goal of reaching $5B in venture capital financing) have been rendered obsolete by the conflict. Nevertheless, as a statement of intent, it firmly places the innovative economy at the center of Ukraine's future, ensuring that startup-friendly policies are not seen as niche interests but as essential components of national survival and recovery. It provides the statutory legitimacy for all subsequent, more specific strategies like the WINWIN one.

Strategy for Recovery, Sustainable Development and Digital Transformation of SMEs until 2027

The Strategy for Recovery, Sustainable Development and Digital Transformation of Small and Medium Enterprises (SME) until 2027, approved by the Cabinet of Ministers Resolution No. 821-p[75] in August 2024, is one of the most immediate and relevant documents for the operational realities of startups. Given that startups are, by definition, SMEs in their early stages, this strategy acts as their primary operational roadmap. The document is built around **four strategic goals**: recovery of business activity; innovation/digital transformation and the green transition; human capital and entrepreneurial culture development; and strengthening competitiveness and increasing exports. It explicitly adopts the European "Think Small First" principle, mandating that all new regulations be stress-tested for their impact on small businesses. This signals a conscious effort to align with ***ESNA Standard #4***, where Ukraine received a 0% score for the relevant sub-standard.

[75] Про схвалення Стратегії відновлення, сталого розвитку та цифрової трансформації малого і середнього підприємництва на період до 2027 року та затвердження операційного плану заходів з її реалізації у 2024-2027 роках

This strategy directly addresses the **financing gap** exacerbated by the war. It outlines measures to expand the Affordable Loans 5-7-9% program and to introduce portfolio guarantees, which de-risk lending for commercial banks. More importantly for startups, it emphasizes the development of alternative financing mechanisms, such as crowdfunding, factoring, and venture investment. The **Operational Plan for 2024-2027** includes specific tasks to liberalize the activities of venture funds and stimulate the Business Angel market, which targets the requirements of ***ESNA Standard #6 (Access to Finance)***. The strategy aims to increase the number of innovative SMEs and their share in national exports, recognizing that traditional SMEs cannot drive the rapid growth needed for post-war recovery.

Digitalization, under the strategy, goes beyond simple registration services to cover the digital maturity of businesses. The document proposes grant programs for SMEs to adopt digital tools (CRM, ERP systems), cybersecurity measures, and cloud computing. This is crucial for non-tech startups or traditional businesses pivoting to tech-enabled models. The document links these efforts to the “Digital Europe” program, facilitating access to EU-level funding and expertise. By promoting the digital intensity of SMEs, the strategy strives to ensure that the ecosystem is technically capable of integrating with the European Digital Single Market. This also includes support for digital innovation hubs (DIHs), which act as support centers for SMEs to test technologies before investing.

The **green transition** pillar introduces a new dimension to the Ukrainian policy landscape: sustainability as a competitiveness factor. The strategy outlines support for energy-efficient modernization and the adoption of circular economy models. For the startup ecosystem, this signals a growing demand for CleanTech and GreenTech solutions. The strategy plans to harmonize Ukrainian technical regulations with the EU’s Green Deal, creating a regulatory push for compliance technologies. This creates a niche for startups that can help traditional industries measure and reduce their carbon footprint.

Critically, the strategy acknowledges the **demographic crisis** and the need to reintegrate veterans and displaced persons into the economy. It proposes specific entrepreneurship programs for veterans and women, directly addressing ESNA ***Standard #7 (Social Inclusion and Diversity)***. By framing entrepreneurship as a tool for social adaptation and recovery, the government elevates the status of startup founders from businessmen to agents of social resilience. The strategy mandates the creation of regional support centers (Diia.Business) to decentralize access to consulting and aid, ensuring that the innovation economy is not solely concentrated in Kyiv or Lviv, but is inclusive of the diverse regions affected by the war.

Draft Strategy for the Development of the Intellectual Property Sphere of Ukraine until 2030

The Draft Strategy for the Development of the Intellectual Property Sphere until 2030[76] is a pivotal document currently in the public consultation phase[77]. Its adoption is critical for improving Ukraine's standing in ESNA ***Standard #5 (Innovation in Procurement)***, specifically regarding IP ownership and commercialization, where Ukraine currently shows weaknesses in transferring IP from universities to startups. The draft strategy diagnoses the current IP landscape as fragmented, with low levels of commercialization and weak enforcement mechanisms. It identifies the "culture of counterfeiting" and the lack of operating IP courts[78] as major deterrents for high-tech investors. The strategy's primary goal is to integrate Ukraine into the European IP space, ensuring harmonization of legislation with the EU acquis.

A key innovation in the draft is the focus on the institutional capacity of the **National Office for Intellectual Property and Innovations**. The strategy envisions this body not just as a registrar, but as an active ecosystem builder, operating through the National IP&Innovations Hub and managing a network of Technology and Innovation Support Centers, intended to serve as the bridge between university research and commercial startups, providing the patent landscape analysis and legal support that academic researchers currently lack. This directly addresses the low efficiency of technology transfer in Ukraine.

The draft strategy also tackles the issue of **IP in the defense sector**. It proposes new mechanisms for the state to manage IP created under defense procurement contracts, balancing the need for secrecy with the potential for dual-use commercialization. For MilTech startups, finding a legal framework that allows them to retain rights to their inventions while selling to the Ministry of Defense is an existential issue. The draft suggests adopting NATO-standard approaches to IP management, which would allow startups to retain civilian rights to their technologies, thereby preserving their investability for venture capitalists. This is particularly important given stakeholder insights that, in practice, IP in defense-tech is often not protected at all, resulting in technology copying and the loss of potential royalty value for Ukraine.

[76] Проєкт Стратегії розвитку сфери інтелектуальної власності України до 2030 року

[77] Публічне обговорення щодо проєкту Стратегії розвитку сфери інтелектуальної власності України до 2030 року

[78] The High Court on Intellectual Property in Ukraine has not yet begun operating, although it was formally established in 2017, as the competitions for the positions of judges to the court of first instance and its Appeals Chamber, announced in 2017, have not yet been completed.

Furthermore, the strategy explicitly mentions the need to **simplify the registration of IP and digitize the entire lifecycle**, which aligns with ***ESNA Standard #8 (Digital First)***. The document proposes a "paperless" examination process, including the implementation of a unified applicant cabinet and the use of AI to speed up patent searches, as well as certain financial incentives, such as innovation vouchers, to cover patenting costs for SMEs, particularly for international filings. Given that international patent protection is expensive, this measure is vital for startups aiming for global markets. If adopted and funded, this strategy would close one of the most significant gaps in Ukraine's innovation infrastructure.

Sectoral strategies

While general policies set the baseline, the operational success of high-growth ventures is often determined by the specific regulatory environments of their respective industries. The following review examines the targeted development plans for the defense, healthcare, energy, agricultural, and financial sectors, identifying the government's strategic vision and priority areas that serve as a roadmap for the potential evolution of the respective specialized startups.

Strategy for the Development of the Defense-Industrial Complex

Approved by Cabinet of Ministers Resolution No. 372/2021[79] in 2021, the Strategy for the Development of the Defense-Industrial Complex predates the full-scale invasion but remains a valid legal document for the sector. While some of its assumptions regarding timelines are obsolete, its core structural reforms are highly relevant for the surging MilTech startup ecosystem.

The strategy laid the foundation for the corporatization of the state defense conglomerate **Ukroboronprom**, which resulted in its transformation into the joint-stock company Ukrainian Defense Industry in 2023[80]. For private MilTech startups, this is crucial because a reformed state sector acts as a better partner than a monolithic state agency. The strategy envisions the creation of joint ventures and the integration of private manufacturers into the state defense order, a departure from the previous state monopoly model.

The strategy emphasizes **public-private partnerships (PPP)** in the defense sector. Before 2022, the Ukrainian defense industry was dominated by state-owned enterprises (SOEs). The

[79] Про рішення Ради національної безпеки і оборони України від 18 червня 2021 року "Про Стратегію розвитку оборонно-промислового комплексу України"

[80] Державний концерн «Укроборонпром» перетворено на АТ «Українська оборонна промисловість»

strategy laid the groundwork for opening the market to private players, a trend that has accelerated exponentially during the war through platforms like Brave1[81], which acts as a coordination interface, allowing private startups to fast-track their innovations to the front line.

However, the strategy has limitations regarding the specific needs of agile startups. It focuses heavily on heavy industry and large-scale manufacturing (tanks, artillery). It does not adequately address the "garage startup" nature of the current drone revolution or the rapid iteration cycles of software-defined warfare. Regulatory hurdles for testing and certification remain high in the original text, although operational directives during martial law have temporarily bypassed some of these.

Strategy for the Development of the Healthcare System until 2030

Approved by Cabinet of Ministers Resolution No. 34-2025-p[82] in January 2025, the Strategy for the Development of the Healthcare System until 2030 prioritizes the resilience and accessibility of medical services. For the startup ecosystem, the most relevant aspect is the focus on eHealth and telemedicine.

The war has necessitated remote care solutions, and the strategy integrates the legislative framework for **telemedicine** established in 2023[83], codifying it as a standard practice. This solidifies a regulated market for MedTech startups offering remote diagnostics, patient management systems, and rehabilitation devices.

The document also emphasizes the need for **medical guarantees and efficient procurement**. Notably, recent legislative changes now allow Managed Entry Agreements (MEAs)[84], which enables the state medical procurement agency (Medical Procurement of Ukraine) to purchase innovative solutions and medicines under special conditions, effectively opening the door for high-tech vendors.

However, the strategy is heavily focused on public health administration and infrastructure repair. It is less detailed on the mechanisms for innovation procurement for medical devices compared to the WINWIN Strategy. For MedTech startups, the primary barrier remains

[81] United coordinational platform for Defense Tech powered by the Government

[82] Про схвалення Стратегії розвитку системи охорони здоров'я на період до 2030 року та затвердження операційного плану заходів з її реалізації у 2025-2027 роках

[83] Про внесення змін до деяких законодавчих актів України щодо функціонування телемедицини

[84] Про внесення змін до деяких законів України щодо розширення доступу пацієнтів до лікарських засобів, що підлягають закупівлі особою, уповноваженою на здійснення закупівель у сфері охорони здоров'я, шляхом укладення договорів керованого доступу

certification and access to clinical trials. While the strategy mentions innovation, it does not explicitly propose a regulatory sandbox for medical devices, which is a missed opportunity given the ***ESNA Standard #4*** recommendations.

The strategy does, however, emphasize the **digitalization of patient records** and the **interoperability of health data systems**. This creates an ecosystem for MedTech startups that analyze data (using AI) to improve diagnostics or hospital efficiency. The unified eHealth system acts as a platform upon which private startups can build value-added services. Furthermore, the focus on **rehabilitation** (physical and psychological) due to the war creates a specific, urgent demand for startups developing prosthetics, mental health apps, and rehabilitation robotics.

Another area of opportunity lies in the **pharmaceutical sector**. The strategy aims to ensure the availability of medicines, which encourages the development of domestic pharmaceutical manufacturing. While this is dominated by large players, there is room for BioTech startups in the early stages of drug discovery or in developing generics.

Ultimately, while the Healthcare Strategy is not an innovation strategy per se, its strong push for digitalization and the specific needs of a war-torn population create opportunities for MedTech.

Energy and climate strategies and plans

The energy sector's transformation is governed by a strategic triad: the National Energy and Climate Plan (NECP) until 2030[85] (approved in June 2024), the National Action Plan for Renewable Energy (NAPRE) until 2030[86] (approved in August 2024), and the Energy Strategy of Ukraine until 2050 (approved[87] in April 2023, but not published).

NECP and **NAPRE** establish immediate legal mechanisms for “building back better” with resilient, tech-heavy solutions, prioritizing a decentralized, carbon-neutral system aligned with the EU’s Third and Fourth Energy Packages. A core pillar of this framework is the aggressive expansion of renewable energy sources (RES), aiming for a 27% share in final energy consumption. Unlike previous eras dominated by mega-projects and the rigid Green Tariff, the new framework prioritizes distributed generation and the “active consumer” (prosumer) model. Recent legislative changes (Law of Ukraine No. 3220-IX), codified in the NAPRE, have

[85] Про схвалення Національного плану з енергетики та клімату на період до 2030 року

[86] Про затвердження Національного плану дій з відновлюваної енергетики на період до 2030 року та плану заходів з його виконання

[87] Про схвалення Енергетичної стратегії України на період до 2050 року

operationalized the “Net Billing” mechanism. This is a critical innovation for startups: it allows businesses and households to install generating assets and monetize surplus energy without becoming full-scale utility companies subject to complex licensing.

The green recovery agenda creates immediate demand for DeepTech and AgriTech. The strategies explicitly promote biomethane, supported by a functioning registry and aligned with EU export standards. This opens opportunities for startups in waste-to-energy technologies and agricultural logistics. Furthermore, the strategic focus on hydrogen and energy storage systems signals government support for capital-intensive hardware innovation. The NAPRE specifically targets the installation of 656 MW of energy storage by 2030 to balance the grid, creating a clear niche for battery tech and grid management software.

Finally, the NECP also introduces carbon pricing and emissions monitoring. This creates a market for Climate FinTech and carbon accounting startups. Companies that can help Ukrainian exporters measure and verify their carbon footprint (to comply with the EU's CBAM mechanism) will be in high demand.

The long-term vision is anchored in the **Energy Strategy of Ukraine until 2050**, the text of which remains unpublished due to security considerations during wartime. Its implementation framework, the **Draft Action Plan**[88], has been in a proposal state since early 2024[89] and has not yet been formally adopted.

The document envisions a major upgrade of Ukraine’s electricity grid towards “smart grid” standards, explicitly targeting the implementation of smart metering and the automation of distribution networks. While the deployment of core Supervisory Control and Data Acquisition (SCADA) systems is primarily a task for major industrial vendors and state-regulated utilities, this digitalization creates a data-rich environment for IoT and software startups. The opportunity lies in predictive analytics, digital twins, and data processing layers built on top of this new infrastructure, rather than in direct sales of critical control systems.

Regarding long-term infrastructure, the document sets ambitious goals for physical integration with the EU. It explicitly targets increasing the export-import potential with ENTSO-E to 4 GW. This increased liquidity creates a scalable backbone not just for traders, but for startups developing algorithmic trading solutions, balancing market software, and cross-border energy management platforms.

[88] План заходів з реалізації Енергетичної стратегії України на період до 2050 року

[89] Повідомлення про оприлюднення проєкту Плану заходів з реалізації Енергетичної стратегії України на період до 2050 року та звіту про його стратегічну екологічну оцінку

It also significantly expands on the RES measures found in the NECP and NAPRE, specifically targeting the localization of equipment production for wind, solar, and storage technologies. While heavy manufacturing remains the domain of industrial giants, DeepTech and niche hardware startups can leverage these incentives in specific high-value areas, such as power electronics, drone-based maintenance systems, and battery management components, moving beyond simple assembly into value-added technology.

Strategy for the Development of Agriculture and Rural Areas in Ukraine until 2030

The energy sector's transformation is governed by a strategic triad: the National Energy and Climate Plan (NECP) until 2030[90] (approved in June 2024), the National Action Plan for Renewable Energy (NAPRE) until 2030[91] (approved in August 2024), and the Energy Strategy of Ukraine until 2050 (approved[92] in April 2023, but not published).

NECP and **NAPRE** establish immediate legal mechanisms for “building back better” with resilient, tech-heavy solutions, prioritizing a decentralized, carbon-neutral system aligned with the EU’s Third and Fourth Energy Packages. A core pillar of this framework is the aggressive expansion of renewable energy sources (RES), aiming for a 27% share in final energy consumption. Unlike previous eras dominated by mega-projects and the rigid Green Tariff, the new framework prioritizes distributed generation and the “active consumer” (prosumer) model. Recent legislative changes (Law of Ukraine No. 3220-IX), codified in the NAPRE, have operationalized the “Net Billing” mechanism. This is a critical innovation for startups: it allows businesses and households to install generating assets and monetize surplus energy without becoming full-scale utility companies subject to complex licensing.

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[90] Про схвалення Національного плану з енергетики та клімату на період до 2030 року

[91] Про затвердження Національного плану дій з відновлюваної енергетики на період до 2030 року та плану заходів з його виконання

[92] Про схвалення Енергетичної стратегії України на період до 2050 року

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Strategy for the Development of the Financial Sector

The updated 2025 Strategy for the Development of the Financial Sector[95] is crucial for enabling ***ESNA Standard #6 (Access to Finance)***. It addresses the structural weaknesses of

[93] План заходів з реалізації Енергетичної стратегії України на період до 2050 року

[94] Повідомлення про оприлюднення проєкту Плану заходів з реалізації Енергетичної стратегії України на період до 2050 року та звіту про його стратегічну екологічну оцінку

[95] Стратегія розвитку фінансового сектору України

the Ukrainian financial system: the dominance of state banks, the high ratio of non-performing loans, and the underdeveloped capital markets. The strategy outlines plans to introduce new regulatory frameworks, including regulation and supervision of the virtual asset market and crowdfunding activities. It aims to integrate the Ukrainian financial market with the EU, which would allow Ukrainian startups easier access to European capital and allow European VCs to invest in Ukraine with lower compliance costs.

A key element is the **virtual assets regulation**. While the foundational Law "On Virtual Assets" (No. 2074-IX) has been passed, the Strategy focuses on completing the legal framework by adopting necessary amendments to the Tax Code and harmonizing national legislation with the EU MiCA (Markets in Crypto-Assets) regulation.

Additionally, the strategy focuses on **financial inclusion** and **digital finance**, supporting the Open Banking framework. This will mandate banks to open their APIs to third-party developers, creating the infrastructure for a boom in FinTech startups (payment processors, budgeting apps, credit scoring). This is a direct implementation of modern innovation principles within a regulated sector. Startups can build products on top of existing banking infrastructure, lowering the barrier to entry and fostering competition.

The strategy also aims to develop the **non-banking financial sector**, including insurance and pension funds. The lack of domestic institutional investors (like pension funds) is one of the key factors limiting the availability of Series A+ capital in Ukraine. By reforming this sector (specifically through the introduction of the second pillar of the pension system), the strategy hopes to create a pool of long-term "patient capital" that can invest in venture funds. While this is a long-term play, it addresses the fundamental liquidity constraints of the ecosystem.

Finally, the strategy emphasizes the **green finance** concept, encouraging banks to lend to sustainable projects and introducing green bonds. For GreenTech startups, this creates a potential source of debt financing that is currently unavailable. By aligning financial regulation with sustainability goals, the strategy ensures that the financial sector acts as an enabler for the broader innovation agenda outlined in the WINWIN and SME strategies.

1.4.4.3 Institutional landscape review

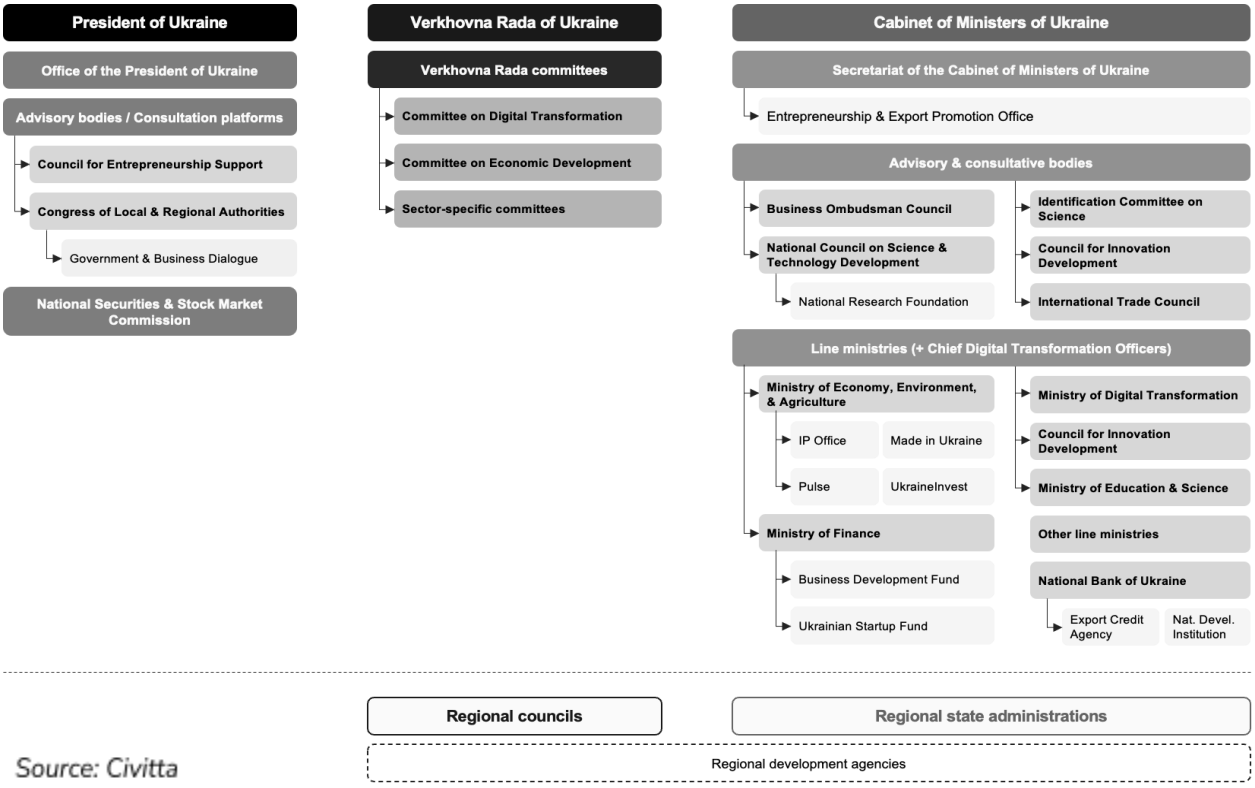
The startup ecosystem in Ukraine operates within a complex, multi-tiered institutional architecture that integrates strategic goal-setting, legislative regulation, and executive

implementation. This landscape is currently defined by two primary forces: rapid adaptation of the economy to wartime conditions and the strategic drive for integration into the EU.

The analysis demonstrates a clear division of roles, ranging from the President and Parliament, who, respectively, establish strategic vectors and legislative rules of the game, to the Cabinet of Ministers and central executive bodies responsible for policy operationalization and realization. A defining feature of the current landscape is the significant government restructuring enacted in July 2025, specifically the consolidation of ministerial portfolios, such as the merger of the Ministry of Economy with the agrarian and environmental sectors, and the transfer of functions from the Ministry of Strategic Industries to the Ministry of Defense. Complementing this central governance structure is a network of specialized institutions and semi-public actors that act as the operational interface between the state and the private sector. This level of the landscape is populated by agencies, funds, and development offices, which deliver the concrete support instruments, directly determining the accessibility of state resources for early-stage ventures.

This section examines the mandates and impact of these key state stakeholders, assessing their capacity to foster a favorable environment for innovative business.

Figure 12. Institutional landscape of startup ecosystem in Ukraine



Source: Civitta

Central state authorities

This category encompasses higher authorities responsible for shaping cross-cutting policies, macroeconomic stability, and the overall digital architecture of the state, setting the "rules of the game" for all market participants.

President of Ukraine

The President of Ukraine acts not as a direct regulator but as the primary strategic architect and political guarantor of the innovation agenda. Under the constitutional framework, the President does not manage the daily economic activities of the state; however, through the **National Security and Defense Council** and the **right of legislative initiative**, the President can exert influence over the priorities that define the market environment.

The administrative capacity of the President to influence the startup landscape is exercised primarily through the creation of **advisory bodies and consultation platforms** to establish direct dialogue with business.

A notable development in this regard was the establishment of the **Council for Entrepreneurship Support**[96] as an advisory and consultative body where entrepreneurs can address complaints regarding pressure from law enforcement agencies and directly lobby for systemic changes. Operating under the direct leadership of the Head of the Office of the President, the Council is mandated to analyze the efficiency of state policy, formulate measures to stimulate investment and innovation, and ensure the alignment of national economic legislation with EU standards. By integrating high-level government officials with representatives from diverse sectors of the real economy, the Council functions as a strategic platform for identifying systemic regulatory bottlenecks and strengthening the protection of property rights and competition.

Complementing this, the President launched the **Government and Business Dialogue** platform[97] within the framework of the Congress of Local and Regional Authorities, establishing a structured schedule of regular open meetings between entrepreneurs and local state administrations, creating a direct feedback loop for identifying and resolving operational bottlenecks on the ground. The platform also provides a formal pathway to escalate systemic challenges to the central level of the Congress for resolution by national executive bodies.

Furthermore, the President promotes the development of the Ukrainian startup ecosystem **on the international stage**. Through high-level diplomatic engagements with global leaders and multinational corporations, the President, for instance, has been instrumental in securing commitments for the Ukraine Development Fund and attracting strategic partners like BlackRock and JPMorgan to advise on reconstruction finance[98].

Domestically, the President's **patronage of the Made in Ukraine platform** has also elevated domestic manufacturing startups from a purely economic issue to a matter of national prestige and security, signaling to international donors and investors that the Ukrainian state is committed to fostering local value creation rather than relying solely on aid.

[96] Про Раду з питань підтримки підприємництва
[97] У регіонах стартували діалоги влади з бізнесом
[98] The Government of Ukraine announces its plan to launch a Ukraine Development Fund, to create opportunities for public and private investors to participate in the future reconstruction of the Ukrainian economy

Verkhovna Rada of Ukraine

The Verkhovna Rada of Ukraine (VRU) is the **supreme legislative body** (the Parliament) establishing the legal environment for all sectors of the economy, possessing the exclusive authority to determine tax regimes, intellectual property rights, corporate governance standards, etc., through the adoption of laws. As a collective body, the Parliament in 2025 has demonstrated a high degree of legislative agility, often passing complex European integration laws under accelerated procedures to meet the benchmarks of the EU accession process.

The Parliament holds the exclusive power to approve the **State Budget of Ukraine**, drafted by the Cabinet of Ministers. This plenary function is critical for the startup ecosystem, as it determines the annual funding levels for key institutions and the support mechanisms.

Furthermore, the VRU exercises **parliamentary oversight** over the Cabinet of Ministers, ensuring that executive implementation aligns with legislative intent.

The Parliament is also the sole body responsible for **ratifying international treaties**, which is a prerequisite for Ukraine's participation in global funding programs.

The VRU's capacity to process legislation relies on the expertise of its **specialized committees**, which serve as the primary mechanisms for preliminary review and legislative drafting.

The **VRU Committee on Digital Transformation** acts as the parliamentary counterpart to the Ministry of Digital Transformation, providing the parliamentary oversight and legal mandates necessary for the implementation of the "Digital State" strategy. This Committee has been instrumental in developing infrastructure-level legislative frameworks, such as the law on cloud services[99] and the Diia City special legal regime[100].

To ensure legislative quality, the Committee employs working groups that include representatives from the IT industry, civil society, and international experts. For example, the working groups on the regulation of AI and the interception of telecommunications have provided a platform for startups to voice concerns regarding data privacy and regulatory

[99] Стандартизуємо використання хмарних технологій

[100] The Committee on Digital Transformation recommends adoption the draft law on stimulating the development of digital economy in Ukraine

overreach prior to the voting stage[101]. The Committee's practice[102] of returning draft laws for revision following business community feedback demonstrates its role in exercising parliamentary control over executive initiatives.

The **VRU Committee on Economic Development** oversees the broader industrial and investment policies that shape the ability of Ukrainian startups to scale beyond the software sector. Its mandate covers key areas of economic governance, including the implementation of the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA). In this domain, the Committee is responsible for the legislative transposition of EU Directives regarding product safety and market surveillance. While not setting specific technical standards (which is an executive function), the Committee establishes the primary legal framework that mandates the harmonization of Ukraine's technical regulation system with European norms, thus working to systemically eliminate legal barriers to trade and securing market access for Ukrainian products.

The Committee also plays a significant role in state-business dialogue, promoting policies that lower the cost of capital, support technological upgrading, and improve access to industrial and digital infrastructure. This strategic focus is directly translated into legislative action through measures that support domestic manufacturers. Among notable examples is the Made in Ukraine package, including the localization framework for public procurement[103], which strengthens domestic value creation and opens new opportunities for hardware and product-focused startups.

In addition, there are numerous **other committees** within the VRU that formulate policy for sector-specific start-ups, e.g., the Committee on Agrarian and Land Policy, the Committee on Energy, Housing, and Utilities, the Committee on Public Health, Medical Assistance, and Medical Insurance, the Committee on National Security, Defense, and Intelligence, etc.

Cabinet of Ministers of Ukraine

The Cabinet of Ministers of Ukraine (CMU) is the supreme executive body responsible for translating the fundamental legislative intent into specific conditions under which the startup ecosystem operates. Its primary role involves the **formulation and implementation of state**

[101] The Working Group of the Committee on Digital Transformation is working on the draft law on the interception of telecommunications

[102] Policy Success: Parliamentary Committee on Digital Transformation Recommended Parliament to Return Draft Law #12207 for Revision

[103] Законодавчою основою для реалізації низки програм "Зроблено в Україні" є закони, опрацьовані Комітетом з питань економічного розвитку

policy regarding entrepreneurship, investment, and industrial development across various sectors, ranging from defense and agriculture to technology and manufacturing. Through the **adoption of government programs and strategic documents**, the Cabinet determines the general direction of economic activity and sets the regulatory priorities for the state. This high-level planning establishes the rules of engagement for market participants, influencing the overall investment climate and determining how administrative and budgetary resources are distributed to support different segments of the national economy.

In its **regulatory capacity**, the CMU ensures the execution of laws passed by the Parliament through the issuance of binding resolutions and decrees. These normative acts define the specific administrative procedures and compliance rules applicable to business entities, including new ventures. This authority is essential for operationalizing special legal frameworks, such as Diia City, where the CMU's resolutions establish the precise eligibility criteria[104] and implementation rules[105] required to make the legislation functional. Beyond standard compliance, the Cabinet is empowered to authorize experimental projects; this mechanism allows for the creation of regulatory sandboxes (for instance, in the fields of AI and blockchain[106]), enabling technologies to be tested under a supervised, time-limited legal regime.

Coordination is a fundamental function of the CMU, as it ensures consistent implementation of government policy across different sectors. It directs the activities of central executive bodies, including line ministries.

Through the **management of the state budget process**, the CMU supervises the distribution of public funds, including allocations for grant programs, state lending mechanisms, and sector-specific financial support. Additionally, it regulates the sphere of **public procurement**, establishing the protocols and criteria that determine how government agencies purchase goods and services from private enterprises.

Regarding **external relations**, the CMU approves intergovernmental agreements and defines the regulatory regime for foreign economic activity. These measures establish the legal basis for cooperation with foreign jurisdictions, participation in international research programs, and the movement of capital.

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[104] Про визначення видів діяльності, здійснення яких стимулюється шляхом створення правового режиму Дія Сіті

[105] Деякі питання реалізації положень Закону України "Про стимулювання розвитку цифрової економіки в Україні"

[106] Про реалізацію експериментального проекту щодо організації проведення дослідження високотехнологічних засобів методом "Sandbox"

To maintain administrative **feedback loops**, the CMU employs a multi-level approach to consultation. At the strategic level, coordination is structured through high-level international formats, notably the Ukraine Donor Platform[107], where the government aligns national investment priorities with G7 and EU partners. At the operational level, this involves standard mechanisms such as inter-agency working groups and public councils utilized to review draft regulations, as well as specialized **advisory and consultative bodies**.

The **Business Ombudsman Council**[108] is established to promote transparency in the activities of state authorities and prevent violations of the legitimate interests of entrepreneurs. Its governance structure[109] utilizes a unique multi-stakeholder model: the Council is supervised by a Supervisory Board composed of three equal blocks representing the Government, international financial institutions (EBRD, OECD), and leading business associations. The Council is led by the Business Ombudsman, who is appointed by the Cabinet of Ministers upon the unanimous recommendation of the Supervisory Board.

For the business ecosystem, the Council's critical role lies in its authority to receive and investigate complaints from business entities regarding alleged acts of corruption, maladministration, or procedural violations by state bodies, local authorities, or state-owned enterprises. Upon reviewing a complaint, the Business Ombudsman acts as a mediator and issues recommendations to the relevant government agencies to rectify the violation. Furthermore, the Council is empowered to analyze systemic problems affecting the business climate and submit legislative proposals to the Cabinet of Ministers to address the root causes of administrative friction. While the Council's recommendations are not legally binding judicial rulings, it leverages its high-level reporting lines to the Government and public transparency mechanisms to ensure compliance.

The **National Council on Science and Technology Development**[110], chaired directly by the Prime Minister, ensures that state investment in research and development aligns with national priorities. It utilizes a dual structure: a Scientific Committee representing the research community and an Administrative Committee representing government stakeholders. For the ecosystem, the Council's critical role lies in its oversight of the National Research Foundation (NRFU), where the Scientific Committee acts as the Supervisory Board, approving grant themes and ensuring competitive funding allocation. Furthermore, the Council is empowered to conduct mandatory expertise on draft government regulations concerning science and

[107] Ukraine Donor Platform
[108] Про утворення Ради бізнес-омбудсмена
[109] Регламент Ради Бізнес-Омбудсмена
[110] Про утворення Національної ради України з питань розвитку науки і технологій

technology, serving as a filter for legislative quality. In practice, while the Council provides a necessary institutional link between the scientific community and the executive, its operational agility is occasionally constrained by the administrative reliance on the Ministry of Education and Science for logistical support.

To safeguard the independence of scientific governance, the CMU established the **Identification Committee on Science**[111]. This body is distinct in that it is composed exclusively of nine domestic and foreign scientists with established international reputations, rather than government officials. Its sole statutory function is to select the members of the Scientific Committee of the National Council on Science and Technology Development on a competitive basis. Systemically, this Committee serves as an institutional firewall, preventing political appointments to the body that oversees research funding. Its continued operation is regarded as a fundamental element of the reform's integrity, ensuring that the governance of the NRFU remains meritocratic and insulated from direct administrative pressure.

The **Council for Innovation Development**[112] is established to ensure effective cooperation between the government, the business sector, and civil society in the innovation sphere. Led by the Prime Minister of Ukraine, the Council is mandated to prepare recommendations for the formation and implementation of state innovation policy, including the improvement of the regulatory framework and the development of financial, administrative, and organizational support mechanisms. Its competence encompasses the analysis of the investment climate and the drafting of proposals for creating favorable credit, tax, and customs conditions necessary to unlock the nation's innovation potential and develop infrastructure.

The **International Trade Council**[113], headed by the First Deputy Prime Minister, serves as the primary coordination platform for facilitating the global expansion of Ukrainian businesses. Its membership integrates key executive bodies, including Customs and Tax services, with the Business Ombudsman and parliamentary committees. For export-oriented startups, particularly in the hardware sector, the Council is relevant as the body responsible for developing mechanisms to promote high-tech exports and simplifying trade procedures. It also oversees the implementation of the DCFTA with the European Union, addressing non-tariff barriers. While the Council effectively functions as a venue for resolving high-level systemic obstacles to trade, its operational impact is most tangible through its working groups on trade facilitation, which allow for the processing of specific regulatory bottlenecks raised by exporters.

[111] Про утворення Ідентифікаційного комітету з питань науки
[112] Про утворення Ради з розвитку інновацій
[113] Про утворення Ради з міжнародної торгівлі

Chief Digital Transformation Officers

The network of CDTOs[114] represents a horizontal layer of change management embedded within the vertical structure of the Ukrainian government. These deputy-level officials are appointed across all ministries, regional administrations, and key state agencies, tasked with driving the digital agenda within their specific domains. By April 2025, the network had expanded to include over 60 CDTOs[115], whose mandate was officially broadened to include not just digitalization but also innovation.

The administrative capacity of the CDTO network is a major asset for the startup ecosystem. Unlike traditional bureaucrats, CDTOs are often recruited from the private IT sector and possess the technical literacy required to engage meaningfully with startups. The CDTO Campus, a training facility for these officers, ensures a baseline of competence in digital policy and project management[116]. They act as internal champions for GovTech solutions, identifying opportunities within their executive bodies where startup products can solve specific problems. This network allows for the rapid scaling of successful pilots: a solution tested in one region can be quickly recommended for national rollout through the CDTO coordination channels managed by the Ministry of Digital Transformation.

The effectiveness of CDTOs varies depending on the institutional resistance within their respective bodies, but the institutionalization of the role has created a formalized entry point for B2G startups. Feedback loops are well-established, as CDTOs regularly participate in industry events and hackathons, actively scouting for technological solutions. Their expanded mandate in 2025 to oversee innovation ecosystems implies a more proactive role in fostering sectoral startups, moving beyond merely digitizing existing processes to re-engineering government functions using AI and data analytics.

Line ministries and regulatory agencies

Line ministries and specialized regulatory agencies function as the primary operational bodies responsible for the sector-specific implementation of state policy. While the Cabinet of

[114] Деякі питання діяльності підрозділів з питань цифрового розвитку, цифрових трансформацій і цифровізації центральних та місцевих органів виконавчої влади та заступників керівників центральних органів виконавчої влади, обласних, Київської та Севастопольської міських державних адміністрацій з питань цифрового розвитку, цифрових трансформацій і цифровізації

[115] Ukraine Expands CDTO Mandate from Digital Transformation to Innovation

[116] GovTech education for aspiring digital leaders

Ministers defines the strategic direction, these entities formulate technical regulations, administer support programs, and oversee compliance within their respective domains.

In July 2025, the CMU enacted a significant structural transformation of the executive branch. This reorganization involved the consolidation of several portfolios. Specifically, the government (i) renamed the Ministry of Social Policy of Ukraine to the Ministry of Social Policy, Family and Unity of Ukraine; (ii) merged the Ministry of National Unity into this new Ministry; (iii) renamed the Ministry of Economy of Ukraine to the Ministry of Economy, Environment and Agriculture of Ukraine, with the liquidation of the Ministry of Agrarian Policy and Food and the Ministry of Environmental Protection and Natural Resources; and (iv) liquidated the Ministry of Strategic Industries and assigned its functions to the Ministry of Defense[117].

Economic and fiscal policy. The **Ministry of Economy, Environment, and Agriculture**[118] acts as the central executive body for the non-defense economy following the consolidation of portfolios. It retains the core economic functions of managing the **Made in Ukraine platform**, administering a set of grant programs for businesses, and managing the industrial park policy, while also facilitating the **Ukraine Investment Framework**[119] under the Ukraine Facility. A key addition to its digital governance portfolio is the coordination of the **Pulse platform**[120] for aggregating feedback from economic entities to assess satisfaction with public services and identify systemic regulatory hurdles in real-time. While the platform has been operationally active as a beta feedback mechanism for some time, its legal status was only formalized in late 2025 with the adoption of the government resolution establishing it as an experimental project (effective January 2026)[121]. Furthermore, by integrating the agrarian and environmental portfolios, the Ministry has centralized the regulation of the AgriTech and GreenTech sectors, overseeing land reform, irrigation projects, and the implementation of EU Green Deal requirements.

The **Ministry of Finance**[122] shapes the fiscal environment for the ecosystem, serving as the primary architect of tax and customs policy. While specific rates are established by the Verkhovna Rada through the Tax and Customs Codes, the Ministry drafts these legislative changes and determines the allocation of public funds during the state budget planning process. Its administrative role includes the oversight of the implementation of the Diia City tax

[117] Деякі питання Міністерства економіки, довкілля та сільського господарства
[118] Деякі питання Міністерства економіки, довкілля та сільського господарства
[119] Ukraine Investment Framework (UIF)
[120] Пульс
[121] Про реалізацію експериментального проекту щодо цифровізації взаємодії органів виконавчої влади із суб'єктами господарювання за допомогою інформаційно-комунікаційної системи "Пульс"
[122] Про затвердження Положення про Міністерство фінансів України

regime and the coordination of the State Customs Service, including its organizational and financial management, the formulation of tax and customs policy, budgets, and regulatory acts, and the monitoring of their implementation. Additionally, it exercises corporate governance over the Business Development Fund, which, among other things, implements the Affordable Loans 5-7-9% program, the primary source of affordable credit for real-sector SMEs.

Innovation and human capital. The **Ministry of Digital Transformation**[123] is the central architect of the national innovation ecosystem, formulating state policy in the spheres of the digital economy, the IT industry, and the development of high-tech sectors such as AI and robotics. A cornerstone of its mandate is the administration of the **Diia City** legal regime; the Ministry ensures the functioning of its registry and web portal, assessing the compliance of residents with statutory requirements to maintain a favorable tax and legal environment for technology companies.

To foster small and medium-sized entrepreneurship, the Ministry steers the national **Diia.Business** project[124]. This ecosystem integrates an online platform with a network of offline support centers operating under a franchise-like model with local authorities, universities, and NGOs.

Beyond the regulatory framework and business support, the Ministry actively fosters human capital development by defining the policy for the digitalization of education and establishing professional standards for digital literacy. This effort includes the operational management of the Mriia educational application[125] and the unified state web portal for digital education[126], designed to enhance the digital skills of the population. Furthermore, the Ministry is tasked with supporting the startup ecosystem and attracting investments into the IT sector, while also coordinating the domestic production of unmanned systems and semiconductor technologies to meet defense needs. Its role extends to international integration, organizing Ukraine's participation in the EU's Digital Europe program to align the domestic digital market with European standards.

The **Ministry of Education and Science**[127] is the central executive body responsible for shaping the nation's research potential and talent pipeline. Its mandate includes the definition of priority directions for scientific and technical activities, the administration of the state order for personnel training, and the normative regulation of technology transfer. In 2025, the Ministry's

[123] Питання Міністерства цифрової трансформації
[124] Дія.Бізнес
[125] Мрія
[126] Дія.Освіта
[127] Про затвердження Положення про Міністерство освіти і науки України

policy focus shifted toward the systemic commercialization of academic research through the Science City initiative. This comprehensive reform is designed to transform university science parks into fully functional innovation centers by establishing a special legal regime that integrates with the Diia City framework[128]. Under this regime, registered science parks will be granted significant fiscal and operational incentives, including customs exemptions for the import of research equipment, simplified lease procedures for state property, and the ability to conduct procurements without auctions. Furthermore, the Ministry facilitates the integration of DeepTech startups with academic institutions by lowering the eligibility criteria for science parks to enter the Diia City tax space, thereby creating a bridge between fundamental science and the commercial market. Beyond infrastructure, the Ministry continues to govern the system of scientific expertise and IP protection within the public sector, ensuring that state-funded research can be effectively patented and licensed to private enterprises.

Defense and industrial policy. Following the liquidation of the Ministry of Strategic Industries as a separate entity in July 2025, its functions were transferred to the **Ministry of Defense**[129]. This consolidation unified the management of the sector, placing the formulation of industrial strategy, the attraction of investment, and the oversight of the Defense City regime under a single vertical. Consequently, the Ministry now governs the full defense innovation lifecycle: it formulates the strategic priorities for R&D based on battlefield requirements, manages the regulatory frameworks for industrial capacity, and administers the critical personnel reservation mechanisms necessary for sector stability. Regarding supply, the Ministry functions as the primary state customer responsible for planning and setting technical requirements, while the operational execution of procurement contracts is delegated to specialized agencies (the State Operator for Non-Lethal Acquisition[130] and the Defense Procurement Agency[131]).

Beyond pure defense procurement, the Ministry of Defense plays a regulatory and coordination role in the aerospace and space sectors, including the development of domestic UAV production and participation in the national space program. In its capacity as an economic policymaker, the Ministry promotes public-private partnerships and facilitates the transfer of technology to private manufacturers. It also supports critical defense enterprises and engages with international partners to attract reciprocal investments. Furthermore, the Ministry drives the transition of Ukraine's defense-industrial complex toward interoperability with NATO standards.

[128] Science City: нові можливості для бізнесу, науки та інновацій
[129] Про затвердження Положення про Міністерство оборони України
[130] Агенція оборонних закупівель
[131] Агенція оборонних закупівель

Energy. The **Ministry of Energy**[132] sets the strategic direction for energy security and transition, focusing on the implementation of the NECP, which prioritizes decentralized generation. It coordinates international aid through the Ukraine Energy Support Fund[133], directing resources toward grid modernization and creating opportunities for startups in smart metering and grid protection. Complementing the Ministry, the **State Agency on Energy Efficiency**[134] manages the Decarbonization Fund[135] and implements leasing programs for energy-efficient equipment, providing soft financing for GreenTech projects. Regulatory oversight is provided by the **National Energy and Utilities Regulatory Commission**[136], which sets tariffs and issues licenses.

Healthcare. The **Ministry of Health**[137] is the central executive body shaping state policy in the healthcare, biotechnology, and pharmaceutical sectors. Its regulatory scope directly impacts MedTech and BioTech startups through the technical regulation of medical devices: the Ministry approves the procedures for introducing such devices into circulation, including those that do not yet meet full technical regulations but are critical for public health. Furthermore, the Ministry is responsible for the strategic development of the eHealth system, promoting the integration of telemedicine, unified medical registries, and digital health standards. It also exercises state control over the clinical trials of tissue and cell transplants, which is essential for DeepTech medical innovation. To align the domestic market with international norms, the Ministry ensures the harmonization of Ukrainian medical standards with EU regulations and oversees the compliance of licensing conditions for medical practices and blood banks.

Financial markets. The **National Bank of Ukraine** (NBU)[138] functions as the central regulator of the banking system and the broader financial services market, with a primary mandate to ensure price and financial stability. Beyond traditional banking supervision, the NBU's regulatory scope has expanded to encompass the non-bank financial sector and the payment services market, which is critical for FinTech startups. In accordance with its mandate to determine the direction of financial technology development, the NBU regulates the issuance of digital money and authorizes the activity of payment service providers, creating the legal ground for the integration of innovative payment solutions into the national infrastructure. The

[132] Про затвердження Положення про Міністерство енергетики України
[133] Ukraine Energy Support Fund
[134] Про затвердження Положення про Державне агентство з енергоефективності та енергозбереження України
[135] Joint Stock Company "Decarbonization Fund Of Ukraine"
[136] Про затвердження Положення про Національну комісію, що здійснює державне регулювання у сферах енергетики та комунальних послуг
[137] Про затвердження Положення про Міністерство охорони здоров'я України
[138] Про Національний банк України

regulator also exercises oversight over payment infrastructure to ensure its continuity and security, which is a prerequisite for the deployment of Open Banking frameworks. Furthermore, the NBU protects the rights of consumers of financial services, enforcing compliance with ethical behavior standards by financial institutions.

The **National Securities and Stock Market Commission**[139] is the state regulator for capital markets and organized commodity markets. It is subordinated to the President of Ukraine and accountable to the Verkhovna Rada. Its mandate includes overseeing the derivatives market, with certain types of derivative contracts regulated in coordination with the NBU, which forms the legal foundation for developing more complex financial instruments that can also underpin decentralized finance solutions. The Commission is responsible for registering securities issues and licensing professional activities on the capital market, including the operations of asset management companies that administer investment funds. This function is vital for the venture capital ecosystem, as the Commission establishes the requirements for the structure of assets and operations of corporate and unit investment funds. Additionally, the Commission is tasked with preventing market manipulation, insider trading, and ensuring mandatory information disclosure by issuers, thereby fostering a transparent environment for raising capital.

Specialized institutions and semi-public actors

While central state authorities shape policy and the regulatory framework, specialized institutions and semi-public actors serve as the operational arm of the innovation ecosystem. This category encompasses funds, agencies, and offices that interact directly with startups. Their primary function is not regulation, but the provision of specific monetary and non-monetary support instruments, ranging from funding and grants to intellectual property protection and export promotion.

IP Office

The Ukrainian National Office for Intellectual Property and Innovations (UANIPIO), also known as the IP Office, operates[140] as the National Intellectual Property Authority within the management sphere of the Ministry of Economy. It is the central entity **responsible for** the registration and protection of intellectual property rights, performing delegated state functions such as receiving applications, conducting examinations, and issuing patents for inventions and

[139] Про Національну комісію з цінних паперів та фондового ринку

[140] Статут Державної Організації "Український Національний Офіс Інтелектуальної Власності Та Інновацій"

utility models, as well as certificates for trademarks and industrial designs. The IP Office also manages the state registration of copyright and contracts concerning authors' rights.

In the international arena, UANIPIO fulfills the functions of a **National Office** under the Madrid System for trademarks and the Hague System for industrial designs. Crucially for deep-tech startups seeking global protection, it acts as an **International Searching Authority** and an **International Preliminary Examining Authority** under the Patent Cooperation Treaty.

To support the ecosystem, the IP Office has established a specialized **Mediation Center**[141] to facilitate the out-of-court resolution of IP disputes, offering a faster and more cost-effective alternative to litigation. It also coordinates the network of **Technology and Innovation Support Centers** (TISCs)[142] and engages in extensive educational activities through the **National IP Training Center** (IP Academy)[143], raising awareness about IP protection and commercialization among entrepreneurs.

National Research Foundation

The National Research Foundation of Ukraine[144] is as a state budgetary institution designated[145] to stimulate fundamental and applied scientific research through a competitive grant system. Its governance structure is designed to ensure professional oversight: the Foundation is managed by a Scientific Council composed of leading scientists, while the Scientific Committee of the National Council on Science and Technology Development performs the functions of its Supervisory Board.

The NRFU's **statutory mandate** extends beyond purely academic activities to include the development of the national research infrastructure and its integration into the global research space. Crucially for the deep-tech ecosystem, the Foundation is legally tasked with facilitating cooperation between scientific institutions, higher education establishments, and representatives of the real sector of the economy, thereby creating the regulatory prerequisites for technology transfer and the emergence of science-intensive spinoffs. The Foundation provides individual, collective, and institutional grants that cover not only research execution but also the development of the material-technical base (laboratory equipment) required for high-level R&D.

[141] Центр Медіації Та Посередництва
[142] Technology and Innovation Support Center
[143] IP Academy – Національний навчальний центр з інтелектуальної власності в Україні: для чого створено і як працює
[144] Національний фонд досліджень України
[145] Про Національний фонд досліджень України

In terms of **international integration**, the NRFU's functions include the implementation of EU programs for research and innovation (such as Horizon Europe) within Ukraine. This role positions the Fund as an administrative interface for Ukrainian researchers and science-based startups seeking to access European funding mechanisms. However, strictly speaking, the NRFU's primary focus remains on the early stages of the innovation cycle (lower Technology Readiness Levels), financing the scientific groundwork rather than the commercial acceleration of business ventures.

Entrepreneurship and Export Promotion Office

The Entrepreneurship and Export Promotion Office (EEPO)[146] is a pubic institution with a **dual statutory mandate**[147][148]: the development of small and medium-sized entrepreneurship and the promotion of Ukrainian exports of goods, works, and services. Administratively, the Office operates under the financial oversight of the Secretariat of the Cabinet of Ministers, which serves as the responsible executor of the budget program designated for the institution's functioning and programmatic activities.

Regarding the **Diia.Business ecosystem**, the Office functions as the technical and content administrator of the online platforms designed to support economic entities. Instead of directly managing the physical centers, the EEPO is tasked with facilitating the development of entrepreneurship support infrastructure, effectively acting as the coordinating hub that ensures uniform standards and content across the network.

In the **export domain**, the EEPO ensures the functioning of the national export web portal and directly participates in the organization and coordination of trade missions and national expositions at international exhibitions, often working in tandem with the Ministry of Digital Transformation and the Ukrainian Startup Fund.

Finally, the EPPO serves as a bridge between the state and business, providing analytical support and facilitating PPP to identify and address **barriers to business development**. Specifically, it is mandated to facilitate interaction between economic entities and government bodies to foster the PPP. Its analytical function is dual-purpose: the Office conducts market research and public opinion studies to inform the private sector, while simultaneously

[146] Entrepreneurship and Export Promotion Office

[147] Про затвердження Порядку використання коштів, передбачених у державному бюджеті для функціонування інституції з розвитку підприємництва та експорту

[148] Про затвердження Положення про державна установа "Офіс з розвитку підприємництва та експорту"

analyzing systemic issues (such as the causes of the shadow economy) to provide evidence-based recommendations to state authorities for policy formulation. Furthermore, the EEPO is empowered to directly contribute to the legislative process by submitting proposals for state programs on SME development.

Export Credit Agency

The Export Credit Agency[149] is a private joint-stock company with a special status, fully owned by the state through the Cabinet of Ministers and regulated by the NBU[150]. Its primary **statutory goal** is to stimulate the large-scale expansion of Ukrainian exports by protecting exporters from the risk of non-payment and financial losses. The Agency operates on a commercial basis, providing insurance, reinsurance, and guarantees for export contracts and investments related to the development of export-oriented industries. Unlike standard commercial insurers, the Agency is authorized by the government to cover specific risks, including political and war risks for investments, thereby filling a critical gap in the financial market.

The Agency's **operational mandate** includes insuring export credits, factoring, and letters of credit, as well as participating in programs for the partial compensation of interest rates on export loans. This suite of financial instruments is designed to enhance the competitiveness of Ukrainian goods and services abroad.

The Agency is relevant primarily for export-oriented hardware and industrial startups, as it provides insurance and guarantees for export contracts. However, its instruments are generally not applicable to early-stage technology startups or companies whose products are purely digital, such as SaaS or AI-based services.

National Development Institution

The National Development Institution (NDI) is designed to serve as a specialized state-owned financial institution with a special status, mandated to become the central operator for the long-term financing of the national economy's recovery and structural transformation. Established by Law No. 4622-IX[151], which enters into force in early January 2026, the NDI is

[149] Export Credit Agency

[150] Про внесення змін до Статуту приватного акціонерного товариства “Експортно-кредитне агентство”

[151] Про Національну установу розвитку

set to operate on a non-profit basis as a "second-tier" institution. Its primary **mission** will be to overcome market failures by providing accessible funding to MSMEs and financing strategic infrastructure projects through a network of partner financial intermediaries.

Strategically, the NDI is intended to integrate Ukraine into the **European financial architecture**; its governance structure, featuring a Supervisory Board with a majority of independent members, is tailored to meet the criteria for the EU "pillar assessment." This qualification is expected to enable the Institution to directly attract and manage funds from international donors and European programs. The NDI's projected financial toolkit includes loans, guarantees, and equity participation, positioning it as a key future mechanism for de-risking investments in the real sector.

UkraineInvest

UkraineInvest[152], legally Investment Promotion Office[153], is a state institution under the management of the Ministry of Economy, designated[154] by the Cabinet of Ministers as the authorized body for supporting projects with significant investments. Its **statutory mandate** is to attract foreign direct investment (FDI) into the national economy and provide comprehensive support to investors throughout the project lifecycle. Administratively, UkraineInvest operates as a "single window" for major investors, facilitating their interaction with central and local executive bodies to resolve regulatory hurdles and streamline administrative procedures.

While the institution's primary legislative focus is on large-scale capital projects (those exceeding€12 million and creating significant employment), its relevance to the startup ecosystem lies in its **capacity to attract venture capital and structure deals for high-growth technology companies** that reach industrial scale. Specifically, for deep-tech and hardware startups planning to build R&D centers or manufacturing facilities in Ukraine, UkraineInvest serves as the key entry point for accessing state support mechanisms, including tax incentives and land allocation assistance provided under the Law "On State Support for Investment Projects with Significant Investments"[155]. In 2025, the Office's mandate was expanded to include the support of projects funded by international financial organizations, further integrating it into the recovery and modernization architecture.

[152] Ukraine Invest
[153] Деякі питання державної установи "Офіс із залучення та підтримки інвестицій"
[154] Про визначення уповноваженої установи на здійснення супроводу заявника та інвестора із значними інвестиціями у підготовці та реалізації інвестиційного проекту із значними інвестиціями
[155] Про державну підтримку інвестиційних проектів із значними інвестиціями в Україні

Regional Development Agencies

Regional Development Agencies (RDAs) are non-profit institutions established in each region on a partnership basis between local state administrations, regional councils, and non-governmental organizations. Their **statutory mandate**[156] is to ensure the effective implementation of state regional policy by bridging the gap between national strategy and local economic realities. Unlike standard budgetary institutions, RDAs operate as flexible offices for local development, tasked with attracting investments, supporting SMEs, and developing the region's export potential.

In the context of the 2024-2025 recovery efforts, RDAs have positioned themselves as operational hubs for decentralizing support. Their practical relevance for the startup ecosystem lies in their capacity to act as **local project offices**: they provide consulting on business planning, facilitate the creation of industrial parks, and manage the attraction of technical assistance from international donors. For hardware and manufacturing startups, RDAs serve as the primary entry point for accessing infrastructure and navigating land allocation procedures.

However, the **administrative capacity** of RDAs is highly uneven across the country. According to 2024 performance data[157], while some agencies successfully attracted significant funding (with the total portfolio of attracted funds exceeding UAH 206 million) and facilitated hundreds of partnerships, others demonstrated limited activity. The most effective RDAs have focused on specific niches relevant to the wartime economy, such as supporting business relocation, assisting veteran entrepreneurs in starting businesses, and implementing energy resilience projects for SMEs. Consequently, while RDAs are designed to be the “boots on the ground” for national policy, their effectiveness as a support mechanism for startups depends heavily on the specific region's management and donor engagement level.6.5. Access to funding.

1.4.4.4 Funding landscape and availability of funding sources

Throughout its modern economic history, Ukraine has faced a **chronic shortage of funding for businesses**. Even prior to the war, SMEs in Ukraine faced **funding obstacles** that hindered their growth and development, as evidenced by the country’s weak performance in the World Economic Forum’s **Global Competitiveness Index 2019** under the **financial system** pillar

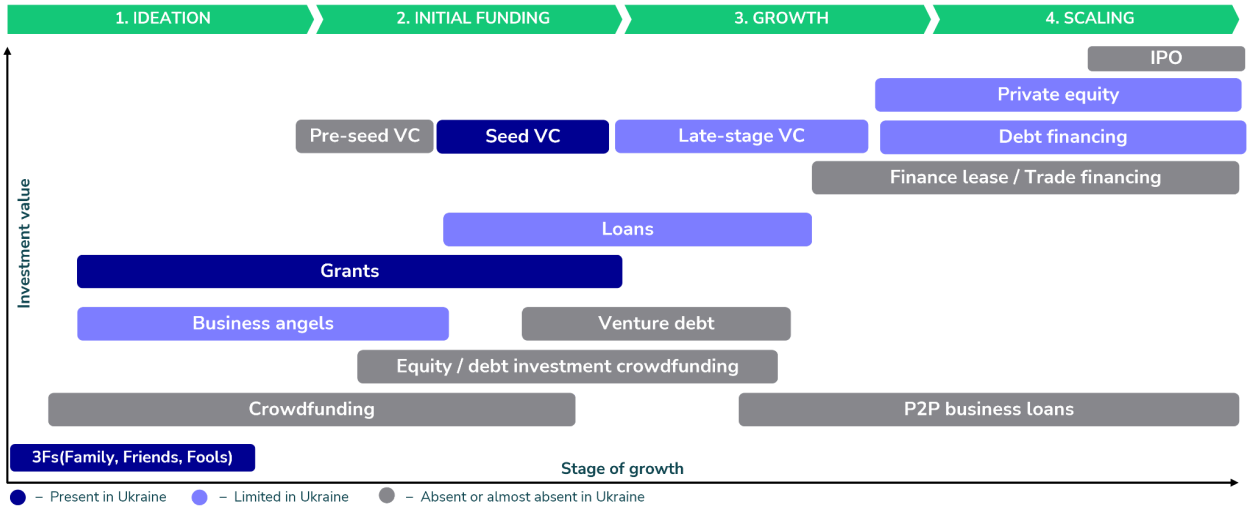
[156] Про затвердження Типового положення про агенцію регіонального розвитку
[157] Звіт про результати діяльності агенцій регіонального розвитку

(covering factors such as the quality of SME financing and the availability of venture capital). Ukraine ranked **136th out of 141** economies on this indicator, substantially behind neighbouring peers such as Poland (ranked 57th), underlining the structural nature of the pre-war financing constraints[158]. The **financing needs of SMEs always exceeded the amount of available funding**, leading to a substantial financing **gap of€10.3 billion as of 2021**[159]. Survey evidence consistently points to **access to finance** as the leading constraint for Ukrainian startups. In the PUSB "Ukrainian Startup Ecosystem 2022" survey[160] (158 startups), **difficulty accessing external financing** was the most frequently reported external barrier (**86.1%** of startups), and **73.4%** rated it as a **very or moderately significant** obstacle to growth. In the **2023 PUSB startup survey**[161] **66%** of respondents identified **lack of access to finance or investment capital** as a key challenge, making it the single most frequently cited issue, ahead of political instability, access to international markets, and talent shortages. This pattern remains visible in the latest evidence from **PUSB 2025**[162], where startups again place finance at the top of their constraints: **"lack of access to necessary financing/investment support"** is reported as the **leading barrier hindering startup development (35.41%)**, while **"financial support"** is identified as the **most needed resource (40.14%)**.

This pattern is also confirmed by the **project survey** of **110 Ukrainian startups**. Access to funding emerged as the single most cited barrier, with **81 respondents placing it among their top three challenges**. The survey also shows a particularly **strong reliance on founder self-financing**, used by 81 respondents, while only 11 reported having secured angel investment and 11 venture capital, underscoring the continued **scarcity of accessible external capital**.

[158] The Global Competitiveness Report 2019
[159] Recent initiatives to increase financial SME support in Ukraine
[160] UKRAINIAN STARTUP ECOSYSTEM: Facing the challenges, seizing the opportunities
[161] PUSB Report - Startups and business ecosystem
[162] Resilient innovation: Ukrainian startups fighting today

Figure 13. Overview of present funding instruments across growth stages



Source: Civitta

Currently, the financing pipeline for Ukrainian startups is highly **stage-dependent** and structurally narrow, with different instruments playing uneven roles across the lifecycle. At the ideation and early funding stages, the main sources of capital are **founder resources (3Fs)**, **early-stage venture capital**, and, critically, **grant funding**, which has functioned as a primary substitute for domestic pre-seed and seed investment. Prior to the full-scale invasion, early-stage grant financing was largely civilian and broad-based, with the **Ukrainian Startup Fund** covering a significant share of early-stage deals. Following the start of the war, however, **both grant funding and venture capital became increasingly concentrated in defense and dual-use technologies**, while access to early-stage non-defense funding narrowed. This observation is also supported by stakeholder interviews: the wartime reorientation has placed civilian startups under greater pressure, with civil-tech ventures in Ukraine often facing more constrained support conditions than defense startups.

As startups progress toward growth, the domestic funding base thins rapidly. **Business angel activity, later-stage venture capital, private equity, and debt financing** exist but remain limited in scale, ticket size, and risk appetite, creating a persistent **Series A and scale-up gap**. At these stages, **foreign investors increasingly dominate**, reflecting both the scarcity of local capital and a structural preference to execute larger investments through **foreign jurisdictions**.

Debt financing plays only a **marginal role** in startup growth. Bank loans are generally ill-suited to technology startups due to **high perceived risk**, **elevated interest rates**, and the **absence of startup-specific lending instruments**. Available loan programs are primarily designed for **traditional SMEs**, often requiring hard collateral, stable cash flows, and personal guarantees

— conditions that early-stage and innovation-driven startups typically cannot meet. As a result, debt financing is rarely used for scaling technology ventures and is instead confined to operational survival or asset-backed activities.

A broad set of alternative financing instruments remains effectively **absent or non-functional** in the Ukrainian startup ecosystem, including **crowdfunding**, **equity and debt investment crowdfunding**, **venture debt**, **IPOs**, **finance leasing and trade financing**, and **peer-to-peer business lending**. Entrepreneurs in Ukraine are not utilising these instruments due to a combination of **low awareness**, an **underdeveloped or inadequate regulatory framework**, and a **lack of specialised local providers**, further reducing financing diversity. Taken together, these dynamics reinforce a system in which startups rely on a **small set of early-stage instruments and externally sourced capital**, with limited options as they move from ideation to scale.

1.4.4.5 Mapping of different funding instruments

Self-financing/bootstrapping/3Fs

Bootstrapping is a common feature of startup formation globally: most startups begin with **founder resources**, and only a smaller share reaches external equity financing. In Ukraine, however, the ecosystem shows an **overreliance** on this mode of financing. Bootstrapping functions as the **default financing mode** for Ukrainian startups. Survey evidence from the Polish-Ukrainian Startup Bridge[163] indicates that **84.2%** of startups used **personal savings** as a funding source, while **39.2%** relied on it as their **only** source of financing. This reliance is reinforced by the fact that **more than half** of surveyed startups reported **no revenues**, making external debt and venture capital largely inaccessible and forcing founders to sustain early development through personal resources. The project survey points to the same pattern: **founders' funds were used by 73.6% of startups**, compared to 31.8% financing operations from sales revenue, 10.0% with angel investment, and 10.0% with venture capital. This suggests that in Ukraine bootstrapping is not simply a common starting point, but the dominant financing mode across a large share of the ecosystem.

In practice, bootstrapping in Ukraine typically combines **several "founder-controlled" streams**: founders' savings, reinvested income from previous ventures or freelance/contract work, maintaining paid employment while building the product, and support from family, friends, and fools (3Fs). This approach helps founders preserve control and move quickly, but it also shapes

[163] UKRAINIAN STARTUP ECOSYSTEM: Facing the challenges, seizing the opportunities

startup trajectories: bootstrapping often pushes teams toward **lean experimentation**, earlier revenue orientation, and slower scaling, because growth is bounded by founders' liquidity and cash-flow generation rather than by external risk capital.

Angel investment

For the purposes of this research, an angel investor is defined in line with the **Business Angels Europe (BAE) Club Professional Standards (2023)** as an individual who invests personal funds directly, potentially through a management company or family fund, into a venture, typically an early-stage, non-listed business. As this capital is deployed at a high-risk stage of company development, an angel investor must be able to absorb the potential loss of the full investment. In practice, this means angel investors are most often high-net-worth individuals.

Angel investment plays an important but **structurally constrained role** in Ukraine's startup ecosystem. Although the first organised angel initiatives emerged around **2014**, the ecosystem remains at an early stage of development. Early networks such as **UAngel** were largely **Kyiv-centric** and appear inactive today. Compared to EU peers, **Ukraine's angel market remains fragmented, informal, and under-institutionalised**. As was noted at the focus group on access to funding, one of the reasons for this weak institutionalization is the limited number of Ukrainian exits and the still shallow recycling of entrepreneurial capital within the ecosystem. As a result, the **angel market has not yet developed a sufficiently broad base of experienced local investors** able to reinvest proceeds from prior startup success stories.

Angel activity is largely driven by a small number of organised **syndicates and angel clubs (such as ICLUB by TA Ventures, United Angels network, and Toloka.vc) composed of individual high-net-worth entrepreneurs**, typically with backgrounds in IT outsourcing, software services, or international business. Investments are relationship-based and founder-led, rather than channelled through structured funds or platforms. Typical angel tickets are small, usually in the range of **€10,000–50,000 per investor**, with frequent ad hoc co-investment to spread risk. Transactions are commonly executed through simple equity stakes or convertible instruments, often under foreign legal jurisdictions.

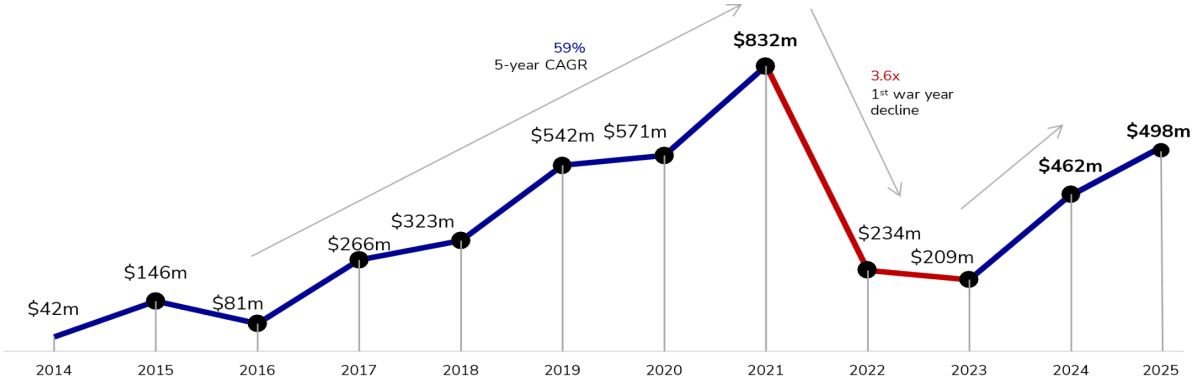
In quantitative terms, angel investing in Ukraine remains very limited. Prior to the full-scale invasion, angel investors accounted for only **around 5% of individuals with a net worth exceeding $1M (around 380 individuals)**, and in **2023 the number of active angel investors declined by 54% compared to 2021**, driven by relocation and erosion of personal wealth. According to EBAN estimates, **per capita angel investment in Ukraine reached just €0.16 in 2021**, compared to €**1.0 in Poland**, €**1.9 in Germany**, €**5.7 in the UK**, and €**12.5 in Finland**. As

a result, **angel capital does not yet perform the role it plays in more mature ecosystems**, where angels provide not only early funding but also mentorship, governance discipline, and follow-on signalling[164]. This scarcity is also visible in startups' financing patterns: survey data show that only **7.6%** of startups report funding from **local business angels**[165], compared to much higher reliance on **bootstrapping** and grants. Moreover, since the start of the full-scale war, **remaining angel activity has largely shifted toward defense and dual-use technologies**, reflecting both wartime priorities and the perceived risk-return profile of civilian ventures.

Venture capital

Ukraine has around **60 local and foreign venture capital funds** investing at the **pre-seed, seed, and Series A** stages (those which made investments in 2025) and ~10-15 later-stage VC funds (which invested at least once in the recent years). As is evident from this statistics, at more advanced stages, the ecosystem faces a clear capital shortage, as the number of active VC funds declines sharply with each successive stage, significantly limiting domestic financing options for scale-ups. In per capita terms, Ukraine's VC base remains relatively small compared to **approximately 600 VC funds in Israel**, **230 in Poland**, **90 in Estonia**, and **40 in Lithuania**. Several structural bottlenecks continue to constrain the depth of the Ukrainian VC market:

Figure 14. Ukraine's annual investment volume overview, 2014-2025



Source: DealBook of Ukraine — 2026 Edition

Ukraine's venture ecosystem reached a **record high in 2021**, raising over **$800M – 40% more** than the year before. After the start of a **full-scale war**, the investment **attractiveness** of Ukraine **deteriorated tenfold** due to high risk and instability in profitability. Still, the tech sector showed strong resilience: by the end of **2022**, Ukrainian companies closed 38 venture deals

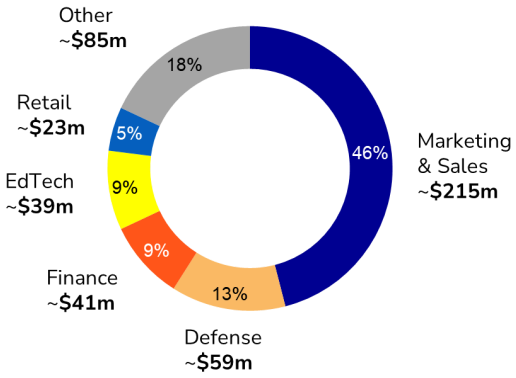
[164] Business Angels & Reconstructing Ukraine 2023
[165] UKRAINIAN STARTUP ECOSYSTEM: Facing the challenges, seizing the opportunities

worth **$234M**[166]. In **2023**, tech startups raised **$209M**, with **early-stage** investments making up **38%** of the total, only a slight dip from the previous year, while late-stage funding rebounded strongly, growing 3.2 times compared to 2022, and Series C rounds increasing 1.4 times year-over-year[167]. The **recovery gained further momentum in 2024**, with the total deal volume surging from $68M in the first half of 2023 to $283M in the same period of **2024**, ultimately reaching **$462M by year-end — a 120% year-over-year increase**.

This impressive rebound brought Ukraine's tech investment landscape "halfway" back to its pre-war 2021 peak. Series C deals made up the largest share of investments, accounting for 48% of total funding, while early-stage investments held steady at 32%, underscoring continued confidence in the country's growing startup ecosystem. Seed investments soared to $88M, while Series A rounds doubled to $58M. However, this rebound is largely attributed to a **few major deals, most notably Creatio's $200M round**, meaning ecosystem recovery" is uneven across stages and segments.

Despite this progress, Ukrainian startups face **a critical capital gap**, **with over 90% of investments occurring in foreign jurisdictions**. In contrast, countries like Poland and Estonia retain a much higher share of local investments, with 80-85% and 65% of deals, respectively, taking place domestically[168].

Figure 15. Investments by industry, 2024



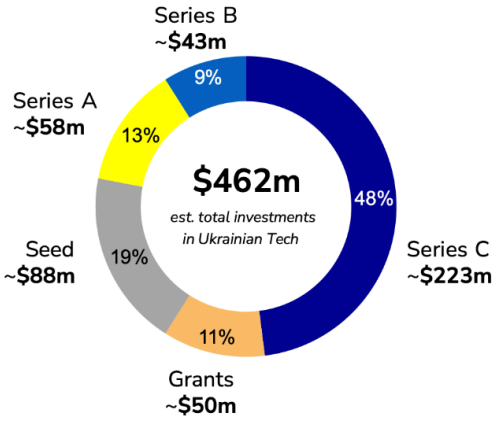
In **2024**, the majority of capital was directed toward specific high-growth verticals such as **marketing technologies and sales automation**, which attracted **$215M, accounting for 46%** of total investments. Other notable sectors include **fintech** ($41M), **edtech** ($39M), and **retail** technologies ($23M). An additional $85M was invested across diverse areas such as **healthcare, media, logistics, and IT services**. A significant portion of capital in 2024 was also allocated to **defense technologies, amounting to $59M, or 13% of the total investment volume.** This reflects the growing relevance of dual-use and military tech solutions in Ukraine's innovation ecosystem, especially in the context of ongoing security challenges[169]. The total investment volume over the **10-year period from 2014 to 2024 is estimated at $9.4B**, with a

[166] Private equity, VC and M&A market in Ukraine 2022
[167] In 2023, Ukrainian tech companies raised $209M in investments — Dealbook 2024 study
[168] NV Business

[169] The total volume of investments in the Ukrainian tech sector in 2024 amounted to $462 million

total of **1,400 deals** completed. Notably, **60% of these deals occurred within the technology sector**[170].

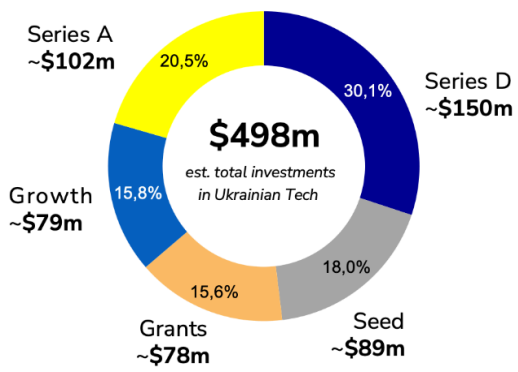
Figure 16. Investments by stage, 2024



Source: DealBook of Ukraine - 2025 Edition

In **2024**, continuing the trend from 2023 the majority of investment volume was concentrated in a **limited number of growth and late-stage rounds**, reflecting a highly skewed deal structure. In **2024**, **Series C** investments led the charts, accounting for **48%** of total investment volume. However, this figure is heavily influenced by **Creatio's $200M round**, which alone represents around **90% of all Series C capital** raised that year. At the same time, **early-stage investments** continued their steady trend, making up **32% of total funding**, a level broadly comparable to **2022 (39%)** and **2023 (39%)**, indicating sustained early-stage activity and the continued **growth of startups and technological innovation** in Ukraine despite a challenging operating environment.

Figure 17. Investments by stage, 2025



Source: DealBook of Ukraine - 2026 Edition

In **2025**, Ukrainian companies raised **$498M**, an **8% increase** compared to 2024, with the uptick driven primarily by **defense tech** funding. Since detailed sector distribution of investments in **2025** is not consistently disclosed, the analysis below focuses on the **rounds composition and major disclosed transactions**. As in previous years, the total volume was dominated by **late-stage rounds**, with **Growth and Series D** accounting for **almost 50%** of capital raised. At the same time, **Series A funding nearly doubled** year-on-year, reaching its **second-highest level on record**. This growth is largely linked to the defense segment, where, for the first time since 2021, **foreign investors outpaced local funds**, signalling rising international confidence in Ukrainian startups and deal flow. Another notable trend in the funding landscape is the growing role of AI. In **2025**, **AI-powered startups attracted 2.8 times more capital** than companies without substantial AI components, raising **$302M** compared to **$104M**.

[170] Stormy Decade — A Ten-Year Retrospective on the Ukrainian Investment Landscape

The largest funding rounds raised by Ukrainian companies in **2025** were concentrated among a small number of late-stage and growth-oriented deals. These include **Preply**, which secured a **$150M Series D**, and **monobank**, which raised **$40M** at the growth stage. Other major rounds include **Holywater**, which closed a **$22M Series A**, and **Swarmer**, which raised **$ 15 million** in a Series A round focused on defense and autonomous systems. Additional significant transactions include **Fintech Farm** and **Headway Inc**, both of which attracted **growth and Series A funding respectively**, with deal sizes undisclosed. Collectively, the six largest rounds exceeded **$270M**, accounting for **around 55% of the total capital raised in 2025**, highlighting the continued concentration of funding in a limited number of scale-up companies.

Among technology verticals, **miltech has emerged as the largest and fastest-growing segment** of Ukraine's startup ecosystem, expanding by **19× over the past three years**. Over **2023–2025**, publicly disclosed investments expanded from **$1.1M**to **$105.2M** ($**1.1M** in 2023; **$28.7M** in 2024; **$105.2M** in 2025), reflecting a near **100×** increase in two years[171]. However, stakeholder interviews suggest that rapid growth in disclosed investment has not eliminated deeper capital-structure constraints in the sector, as Ukrainian defense companies still critically need strategic investors in their equity base. At the same time, the publicly visible market captures only **around 30% of investments remain undisclosed**, meaning these figures likely **underestimate** the true scale of funding flows. Deal economics have also shifted upward: the **average pre-seed ticket** increased from **$215K** in 2023 to **$718K** in 2025, while the **average seed ticket** rose from **$1.8M** in 2024 to **$ 2.9M** in 2025. Notably, the sector demonstrates strong capital efficiency, with a **deal-size growth multiplier of 5×**, meaning that every dollar invested has translated into approximately **$5 in company revenue growth**[172].

On the ecosystem side, **institutional investor coordination is also becoming more structured**: on **14 January 2026**, the **Ukrainian Council of defense Industry** announced the official launch of the **UCDI Investor Club** — a platform designed to connect **institutional investors** with Ukrainian defense companies, support deal collaboration and capital raising, and coordinate joint actions; the club reportedly started operating in back in **October 2025** and already includes **15 defense-focused investment funds** investing in Ukrainian companies.

Grants

Grants constitute a **core source of early-stage financing** for Ukrainian startups and an essential instrument of **operational support for SMEs** operating under wartime conditions.

[171] Інвестиції в український defense tech перевищили $100 млн у 2025

[172] Dealbook of Ukraine — 2026 edition | AVentures Capital

Over the past year, their **importance has increased** markedly, with **total grant funding** for Ukrainian entrepreneurs **rising from $6.9M in 2023 to approximately $50M in 2024 (about 7.3× growth), and then further to around $78M in 2025**[173]. This increase reflects how the grant landscape has expanded and diversified since 2022, with multiple funding pipelines operating in parallel. Current instruments differ substantially in policy purpose, design, and relevance for startups, and are best interpreted as two **layers — national and international grant programs.**

National grant programs

Brave1 cluster

The most structured and consistently funded channel for startup grants operates within the **Brave1 defense innovation cluster**, coordinated by the Ukrainian Startup Fund (USF) and the Ministry of Digital Transformation. Brave1 functions as a centralized entry point for defense-related innovation, offering a **tiered grant system aligned with technology readiness levels (TRLs)**. The total budget for grant support to Ukrainian manufacturers from Brave1 in 2025 was UAH 2.7 billion[174].

In 2025, the BRAVE1 defense technology cluster expanded its activities, receiving additional funding from international partners, and its focus was broadened to include lasers, missiles, and the production of explosives and initiation devices, in addition to its traditional unmanned technologies. Starting in August 2025, Brave 1 offers new grant amounts – **500,000, 2 million, 4 million, and 8 million hryvnia, depending on the TRL** (UAH 500,000 for early-stage concepts (TRL 1–4), to UAH 1–2 million for prototype refinement and field testing, and up to UAH 4–8 million for solutions that have achieved codification under NATO or Ministry of Defense standards and secured procurement contracts across defined categories[175].

Grants are restricted to **R&D, components, and personnel costs** (with salary caps), and exclude operational or capital expenditures unrelated to product development. In August 2025, **four large-scale grant competitions** were announced with prize funds totaling over **UAH 100 million for technologies**: recognition, detection, and navigation without GPS (AI); production scaling (explosives); development of weapons of various ranges (missile program).

[173] Dealbook of Ukraine — 2026 edition | AVentures Capital
[174] До 150 млн грн на розробку: Brave1 запускає грантові конкурси
[175] Гранти Brave1, пілотний запуск 5G та нові послуги в Дії

In addition to competitions, Brave1 is launching special grant programs that allow recipients to receive up to UAH 8 million for the development of breakthrough ideas in the field of AI and the development of air- and ground-launched missiles with different ranges of applications. In **two years of operation**, the Brave1 project has already issued **600+ grants worth UAH 2.2 billion**. The cluster includes **2,100+ defense tech developers with 4,600+ developments, including 500+ UAV manufacturers**. The cluster is currently launching a new cluster investment model — a transition from short-term grants to strategic investments of up to $5M for projects in the defense and innovation sectors[176].

Also, Ukraine is actively working on the **integration of its defense sector into the common defense market of the EU**. In particular, the following steps have been taken in this area:

- In the European Defense Industrial Strategy, Ukraine is defined as a part of the EU defense capability[177].
- The EU Defense Innovation Office was opened in Kyiv, which became the first official EU defense institution in Ukraine[178].
- The Brave Tech EU program (€100M) was launched, providing accelerators, hackathons, and grants for Ukrainian defense companies[179].
- In 2026, it is planned to expand access to the European Defense Fund (EDF) with grants up to €60,000, R&D funding, and joint procurement[180].

Ukrainian Startup Fund (USF)

The Ukrainian Startup Fund (USF), the purpose of which is to support innovative projects and help Ukrainian entrepreneurs create successful global companies, is a crucial source of state funding for innovation in Ukraine. **Prior to the full-scale war**, USF provided **grants to start-ups at the pre-seed and seed stages** in the amount of **$25,000 and $50,000**, as well as up to **$10,000 for acceleration programs** in international and Ukrainian accelerators. The Fund, created by the initiative of the Ministry of Finance and being responsible for **50% of all early-stage deals**, had invested more than **$6.4M in over 250 Ukrainian start-ups** before the onset of the war[181].

[176] DFNC³ Investor Day: пошук шляхів масштабування українських оборонних технологій
[177] Ukraine became part of the European Defense Industrial Strategy
[178] EU defense Innovation Scheme (EUDIS)
[179] BraveTech EU
[180] DFNC³ Investor Day: пошук шляхів масштабування українських оборонних технологій
[181] Ukrainian dual-use projects: how they work and inspire

Since February 2022, the Ukrainian Startup Fund has **suspended its classic civilian grant program** and **refocused its funding on dual-use and defense innovation** through the dual-use and defense framework. Currently, USF offers **three targeted instruments**: the Dual-Use Project Support program, the Innovation Voucher program, and the Drone Fast Track. Support is provided as **non-repayable financial assistance** covering early-stage project development costs and structured acceleration, including access to specialised mentors and experts. Grants are awarded in amounts of **up to $35,000**, of which **$25,000** is allocated directly to the beneficiary's activities and **up to $10,000** is earmarked to pay for services delivered by an accredited accelerator[182].

In April **2023**, the **BRAVE1 defense Technology Cluster** was launched as a **one-stop shop** for defense-tech projects in Ukraine. BRAVE1 operates on the basis of the **Innovation Development Fund (IDF)**, within which the **Ukrainian Startup Fund (USF)** also operates, and **USF acts as BRAVE1's funding partner**, channeling grant support to eligible defense and dual-use teams. Within the first two months of activity, BRAVE1 reported **320+ project submissions**, with **138** developments passing military expertise; evaluation is carried out by **500+ General Staff experts** across **12 priority verticals**. Over **100 projects** received **BRV1 status**, and **66** developments were forwarded by the General Staff to the Ministry of defense for further handling. The first 7 grants for defense-tech projects were issued, and as of mid-2023 the Fund's grant activity reported 33 Ukrainian startups supported, with only 3 suspending their operations[183].

For civilian startups, direct access to USF funding has become less centralized. The Fund's historical state-funded pre-seed and seed grants have largely transitioned into **co-funded programs with international partners**, most notably the joint initiative with the Ukraine-Moldova American Enterprise Fund (**UMAEF**), which deployed **$2M across 57 startups**. While this program concluded its main phase in mid-2025, subsequent waves are anticipated[184]. In this context, the USF's role has shifted from direct grant provision toward **ecosystem integration**, including coordination of international partnerships, organisation of startup delegations to global events, and administration of the experimental regulatory sandbox regime for high-tech solutions (Cabinet of Ministers Resolution No. 1238).

Additionally, as a **partner of the Seed of Bravery project**, USF provides non-refundable grants of up to $60,000 to promising startups. As of mid-2025, USF has distributed **$8.7M,**

[182] Ukrainian dual-use projects: how they work and inspire
[183] 4 years of the USF activity: key results
[184] USF Grant Program Supported by UMAEF Wraps Up: 57 Startups Receive $2 Million

supporting over 380 startup teams[185]. In addition, the fund is **launching new programs**, such as **Startup EDGE for €1M** with the support of **EU4Innovation East, Expertise France** for EdTech, GreenTech and DeepTech startups[186].

As of **2025**, the Ukrainian Startup Fund (USF), across both its **civil and defense** dimensions, has distributed **450+ grants** totalling **$9+ million**, while USF-backed startups have raised **$50.9+ million** in external investment. The Fund is supported by **220+ pro bono experts** from **20+ industries** who contribute to evaluating and advising startups. In addition, USF has supported **550+ startups** in participating in **50+ international tech conferences**, strengthening their global visibility and market access. The **OECD (2024)** recognised USF among Ukraine's most successful reforms in **2020–2024**, contributing to Ukraine being ranked the **#1 reformer** among Eastern Partnership countries[187].

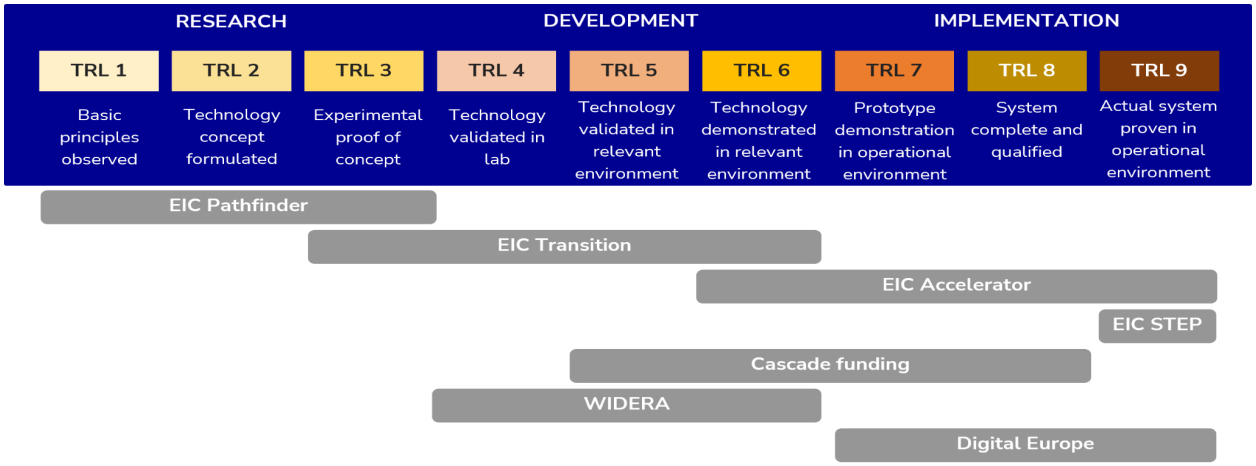
[185] Ukrainian Startup Fund

[186] New Startup EDGE grant program for Ukrainian startups in Deep Tech, Green Tech and EdTech sectors

[187] Ukrainian Startup Fund (USF)

EU-funded grant instruments accessible to Ukraine

Figure 18. Mapping of EU funding instruments across Technology Readiness Levels (TRLs)



Source: Civitta

The EU offers one of the **most comprehensive and well-developed startup support ecosystems**, with a wide range of funding programs **to which Ukraine has access** through association and dedicated support windows. The EU's funding instruments cover the **full innovation lifecycle**, from early-stage research and proof of concept to prototyping, demonstration, scaling, and market uptake.

European Innovation Council

The **European Innovation Council (EIC)** is the European Union's flagship instrument for supporting **high-risk, high-impact innovation** and the scaling of breakthrough technologies. It is part of the EU's **Horizon Europe** program and is designed to support innovators along the entire innovation journey, from early-stage research to market deployment and scale-up. The EIC operates through 5 main funding schemes:

Figure 19. Overview of the EIC funding programs

	EIC PATHFINDER	EIC TRANSITION	WIDERA	EIC ACCELERATOR	EIC STEP
Size of funding	€0.5M - €3M (Open) €4M (Challenges)	€0.5M - €2.5M grant	€300T – 500T grant	€0.5M - €2.5M grant €0.5M - €10M investment	€10M - €30M investment (round volume €50M-€150M)
Required vs. achieved TRL	**TRL 1-3 -> PoC**	**TRL 3-4 -> TRL 5-6**	**TRL 4-5 -> TRL 6**	**TRL 6 -> TRL 9**	**Specific TRL not determined**

Source: EIC

In addition to financial support, the EIC offers **business acceleration services**, including mentoring, investor matchmaking, and access to European and global innovation networks. For Ukrainian innovators, the EIC has introduced **dedicated support actions and grant windows** since 2022.

In 2022, EIC launched a €20M initiative to support Ukrainian tech start-ups and SMEs[188] via a pan-European network with three main goals: i) support start-ups in Ukraine, relocated from Ukraine or relocated back to Ukraine; ii) provide direct financial support (up to €**60,000 innovation grants**) to at least **200 Ukrainian tech start-ups/SMEs**; and iii) provide business advisory services and matchmaking. In May **2023**, the Commission announced the winning consortium titled **'Seed of Bravery'**, which will implement this action[189]. **As of 2024, over €3.6M has been disbursed to more than 110 Ukrainian startups through 139 grants.** The focus has been primarily on deep tech, infrastructure, education and science, healthcare/life sciences, and agri-food technologies. Notably, 14 startups have secured the maximum funding amount of €60,000. Beyond funding, the initiative has organised 17 non-financial support activities, including funding and investor literacy programs, demo days, and proposal writing bootcamps.

Ukrainian organisations can apply to the EIC programs but the number of successful beneficiaries that received funding from the EIC remains limited. For instance, as of **2023, only three Ukrainian companies were funded under the EIC Accelerator** program with the total amount of money allocated being €**3.5 million**[190]. In the framework of the **EIC Pathfinder** scheme, out of the 45 Ukrainian applications received, **4 projects were selected for funding**. Across all the types of **EIC funding programs, 20 Ukrainian innovative projects** received

[188] EU sets up €20 million support for Ukrainian start-ups through European Innovation Council
[189] Commission announces partners in European Innovation Council action to support the Ukrainian deep tech community
[190] The European Innovation Council expands support for Ukrainian tech SMEs and start-ups through new funding initiative

financing over the last decade[191]. Low awareness about available funding opportunities, the lack of proposal writing skills and support are among the main challenges. In 2024 and the first quarter of 2025, there were **no Ukrainian projects among the winners of EIC accelerator programs**[192].

In 2025, the **European Innovation Council (EIC)** significantly broadened its support for Ukrainian deep-tech startups and SMEs, reflecting both a continuation of long-standing EU efforts and a response to strong demand from Ukrainian innovators. In 2025, EIC opened access to **two funding instruments** for Ukrainian startups:

The first is a **dedicated, Ukraine-exclusive funding action** under the Horizon Europe work program titled **"Support for the Ukrainian tech SMEs and start-ups"**[193]. Announced in July 2025 with a **total indicative budget of €20M**, this call aimed to accelerate the development and commercialisation of deep-tech innovations in priority areas such as artificial intelligence, robotics, biotechnology, cybersecurity, and related fields. Grants of **up to €500,000** will be awarded to help companies mature technologies from **TRL 4 to TRL 6–7** and advance toward market entry and attractiveness for private investment and larger follow-on programs. By early December 2025, the EIC reported that **349 Ukrainian tech SMEs and start-ups submitted proposals**, collectively requesting **€164M** in funding — far exceeding the available budget and underscoring strong ecosystem demand. Approximately **40 projects** are expected to be funded, with a **special emphasis on women-led enterprises** to promote inclusivity.

In addition to the Ukraine-exclusive action, the EIC expanded access for Ukrainian innovators through the **EIC Pre-Accelerator**[194], a **WIDERA (Widening Participation and Strengthening the European Research Area)** pilot scheme funded under the **WIDERA 2025 Work program**. This instrument targets early-stage deep-tech startups and SMEs from **Widening countries** (a group that includes several EU Member States and Associated Countries with lower historical participation in EU research and innovation, such as Bulgaria, Romania, and **Ukraine**), allowing them to compete for **grants of €300,000–€500,000** covering up to 70 % of eligible costs. The **total indicative budget for the 2025 call is €20M**, and the program is structured to enhance **business, investor, and technology readiness** (from TRL 4 toward TRL 5–6) and prepare applicants for follow-on funding opportunities, including the **EIC Accelerator** or private investment. Beyond financial support, the Pre-Accelerator offers access to **EIC Business**

[191] Carbominer Secured €1.5M Grant From EIC Accelerator
[192] EIC Accelerator March 2025 Results: The Newest Winners
[193] Ukrainian tech SMEs and start-ups look to EIC for support
[194] EIC Pre-Accelerator

Acceleration Services, including coaching, mentoring, and investor networking, and aims to improve overall preparedness for scaling.

European Institute of Innovation and Technology (EIT)

Beyond the EIC, **the European Institute of Innovation and Technology (EIT) plays a vital role in strengthening Ukraine's innovation system**, covering numerous innovation areas**.**

Through the EIT Higher Education Institutions (HEI) Initiative, has allocated **€3.75M to 41 Ukrainian universities** to build institutional innovation capacity. As result over **780 students and 29 startups get benefits**[195]. Meanwhile, the **EIT Jumpstarter program** has proven particularly impactful for early-stage entrepreneurs. In 2023, the program introduced two new thematic categories, Rebuild Ukraine and Digital, expanding its reach and relevance. **As a result, Ukrainian participants made up 20% of all Jumpstarter applicants in 2023 and 2024.**

Figure 20. Overview of the EIT programs and its focus areas



Source: EIT

By the end of 2023, the EIT had invested €3,3M into Ukraine, created or supported 53 ventures, and reached more than 4,300 Ukrainian participants through education, mentoring, and training[196]. The EIT also established a dedicated office in Ukraine and plans to expand its activities and physical presence in the country throughout 2025. These efforts aim to strengthen local innovation ecosystems and connect Ukrainian actors to EIT's broader

European networks in areas such as health, climate, digital, and manufacturing. Within the framework of the program **EIT Jumpstarter 2024, 104 out of 600 applications were received from Ukrainian teams** (approximately 20% of applications), 10 out of 49 teams were invited to the Grand Final. **5 out of 24 finalists were from Ukraine**. The Red Kalyna initiative has

[195] Driving Innovation: The EIT's Ongoing Commitment to Ukraine in 2025
[196] Driving Innovation: The EIT's Ongoing Commitment to Ukraine in 2025

supported 19 women across 2023 and 2024, providing visibility and access to European markets. Meanwhile, the EIT Supernovas initiative has trained Ukrainian women in venture capital investment and business angel funding[197].

Digital Europe program (DEP)

A milestone for Ukraine's digital ambitions was its accession to the **Digital Europe program (DEP)** in September **2022**[198]. The DEP, with a total budget of €7.5B for 2021-2027, grants Ukrainian businesses, organizations, and public administrations access to European calls for projects focused on **digital infrastructure, cybersecurity, advanced digital skills, and AI**. Since joining, Ukraine has actively participated in the program. By March 2025, **19 grant agreements had been signed involving 75 Ukrainian institutions** and organisations, securing a total of **€14.4M** for the implementation of digital technologies across various sectors[199].

In 2025, the European Commission presented the updated Digital Europe Work Program for 2025–2027 with a total budget of €3.B. The work program prioritises **artificial intelligence**, **cloud and data**, **cybersecurity**, **advanced computing** (including supercomputing and emerging **AI Factories**), and **advanced digital skills**, alongside actions that help **SMEs and public administrations** adopt these technologies at scale. Importantly for Ukraine, **participation is not limited to EU Member States**: **Ukraine is an associated / participating country in the Digital Europe program**, which means Ukrainian businesses, organisations, and public administrations are **eligible to access DEP calls for funding and join consortia** under the program rules[200].

EU4Innovation East

EU4Innovation East, launched in **April 2024**, is a **regional EU-funded initiative** designed to strengthen startup ecosystems across the five Eastern Partnership countries — **Armenia, Azerbaijan, Georgia, Moldova, and Ukraine**, with a strong emphasis on making these ecosystems more investment-ready and better connected to EU markets[201]. The program has a **€22.1M budget** and runs through **2024/2025–2028**, and is **implemented by Expertise France** with EU funding and **co-financing from the Government of France**. Its delivery model combines ecosystem-level capacity building (e.g., strengthening incubation and technology-transfer pathways), market-building measures (improving international visibility

[197] Driving Innovation: The EIT's Ongoing Commitment to Ukraine in 2025
[198] Solidarity with Ukraine: Digital Europe program open to Ukraine to access calls for funding
[199] Opportunities for Digital Europe for Ukraine: Results of the Digital Europe program
[200] Європейська комісія представила оновлену програму «Цифрова Європа» 2025–2027
[201] The EU4Innovation East project

and cross-border connections), and, critically, interventions to expand **early-stage funding availability**, including a stronger business-angel and seed financing layer.

In **2025**, the program, together with the **Ukrainian Startup Fund (USF)**, launched the **«Startup EDGE» grant program**[202]. The program has a **total budget of €1M** dedicated to supporting **early-stage Ukrainian startups** in strategic innovation areas. It targets teams working in three priority sectors: **Deep Tech** (including AI, biotechnology, robotics, cybersecurity, and other breakthrough technologies), **Green Tech** (clean technologies, renewable energy, and sustainability), and **EdTech** (digital education solutions), with a view to strengthening competitiveness and advancing solutions toward international markets. Under Startup EDGE, eligible teams can receive **non-repayable grants of up to €20,000** at the **pre-seed stage** and **up to €40,000** at the **seed stage**. The program is structured around a **multi-stage, transparent evaluation process** comprising compliance check, expert review, pitching, and final approval by the USF Supervisory Board.

European Bank for Reconstruction and Development

The **European Bank for Reconstruction and Development (EBRD)** is one of the anchor international institutions supporting Ukraine's private sector during the war, combining **large-scale capital mobilisation** with targeted instruments that strengthen the **startup and scaleup pipeline**. In **2024**, the EBRD deployed **nearly €2.4B in Ukraine** (and almost **€6.2B from 2022**), with a mandate spanning energy resilience and infrastructure as well as **trade and private-sector support**. Alongside finance delivered through the banking system, the EBRD also runs ecosystem-facing programs that are directly relevant to startups. **Star Venture** is the EBRD's flagship venture-building program, providing growth support to **high-potential startups and accelerators** and connecting them to corporate partners and investors across EBRD markets. In 2025, **Star Venture was rolled out in Ukraine** offering selected startups up to **≈€50 000 worth of tailored support** including **business diagnostics, individual advisory and consulting projects, world-class mentoring, access to a global mentor/investor network, targeted workshops and training, and facilitated networking and investor links** over a **24-month support period** to help them scale and prepare for investment and international markets..

International grant programs beyond EU

USAID

[202] New grant program for Ukrainian startups in Deep Tech, Green Tech and EdTech sectors

USAID had been a **major source of non-dilutive support** in Ukraine's startup funding landscape — often not by investing directly, but by **financing grant schemes and delivery programs** (via accelerators, business support organisations, and innovation projects) that helped early-stage teams cover validation, pilots, advisory, and market access activities. In **late January 2025**, USAID in Ukraine was **ordered to suspend projects and expenditures** under a broader US foreign-assistance freeze, which abruptly **paused ongoing and planned calls/activities** and reduced the capacity of ecosystem intermediaries to provide grants and structured support.

Google for startups

In addition to public funding, corporate-backed grant mechanisms have also contributed to early-stage support for Ukrainian startups. As of **2025**, the **Google for Startups Ukraine Support Fund** provided **over $6.5M** in funding to selected Ukraine-based startups. The initiative supported **more than 60 companies**, offering up to **$100,000 in non-dilutive funding** per startup, complemented by **mentorship** and **product support**, as well as up to **$350,000 in Google Cloud credits** to accelerate product development and scaling[203].

NATO-affiliated programs

For startups developing dual-use technologies, the NATO ecosystem offers distinct opportunities. The Defense Innovation Accelerator for the North Atlantic (**DIANA**) is an **acceleration program** that provides initial grants of **€100,000**, with the potential to compete for subsequent funding of up to €400,000. DIANA's thematic focus includes energy resilience, advanced sensors, and secure data exchange, making it highly relevant for Ukrainian defense and security technology developers. Currently, U**kraine is no a part of DIANA, but is set to become its first partner outside NATO**, as the parties are already negotiating and preparing a cooperation agreement[204].

Debt financing and state-backed credit instruments

Ukrainian startups make **limited use of bank loans** due to high perceived risk, lack of collateral, and elevated interest rates, constraints that are especially binding for companies without stable revenues or tangible assets (especially considering that in Ukraine intangible assets are rarely accepted as collateral). Survey evidence indicates that **only 1.9% of startups** used bank

[203] Dealbook of Ukraine — 2026 edition | AVentures Capital

[204] Ukraine to Join NATO DIANA Defense Innovation Program as First Non-NATO Partner

loans[205] as a financing source, with most relying instead on **bootstrapping, grants, venture capital, or friends-and-family support**. The project survey points to the same pattern — only 13.6% of startups reported using bank loans or credit

Ukraine's main state-backed lending instrument, the **"Affordable Loans 5–7–9%" program**, reduces borrowing costs through interest-rate subsidies and has played a stabilising role for SMEs during the war, but it is **primarily designed for traditional SMEs** (working capital, recovery, asset-based investments) rather than technology startups.

In parallel, international institutions also support SME lending. The **EBRD** expands access to credit through **partner-bank credit lines and risk-sharing facilities**, often complemented by donor-funded incentives (e.g., through **EU4Business–EBRD Credit Line** structures[206]), but these mechanisms mainly benefit **operational SMEs and later-stage firms**, not early-stage startups.

[205] PUSB Report — Startups and business ecosystem
[206] Building modern, sustainable and profitable SMEs in Ukraine

1.4.5 Access to talent

1.4.5.1 Structural availability of talent: demographics and mobility

Ukraine remains **one of the largest countries in Europe by population,** with an estimated **38.98 million people in 2025**[207]. However, its long-term demographic trajectory is sharply negative. Between **1990 and 2024**, the population declined by approximately **18.3 million**, driven by economic shocks, ageing, sustained labor migration, and, since 2022, large-scale wartime displacement[208].

As of mid-2025, around **6.9 million Ukrainian refugees** are recorded globally, including **6.36 million in Europe** and approximately **560,000 elsewhere**, while an estimated **3.8 million people** remain internally displaced. Combined with historical migration, this results in a very large Ukrainian diaspora, conservatively estimated at **12–20 million people worldwide**[209]. These dynamics significantly constrain the domestic availability of labor, while simultaneously creating a sizable external talent pool that increasingly interacts with the Ukrainian economy through remote, cross-border, and project-based work.

Demographic ageing further reduces labor supply elasticity. The median age of the population reached **43.2 years**, with the working-age cohort (15–64) accounting for **67.1%** of the population, while people aged 65+ represented **19%** and children aged 0–14 – only **13.9%**. Gender imbalance has increased, with women accounting for **53.5%** of the population in 2025, reflecting both demographic ageing and male war losses[210]. Ukraine's current **effective workforce** is estimated at **11–12 million people,** down from 15.6 million employed in 2021[211].

For the startup ecosystem, these trends translate into a **smaller, less elastic domestic hiring pool**, higher competition for experienced specialists, and growing reliance on **remote, hybrid, and diaspora-linked talent models**, particularly in technology-driven sectors. As was noted at the interviews, the main challenge is no longer only the fact of talent outflow itself, but the **limited creation of sufficiently attractive jobs and career paths inside Ukraine**. In this view, talent retention and return mechanisms are unlikely to work effectively unless they are directly connected to real labor-market demand and hiring opportunities.

[207] Ukraine Population Pyramid (2025)
[208] Total population of Ukraine from 1990 to 2030
[209] Українська діаспора
[210] Ukraine Population Pyramid (2025)
[211] Future of Ukraine Workforce

1.4.5.2 Talent quality and baseline skills

Despite adverse demographics, Ukraine retains **a comparatively strong human-capital foundation.** Adult literacy is close to **100%**, reflecting long-standing access to basic education[212]. Historically, **around 70% of Ukrainians have completed secondary or higher education**, providing a broad base of general and vocational skills[213]. Participation in higher education is exceptionally high, with **tertiary gross enrolment ratios estimated at 83–85%**, placing Ukraine well above regional averages for post-secondary education access[214].

At earlier stages, **youth enrolment in primary and secondary education consistently exceeded 90%**, while out-of-school rates for lower secondary students remained below 3%, indicating strong engagement with compulsory schooling prior to war-related disruptions[215].

Digital skills are widespread but uneven in depth. According to **Diia Education (2023)**, **93% of Ukrainians** report having at least basic digital skills, while the share of people with above-basic digital skills increased to **38%**, up **12%** since 2019. Over the same period, the share of people with no digital skills fell from **15% to 7%**. Use of digital tools for education increased to **28%** of adults in 2023, while participation in online civic engagement rose from **20% to 35%**, reflecting accelerated digital adoption during wartime[216].

Overall, the **general cognitive capacity and baseline digital literacy are not binding constraints**. The challenge lies less in education quantity than in converting this foundation into job-ready, scalable, and innovation-relevant skills. Stakeholder interviews indicate that the core problem lies in the **weak practical orientation of academic education**: students remain overloaded with theory and routine tasks, while having too little time to work on real projects, and laboratories still function more as an optional add-on than as an integral part of the educational process.

1.4.5.3 Talent system performance in international benchmarks

[212] Literacy rate, adult total (% of people ages 15 and above) — Ukraine
[213] Literacy and Education in Ukraine
[214] Tertiary Enrollment in Ukraine
[215] Ukraine: Tertiary school enrollment
[216] Digital Literacy Research

International benchmarks provide a diagnostic lens for understanding why strong human capital does not automatically translate into effective talent access for the ecosystem. In the **Global Talent Competitiveness Index (GTCI) 2025**, Ukraine ranks **61st out of 135 countries**, with a score of **46.31**, above the upper-middle-income average (**43.14**). The index distinguishes between **Input conditions** (how well a country enables, attracts, develops, and retains talent) and **Output outcomes** (the skills actually present in the workforce). Ukraine's profile is characterised by strong human-capital depth and firm-level adaptability, but weak institutional capacity to convert education volume into scalable innovation outcomes[217].

Table 9. Ukraine's ranking in GTCI 2025

Country	GTCI ranking	Enable	Attract	Grow	Retain	VTS	GAS
Ukraine	**61**	69	49	78	59	76	39

Input Sub-Index: conditions shaping talent flows

The Input Sub-Index assesses how conducive the environment is to building, attracting, developing, and retaining talent and consists of four pillars: Enable, Attract, Grow, and Retain.

1) Enable pillar

Ukraine's enabling environment is structurally imbalanced. The **Regulatory Landscape** is the weakest component (**rank 108**), driven by low political stability (**rank 123**), rule of law (**rank 112**), and regulatory quality (**rank 84**). These factors undermine long-term investment horizons and reduce Ukraine's attractiveness for returning or foreign talent. **Market Landscape** shows mixed performance. While Ukraine performs moderately in cluster development (rank 64) and benefits from relatively high urbanisation **(rank 57)**, access to finance and innovation inputs remain major bottlenecks**.** Domestic credit to the private sector **(rank 114)** and R&D expenditure **(rank 73**) point to limited capital depth and underinvestment in innovation, constraining firms' ability to leverage available talent for growth. In contrast, Ukraine performs strongly in the **Business and labor Landscape**, including labor–employer cooperation (**rank 23**) and enterprise software adoption (**rank 1**), indicating high firm-level adaptability despite institutional fragility.

[217] Global Talent Competitiveness Index 2025

Ukraine	Enable pillar	1.1 Regulatory Landscape	1.2 Market Landscape	1.3 Business and labor Landscape
Score	**48.42**	35.86	45.37	64.03
Rank	**69**	108	83	19

Therefore, startups face **high systemic uncertainty**, which reduces investment confidence and makes long-term hiring and scaling decisions riskier, despite good day-to-day firm adaptability.

2) Attract pillar

Ukraine shows moderate openness but weak conversion of openness into net talent inflows. **External Openness** (**rank 53**) is supported by relatively favorable FDI conditions, but indicators on international students and brain gain remain weak (**rank 94**). **Internal Openness** (**rank 60**) is stronger, supported by social mobility and comparatively strong gender equality outcomes, including leadership opportunities for women (**rank 17**).

Ukraine	Attract pillar	2.1 External Openness	2.2 Internal Openness
Score	**55.01**	46.33	63.68
Rank	**49**	53	60

For the startup ecosystem, this implies continued **reliance on remote hiring** and diaspora engagement rather than relocation-based team growth.

3) Grow pillar

Ukraine underperforms in the systems that continuously **upgrade talent. Formal education** shows a mixed profile: tertiary enrolment is a relative strength (**rank 35**) with solid basic learning outcomes (**rank 42**) and mid-level tertiary expenditure performance (**rank 49**), but vocational enrolment is weak (**rank 90**), limiting the pipeline of job-ready applied skills. **Lifelong learning** (**rank 97**) and structured reskilling remain a bottleneck , with moderate prevalence of training in firms (**rank 76**) and employee development (**rank 67**) but insufficient scale and systematisation to support rapid labor-market adaptation under structural change and wartime disruption. **Access to Growth Opportunities** is comparatively **better but still middling**. Indicators on professional connectivity are modest, with low uptake of virtual

professional networks **(rank 79)** and only moderate use of broader virtual social networks **(rank 82)**, implying that access to career-enhancing networks remains limited.

Ukraine	Grow pillar	3.1 Formal Education	3.2 Lifelong Learning	3.3 Access to Growth Opportunities
Score	**33.71**	25.08	29.29	46.76
Rank	**78**	60	97	78

The innovation sector therefore cannot rely on the system for rapid reskilling and must invest directly in **on-the-job training and non-formal education**.

4) **Retain pillar**

Ukraine's retention conditions are moderate in social-system terms but weak in keeping high-skilled professionals. **Sustainability** performs relatively well (**rank 43**), including pension coverage (**rank 52**) and social protection (**rank 38**). However, the core retention weakness is captured by low brain retention (**rank 98**), reflecting continued emigration and uncertainty. In the **Lifestyle** dimension, basic infrastructure such as sanitation remains strong (**rank 51**), but employee wellbeing is weak (**rank 101**), reflecting war-related stress and reduced quality-of-life conditions.

Ukraine	Retain pillar	4.1 Sustainability	4.2 Lifestyle
Score	**58.81**	60.01	57.62
Rank	**59**	43	71

For the ecosystem this translates into elevated attrition risks due to emigration, mobilisation, and burnout.

Output Sub-Index: skills outcomes

The Output Sub-Index measures the actual skills present in the workforce and how effectively talent is converted into productive capabilities, and consists of two pillars: Vocational and Technical Skills (VTS) and Generalist Adaptive Skills (GAS).

1) Vocational and Technical Skills (VTS)

Vocational and technical skills outcomes in Ukraine are **below average and uneven**. The **Mid-level skills** component shows that a large base of secondary-educated workers with population with secondary education (**rank 72)** and workforce with secondary education (**rank 85)**) does not translate smoothly into effective labor-market performance. Outcomes are constrained by low labor productivity per employee (**rank 82**) and continuing education–jobs mismatch. **Employability** indicators show that firms report relatively good ease of finding skilled employees (**rank 43**), but education relevance to the economy is only moderate (**rank 60**) and highly educated unemployment remains elevated (**rank 89**).

Ukraine	VTS overall	5.1 Mid-level Skills	5.2 Employability
Score	**47.17**	34.58	59.75
Rank	**76**	77	74

While formally educated labor is available, **job-ready applied skills and productivity outcomes are constrained**, increasing the time ecosystem actors must spend on **training and adaptation** for technical and mid-level roles.

2) Generalist Adaptive Skills (GAS)

Generalist adaptive skills represent one of Ukraine's stronger talent dimensions. **High-level skills** are anchored in a very high share of tertiary-educated workers (**rank 5**), supported by strong soft skills (**rank 18**) and a solid presence of senior officials and managers (**rank 17**). These indicators point to a workforce with strong cognitive capacity and adaptability, well suited to complex, knowledge-intensive tasks. At the same time, important gaps remain. Researcher density is only moderate (**rank 68**), and advanced digital skills lag behind (**rank 80**), highlighting limits in research-intensive and highly specialised digital capabilities. **Talent impact i**ndicators show a mixed conversion of skills into economic outcomes. Ukraine performs strongly in ICT services exports (**rank 5**) and mobile app development (**rank 19**), but broader innovation diffusion remains limited. Intellectual property receipts (**rank 67**), high-value exports (**rank 66**), and new business density (**rank 73**) all point to weak commercialisation and scaling beyond the IT sector.

Ukraine	GAS overall	6.1 High-level Skills	6.2 Talent Impact
Score	**34.74**	39.17	30.32
Rank	**39**	32	45

Overall, Ukraine has deep **high-level cognitive and professional skills**, supporting product development and complex problem solving, yet weaker research intensity and digital depth can create **bottlenecks for frontier R&D** and highly specialised roles.

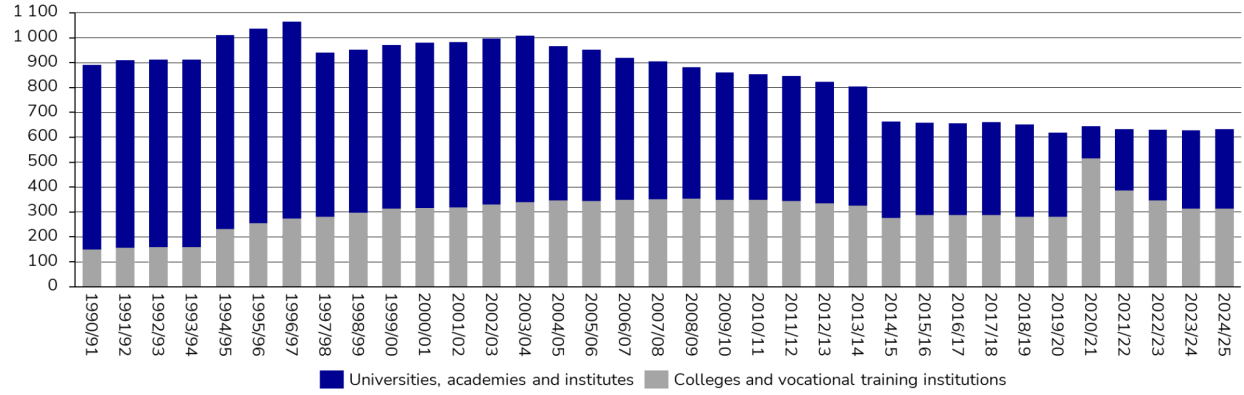
Taken together, Ukraine's talent system is characterised by **strong human-capital depth operating within a constrained institutional environment**. International benchmarks confirm that startups can access a large pool of educated, adaptable, and digitally capable professionals, particularly in technology-related roles. At the same time, weak regulatory predictability, limited lifelong learning systems, and low retention capacity reduce the efficiency with which this talent can be mobilised, upgraded, and kept within scaling firms.

1.4.5.4 Education, research, and long-term talent pipeline dynamics

Ukraine's education and research system remains the primary long-term source of talent, but it is undergoing structural contraction. The number of higher education institutions peaked at over **1,060** in the late 1990s and declined to around **630** by 2024/25, with further consolidation planned toward **~100 universities**[218].

[218] Academia in Ukraine in Times of War: Understanding the StatusQuo, Challenges, and Support Needs

Figure 21. Number of universities and colleges 1990-2025

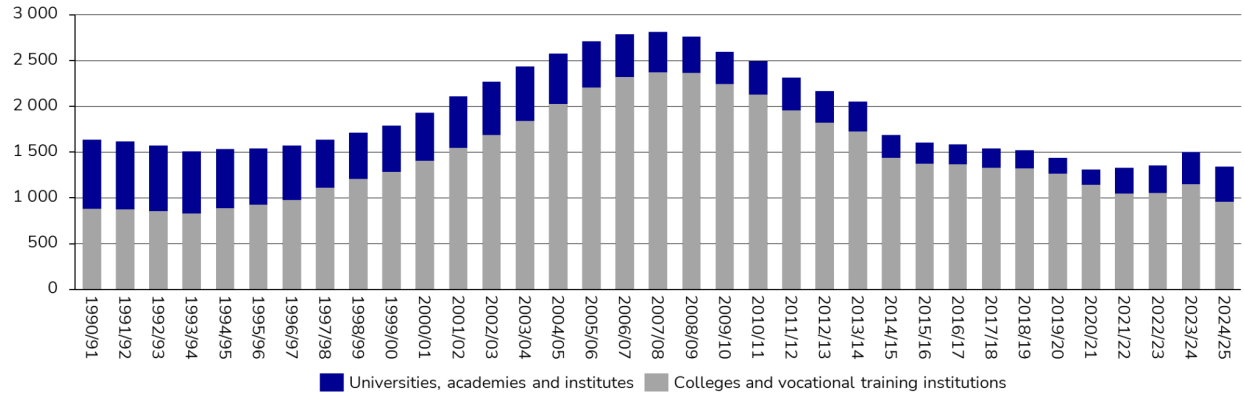


Source: Ukrstat

Total student numbers have been **declining steadily since the late 2000s**, well before 2022. The downward trend is largely driven by **demographic decline** and **outward migration for education**. By **2013/14**, enrolment had already fallen to **just over 2 million students**, down by roughly **25%** from the mid-2000s peak[219]. Student cohorts have fallen sharply, from **640,000 graduates in 2008** to **360,000 in 2023**, and are projected to drop to **~300,000 by 2033**.

The war has also intensified outward mobility, with **85,251 Ukrainian students studying abroad**, while the number of **foreign students in Ukraine** fell to **51,676 in 2023**, around **30,000 fewer** than before the full-scale invasion. These trends, combined with adverse demographics, reinforce structural pressure on Ukraine's **HEIs and research institutions**[220].

Figure 22. Number of students in universities and colleges 1990-2025, thousands



Source: Ukrstat

[219] Вища та фахова передвища освіта в Україні

[220] Academia in Ukraine in Times of War: Understanding the StatusQuo, Challenges, and Support Needs

Over time, sustained enrollment decline translates into a **smaller inflow of graduates** into the labor market, a **narrowing of the university-based talent pool** (including for research-intensive and STEM-heavy fields), and a **greater relative weight of vocational education** in overall skills formation.

Education-labor market alignment remains weak[221]. By **2024**, overall employment among higher-education graduates had declined to **55.2%**, down from **58.9% in 2021**, with particularly weak outcomes for bachelor graduates (**48.4%**) and junior specialists (**54.3%**). Only specialist programs maintained consistently high employment rates (**91.3%**), largely due to regulated public-sector placement[222]. According to the GII report, Ukraine's **ranking in the field of cooperation** between universities and industry **fell from 67th to 94th place**.

Field-of-study imbalances reinforce the gap. In **2024/25**, enrolment remains concentrated in **management and administration (13.4%)**, **education and pedagogy (11.3%)**, and **social and behavioural sciences (8.3%)**, reflecting entrenched perceptions of "prestige" rather than labor-market demand, and graduates from these fields face the greatest employment challenges. At the same time, **engineering and technical pathways are severely underrepresented**. Even with increased state orders for engineering programs, student shares in **mechanical**, **electrical**, **chemical**, and **bioengineering** each remain **below 0.3%**, while economics/management fields still exceed engineering in total enrolment[223].

Research capacity has also eroded sharply. Beyond higher education institutions, research is conducted primarily by state-owned scientific organisations, most of them affiliated with the **National Academy of Sciences of Ukraine (NASU)**. The number of scientific institutions fell by **42%** between 2018 and 2022, while the number of researchers declined from **295,000 in 1991** to **35,700 in 2022**[224]. Since 2022, an estimated **20% of scientists** have left the country, **30%** continue working in frontline areas, and **165 researchers** have been killed[225]. Surveys indicate that only **41.6% of Ukrainian researchers abroad plan to return to Ukraine when the war ends, with less than a third of respondents voicing the opposite opinion (28.5%)**[226].

Structural issues compound these losses. Ukrainian universities and research institutes continue to operate under **constrained budgets and limited financial autonomy**, with **restricted ability to manage assets**, **borrow funds**, or **reinvest revenues** strategically. **Heavy**

[221] Фахівці з вищою освітою на ринку праці україни: сучасні реалії
[222] Higher Education Graduates at Ukraine's labor Market: Actual Realities
[223] Higher Education Graduates at Ukraine's labor Market: Actual Realities
[224] Academia in Ukraine in Times of War: Understanding the StatusQuo, Challenges, and Support Needs
[225] Українські вчені, яких убила Росія
[226] Beyond Resilience: Professional Challenges, Preferences, and Plans of Ukrainian Researchers Abroad

teaching and **administrative workloads** reduce time for research, while **limited access to scientific databases, software, and international networks** constrains research quality and competitiveness. As a result, Ukraine's research output shows mixed signals: **publication volumes in international databases have increased, but impact indicators remain weak**, including low shares of publications in top-quartile journals and relatively low citation rates.

Interview feedback suggests that the above structural constraints are further compounded by **weak science funding and low collaboration between science and business**: researchers often work without a clear understanding of market needs, while businesses themselves are not always able to formulate usable demand. In turn, this further weakens the long-term formation of innovation-relevant talent and reduces the ability of the research system to support deep-tech and R&D-driven ventures.

For the startup ecosystem, these trends point to **long-term constraints on the depth and diversity of future talent supply**, especially for deep-tech and R&D-driven ventures.

1.4.5.5 Market-level access to tech talent

The **IT sector** remains the most dynamic and internationally integrated segment of Ukraine's labor market and the p**rimary source of startup-relevant technical talent.** Despite wartime disruption, the sector has demonstrated a high degree of adaptability, with talent availability increasingly shaped by remote work and externalisation rather than outright contraction.

In 2025, Ukraine ranks **second among Central and Eastern European countries** by the number of IT specialists[227]. Between **2018 and 2025**, the number of IT specialists in Ukraine increased by **78.4%**[228], reaching approximately **346,200 people**[229]. Of this total, around **238,000 IT professionals** were physically based in Ukraine, while **62,000–64,000** worked abroad[230]. Since the start of the full-scale invasion, an estimated **120,000 highly skilled IT professionals** have left the country, with roughly **half continuing to work remotely for Ukrainian companies**, indicating a pattern of externalisation rather than complete loss of talent[231].

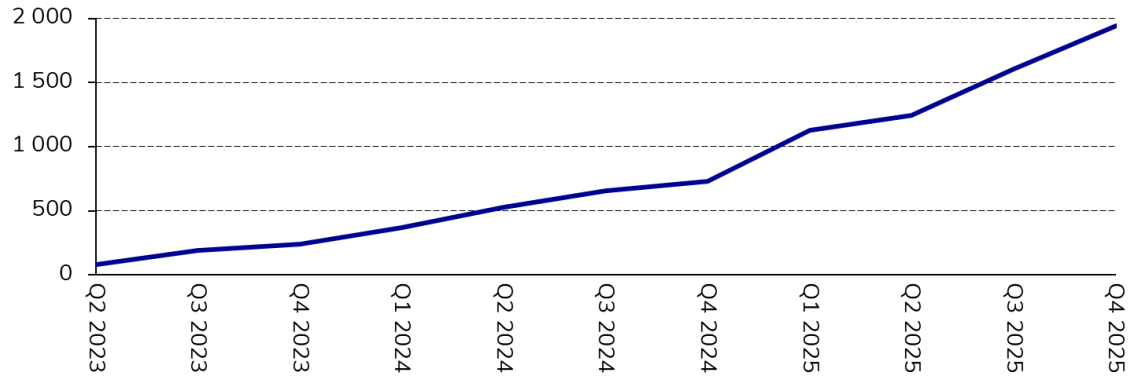
[227] Ukraine ranks second among Eastern European countries in terms of the number of companies in the field of artificial intelligence
[228] Number of IT-specialists in Ukraine reached 346 thousand
[229] Dynamics of development of IT sector in Ukraine
[230] Кількість айтівців в Україні та їхній медіанний дохід зменшилися майже на 2% – IT Research Ukraine
[231] Dynamics of development of IT sector in Ukraine

Women accounted for **30.7% of the IT workforce** by early 2025, reflecting gradual but still limited progress toward gender balance in tech roles[232]. Regionally, IT talent remains concentrated in major urban centres, with the highest shares in **Kyiv and Kyiv region (around 30%)**, followed by **Kharkiv (12%)**, **Lviv (11%)**, and **Dnipro (8%)**, reinforcing the geographic centralisation observed across the startup ecosystem more broadly[233].

After a contraction in 2022–2023, IT labor demand began to recover in **2024–2025**, reaching its highest level of job postings since **2021**. Data from leading recruitment platforms **Djinni** and **DOU** indicate year-on-year vacancy growth of **27%** and **32%**, respectively, signalling renewed hiring activity despite ongoing war-related risks[234].

However, the recovery is uneven across segments. The most pronounced growth is observed in **defense and dual-use technologies**, where demand for IT specialists increased by **more than 65% year-on-year**. Defense-related vacancies expanded dramatically on DOU, from **79 listings in Q2 2023** to **1940 listings by Q4 2025**, reflecting a shift toward hardware-intensive, embedded, and systems engineering roles alongside traditional software development[235].

Figure 23. Growth in defense tech job listings, 2023-2025



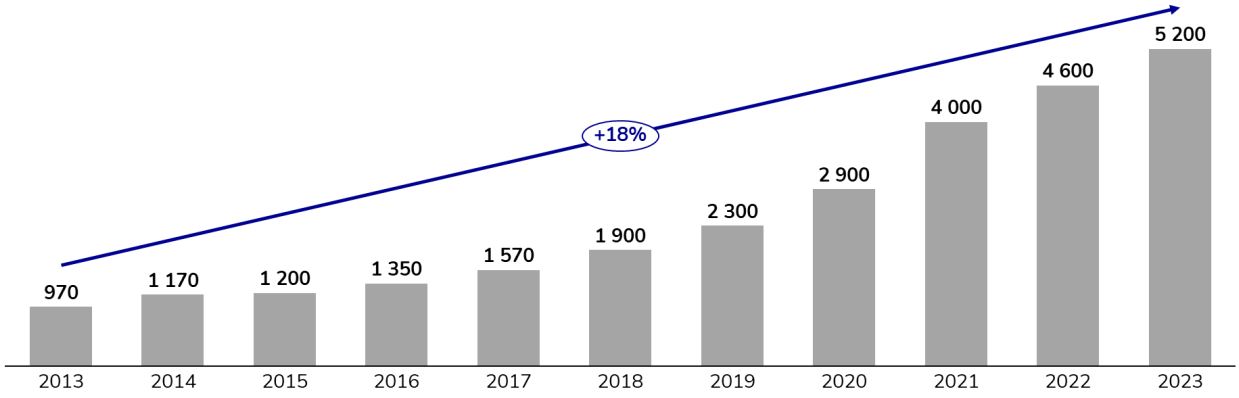
Source: Dealbook of Ukraine — 2026 edition | AVentures Capital

AI/ML is also one of the most distinct and fastest-growing talent bases. Over the past decade, Ukraine's AI/ML workforce has expanded approximately **fivefold**, growing from around **1,000 specialists in 2013** to approximately **5,200 specialists by 2023**, corresponding to an estimated compound annual growth rate of **~18%**. This growth reflects both rising global

[232] Скільки айтівців в Україні: рекордна кількість закритих IT-ФОПів за рік
[233] Dealbook of Ukraine — 2026 edition | AVentures Capital
[234] Dealbook of Ukraine — 2026 edition | AVentures Capital
[235] Dealbook of Ukraine — 2026 edition | AVentures Capital

demand for AI skills and Ukraine's strong base in mathematics, engineering, and applied computer science.

Figure 24. Growth of Ukraine's AI/ML specialist workforce, 2013–2023



Source: The AI ecosystem of Ukraine: talent, companies, and education

Despite this rapid expansion, AI/ML specialists still represent only around **1% of the total IT workforce**, making AI a relatively small niche in absolute terms. At the same time, the ecosystem has a sizable adjacent talent layer, with a **potential AI/ML talent pool of about 22,500 people** with relevant backgrounds such as data engineering, computer vision, machine learning, and NLP. The gap between the current specialised workforce and this broader pool indicates that future growth in AI capabilities will depend heavily on **targeted upskilling and reskilling pathways** within the existing IT workforce, rather than on graduate inflows alone[236].

The growing demand for IT specialists is only **partially compensated by graduate supply**. BRDO estimates that Ukraine's annual demand for new IT talent reaches **30,000–50,000 specialists**, while higher education institutions produce an average of **~16,200 IT bachelor graduates per year**. Output is increasing, with **over 20,000 IT bachelor degrees awarded in 2024**, which is **23% higher than in 2020**, but this still does not fully close the gap with demand. Colleges and technical schools add around **~6,300 junior specialists annually**, and this stream is growing, although many junior specialists are expected to continue into university education rather than enter the IT labor market directly[237].

The AI talent base is supported by a growing institutional ecosystem. As of **January 2024**, **243 IT companies** in Ukraine were actively working in AI-related fields. On the education side, **42 Ukrainian universities** offered a total of **106 specialised AI programs** in **2023, marking a**

[236] The AI ecosystem of Ukraine: talent, companies, and education
[237] The number of IT specialists in Ukraine will increase by 23% by 2024 – BRDO analysis

122% increase in student enrollment capacity for AI/ML programs over the past 5 years[238]. These programs provide a formal pipeline for future AI specialists, but their scale remains insufficient to materially expand the workforce in the short term.

Non-formal IT education has become a major pillar of Ukraine's tech talent pipeline, **outpacing formal higher education in volume**. Over **2019–2024**, non-formal providers delivered around **821,300 completed IT courses**, compared to **180,400 IT graduates** from higher education institutions over the same period, meaning non-formal training generated **more than four times** the number of training completions. Participation expanded sharply during the pandemic and the early war period, peaking in **2022** at **129,100 completed courses**, before easing to **105,600 in 2024** while remaining well above pre-2020 levels, which indicates sustained demand for **reskilling and upskilling**.

Ukraine's tech talent pool remains large and adaptable, but **wartime externalisation, defense-driven demand reallocation,** and **a persistent graduate supply gap** shift the burden onto startups and ecosystem actors to (i) convert adjacent profiles through training, (ii) hire across borders and engage diaspora talent, and (iii) retain specialists through flexible models that match mobility and wellbeing realities.

[238] THE AI ECOSYSTEM OF UKRAINE: TALENT, COMPANIES, AND EDUCATION

1.4.6 Support infrastructure

1.4.6.1 Support infrastructure overview

Support infrastructure in a startup ecosystem encompasses the **foundations** that enable startups to form, experiment, validate, and scale. It is commonly understood as comprising two complementary layers: **soft support infrastructure** and **hard support infrastructure**.

Soft support infrastructure covers non-financial, program-based support, including incubation and acceleration, mentoring, training and advisory services, capacity-building programs, expert and peer networks, and ecosystem coordination mechanisms. **Hard support infrastructure** refers to physical assets and facilities, such as laboratories, prototyping and testing centres, innovation parks, and co-workings, that provide access to equipment, workspaces, and technical environments required for product development.

In Ukraine, this combined support infrastructure is **present and diverse**, reflecting strong scientific legacies and sustained international engagement. However, the analysis shows that **both layers remain limited in scale and unevenly accessible relative to the size and needs of the startup ecosystem**. Hard infrastructure is fragmented, geographically concentrated, and not systematically connected to startup demand, while soft support is characterised by a prevalence of **short-term, project-based programs**, a **limited number of sustainable and vertical accelerators**, and a **notable gap in incubation, particularly at universities**, which weakens the early-stage startup pipeline.

1.4.6.2 Soft support infrastructure landscape

Over the course of its modern history, **Ukraine has made significant progress** in developing its startup soft support ecosystem. The country now hosts a growing number of functioning accelerators, incubators, and support hubs, many of which are becoming **more professionalised** and **internationally connected**. However, the system is still **catching up to mature ecosystems** in terms of depth, structure, and impact. Participants in the focus group on coordination in the ecosystem also emphasized that the support landscape still does not provide sufficiently uninterrupted startup development across stages, which limits the overall depth and structural coherence of the ecosystem.

In terms of **strengths**, Ukraine has established a solid network of physical entrepreneurship centres under the Diia.Business platform. A standout achievement is the creation of Brave1, a state-backed coordination platform for defense tech that combines **acceleration mechanisms** with **procurement linkages**. In addition, Ukraine has become a **key target** for EU and donor-backed acceleration programs, which often combine mentorship, grants, and European market access, rapidly boosting the capacity of local operators.

At the same time, several **development gaps** persist. The **scale-up pipeline remains thin**, and the **financial sustainability** of many support programs is **fragile**. Most rely on short-term donor funding rather than long-term endowments, evergreen capital, or corporate sponsorship, leading to short cohorts, high turnover, and frequent initiative churn. This is consistent with observations from the focus group on coordination in the ecosystem, where participants noted that incubators are generally **not self-sustaining and continue to depend on donor or public support**, which makes the financial model of early-stage support particularly fragile.

Moreover, the ecosystem still lacks **specialisation by vertical and stage**, with most programs remaining **generalist**. Outside the defense sector, there are few dedicated structures for **deeptech**, **growth-stage**, or **enterprise-focused startups**, limiting the strategic evolution of the support landscape. The focus group on coordination in the ecosystem pointed out that the limited specialization of support programs is partly explained by insufficient startup pipeline in many verticals, which makes it difficult to sustain dedicated acceleration formats outside the strongest segments.

Incubators and accelerators

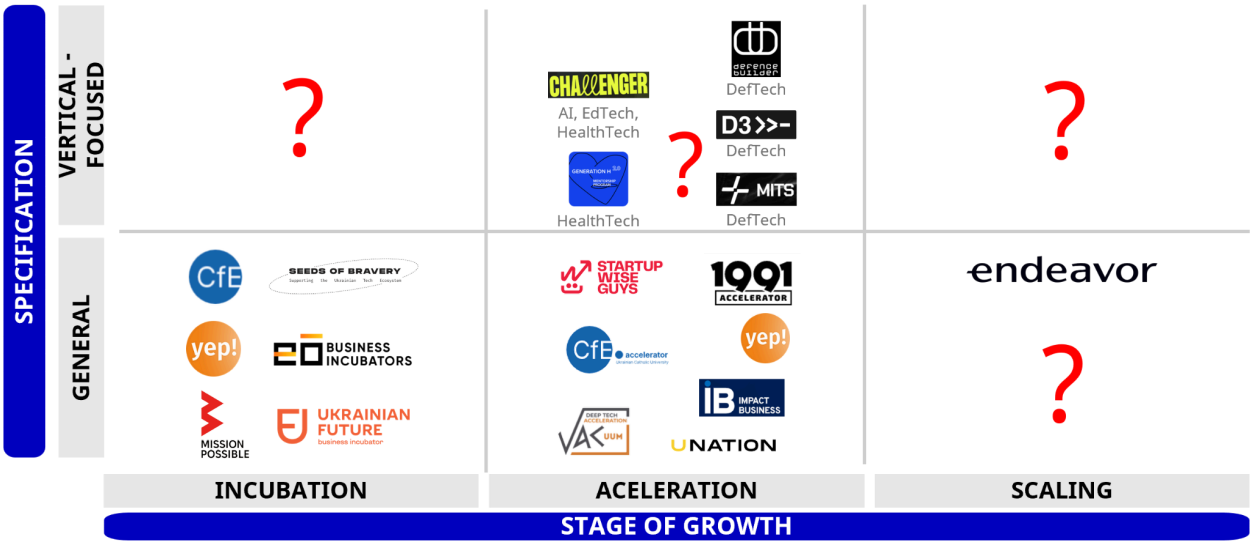
Incubators and accelerators remain underdeveloped compared to EU benchmarks. Of the **70 registered business incubators** in Ukraine, **only around 10 are active**, reflecting a system that is **limited in both scale and depth**. In the acceleration space, there are **approximately 60 initiatives**, but many operate as **one-off ventures** rather than **stable institutional players**. For instance, the Ministry of Digital Transformation's **Tech Ecosystem platform lists only 23 accelerators** currently[239]. By contrast, the European Business and Innovation Centre community includes over **175 certified incubators and members**, collectively supporting more than **36,000 startups and SMEs across 35+ countries** (as of 2024), illustrating the scale of institutionalisation in European ecosystems[240].

[239] Ukrainian Tech Ecosystem Overview — Accelerators
[240] European Business and Innovation Centre Network (EBN)

Most active startup support programs in Ukraine, such as CfE, Yep!, Ukrainian Future, Startup Wise Guys, and 1991 Accelerator, operate as **generalist platforms** that span multiple sectors and growth stages. However, they primarily focus on **pre-seed and early acceleration**, with **very limited support for growth-stage startups**.

There is a **notable gap in scaling-stage support**. Structured initiatives that provide services such as **access to growth capital**, **enterprise sales channels**, or **international expansion assistance** are largely missing. In addition, many local accelerators face **limited access to global investor and expert networks**, which reduces both the **scalability and quality** of their offerings.

Figure 25. Overview of key incubation and acceleration providers



Source: Civiita

While **industry-specialised programs remain scarce**, **defenseTech** is a strong exception. The relative strength of defenseTech also reflects more favorable commercialization conditions. The interviews revealed that defense is one of the few areas where real **demand and rapid validation make it possible to move from development to commercialization faster** than in other sectors.

Ukraine has developed a high-visibility, state-supported lane through the **Brave1 platform**, complemented by defense-focused investors and accelerators like **MITS** and **D3**. In **AI/ML**, there is a visible dedicated accelerator, **Challenger AI**, though the segment remains relatively small. Other sectors such as **FinTech**, **AgriTech**", and **MedTech** appear mostly through one-off or limited-duration programs rather than as part of a continuous support infrastructure.

Notable examples include Mastercard's Start Path Ukraine, targeting Ukrainian FinTech startups; MHP Agro Challenge, co-organised by **USF, Radar Tech and MHP** for AgriTech; and Lab2Market MedTech, backed by Ukraine's IP office **NIPO**, which supports commercialisation of early-stage medical innovations. SET University's Science to Market Accelerator also targets a range of verticals including **MedTech**, **BioTech**, **AgroTech**, **GreenTech**, and **dual-use technologies**. These initiatives remain **isolated efforts** rather than part of a broader sector-specialised accelerator ecosystem.

University-linked programs

Ukraine has been actively building university-linked incubators, startup schools, and academic entrepreneurship programs, a trend that accelerated in 2023–2025 with support from the Ministry of Education and Science (MoES) and donors. One of the most distinct examples is the YEP Startup Incubator Network, a nationwide network of academic business incubators that has become a cornerstone of university entrepreneurship. Since its inception in 2016, YEP has established incubation programs across Ukraine and integrated startup education into university curricula. As of 2025, YEP's **Innovative Entrepreneurship** course is delivered across **96 Ukrainian universities**. Since 2016, **12,000+ students** have completed the course, **500+ startups** have graduated from YEP programs, and YEP alumni have attracted **$1M+ in investment**.

At the national level, the **MoES**, in collaboration with the **Innovation Development Fund** under the USF/Brave1 umbrella, launched an experimental project to build a national **network of startup schools–incubators–accelerators** at universities and research institutions (Cabinet of Ministers Resolution No. 430 of **23 April 2024**)[241]. By late 2024, a competitive selection process resulted in startup schools being established at leading institutions in **Kyiv, Lviv, Kharkiv**, and other cities. The MoES reported partnering with **23 universities across 16 regions** to build incubators, accelerators, and integrate startup curricula by 2025[242]. Winning institutions include the National Aviation University, Vinnytsia National Technical University, Kyiv Academic University, Sumy State University, Dnipro University of Technology, and Odesa Polytechnic National University. In the beginning of 2025, the Ministry reported early results of the network including **150+ teams supported**, **40+ prototypes developed**, and **60+ workshops and pitching sessions**, alongside growing inter-university collaboration. The model is being advanced in cooperation with ecosystem partners including **Seeds of Bravery**, **YEP**

[241] Ukraine Launches a Nationwide Network of Startup Schools – Incubators – Accelerators to Boost Innovation

[242] Building the Future in a War Zone: Inside Ukraine's Innovation Revolution

Accelerator, and the **Ukrainian Startup Fund**, with next steps focused on expanding the network to **30+ universities**, launching **Centers of Excellence** in cooperation with **Brave1**, and opening the next wave of the **Beyond the Thesis** program for university-based **TRL5+ deeptech teams**.

Clusters

Ukrainian startups and companies are engaged into the **cluster ecosystem**, which serves as a bridge to integrate into broader European value chains. According to the report "European clusters integrating Ukrainian clusters & companies into the EU value chains", Ukraine is actively represented across 8 out of the 14 EU industrial ecosystems[243]. The strongest representation is in the **Digital** ecosystem (**eight Ukrainian cluster organisations)**, followed by **Mobility-Transport-Automotive** and **Agri-food**, each with **two cluster organisations**. Other industrial ecosystems represented include **Renewable Energy**, **Creative and Cultural Industries**, **Textiles**, **Health**, and **Electronics**, each with **one cluster organisation**.

European Digital Innovation Hubs (EDIHs)

In **2025**, Ukraine officially joined the **European Digital Innovation Hubs (EDIH)** network under the EU's Digital Europe Programme. EDIHs are **one-stop shops that help SMEs, startups and public-sector organisations** respond to digital challenges and become more competitive. Their standard service model covers four areas: **test before invest, skills and training, support to find investment, and innovation ecosystem building and networking**. Through these services, EDIHs help Ukrainian businesses test new digital solutions, access training and mentoring, receive financing guidance, and strengthen their competitiveness in the European and global digital economy[244].

Following a competitive selection process, **six** Ukrainian EDIHs were selected to join the European network, with a total EU support budget of **€4.5 million**. The first cohort includes **Central Ukrainian EDIH** (energy efficiency; digital and green transformation), **Eastern Ukraine EDIH** (energy, agro-industry, cybersecurity), **WIN2EDIH** (AI, cybersecurity, digital education, startup support), **LEAP EDIH** (AI, ML, VR/AR, robotics, radio electronics, digital education), **POLIDIH** (digital skills; regional digital transformation), and **CLOTEX-HUB** (clothing technology, textile sector, machinery)[245].

[243] European clusters integrating Ukrainian clusters & companies into the EU value chains
[244] New European Digital Innovation Hubs set up in Ukraine
[245] Українські об'єднання увійшли до мережі Європейських цифрових інноваційних хабів

The network has since **expanded with four additional EDIHs** receiving more than €3.6 million in EU funding: EDIH Kyiv HiTech (AI, blockchain, cybersecurity in agriculture, medicine and energy), EUNITED Digital Hub (ecosystem development and SME competitiveness), Green Carpathian EDIH (green technology, energy efficiency, automation and AI), and West Ukraine EDIH (digital skills and AI)[246].

Although specific performance indicators for Ukrainian EDIHs are not yet available, EU-level data points to a **solid impact of the EDIH network on the business environment**. According to the European Commission's 2025 reporting on EDIH activities, **90% of supported firms improved their digital maturity** after EDIH interventions, with the strongest relative gains recorded in AI and automation[247]. By mid-2025, the European EDIH network had delivered **44,000+ services** to almost **21,500 SMEs and 2,600 public-sector organisations, with 87% of support directed to SMEs**[248].

For Ukraine, joining the EDIH network represents part of the country's broader and rapidly expanding cooperation under EU digital programmes. Since 2022, Ukraine's participation in the Digital Europe Programme has resulted in **19 grant agreements**, involvement of **75 institutions and organisations**, and **€14.4 million** attracted for the implementation of digital technologies[249].

Venture builders

Ukraine has developed a strong venture-building environment, with several prominent players operating at the intersection of product development and global market scaling. **Initially**, Ukraine's technology base was shaped more by **outsourcing and software services** than by venture-backed product companies. This created a large pool of engineers, product managers, marketers, analysts and growth specialists with experience building digital products for foreign clients and international markets. **Over time**, part of this capability shifted from "building for others" to **building and scaling proprietary products**.

The first Ukrainian venture builders emerged from companies that had already developed the capability to repeatedly launch, test and scale digital products. Over the years, this has evolved into a distinct, though still relatively concentrated, venture-building ecosystem with a clear **focus on product IT, consumer applications, SaaS**, AI and, following the full-scale invasion,

[246] ШІ, кібербезпека та енергоефективність: чотири українські хаби отримають 3,6+ млн євро
[247] European Digital Innovation Hubs Network's activities and customers
[248] Update on the EDIH Network's activities
[249] Opportunities for Digital Europe for Ukraine: Results of the Digital Europe Programme

defence tech. Among the most prominent venture builders and startup studios are **Genesis, SKELAR, Kiss My Apps and Sigma Software Labs**. Apart from capital, these players offer founders access to product expertise, marketing and growth infrastructure, operational support, talent networks and international scaling know-how.

1.4.6.3 Hard support infrastructure landscape

Ukraine's startup ecosystem is supported by a **broad but fragmented set of physical infrastructures**, including laboratories, innovation parks, coworking spaces, makerspaces, and specialised testing facilities. While this landscape appears diverse on paper, effective access for startups **remains limited**. Participants in the focus group on commercialization of university research agreed that access conditions differ significantly across locations, with university-based infrastructure in Kyiv perceived as relatively more open, while facilities in many regions remain much more closed to external users. Infrastructure capacity is **unevenly distributed**, often embedded within academic or corporate settings, and information about availability and usage conditions is not systematically communicated. As a result, many startups are either **unaware** of existing facilities or face practical, financial, or institutional barriers that **discourage** regular use, particularly at early prototyping and validation stages.

Laboratories

Ukraine's network of **R&D and prototyping laboratories** is composed of longstanding state research institutes and an expanding set of **innovation labs at universities and tech hubs**, organised with support from the state, donors, or corporate partners. The country inherited a **dense scientific infrastructure from the Soviet era**, with the **National Academy of Sciences of Ukraine (NASU)** alone overseeing roughly **170 research institutes**[250] covering fundamental science and applied technologies. These institutes form the backbone of national research capacity and provide equipment and expertise across multiple domains. NASU institutions also host self-financed R&D and scientific-production facilities that support both basic research and technology development. At the same time, this legacy has been shaped by **chronic underinvestment over decades**, which has constrained the ability of many institutions to modernise their **material and technical base**. In practice, this often translates into **ageing equipment, limited access to contemporary prototyping tools and instrumentation, under-resourced maintenance and upgrades, and uneven lab readiness across regions and**

[250] Brief Information about the National Academy of Sciences of Ukraine

institutions. The focus group on commercialization of university research also confirmed that, beyond issues of equipment quality, access itself remains a major constraint, as many facilities are effectively closed to external users and cannot be easily utilised by startups or independent teams. As a result, even where facilities and expertise formally exist, **their effective usability for startups and applied R&D is limited,** creating a gap between Ukraine's inherited scientific capacity and the day-to-day infrastructure required for modern product development, testing, and technology transfer.

Alongside traditional research labs in major universities, newer **fabrication laboratories (FabLabs)** have been integrated into academic and innovation ecosystems. For example, **FabLab KPI**[251] at the Igor Sikorsky Kyiv Polytechnic Institute became part of the international FabLab network under an EU Erasmus+ project, offering 3D printers, CNC tools and rapid prototyping equipment accessible to students. In parallel, independent FabLabs such as the **Ukrainian Future FabLab** in Kyiv provide **open manufacturing facilities** for technical prototyping, small-batch production and design support services to researchers, startups and entrepreneurs. As of now, Ukraine has **11 active FabLabs**. In addition to FabLabs, some universities have embedded labs within **broader innovation centres and science parks**. KPI hosts the **Kyiv Polytechnic Science Park**, combining prototyping labs with startup incubation and R&D support[252].

Among Ukraine's emerging initiatives, a notable example is **Peremoha Lab in Chernihiv**, launched in 2023. This initiative transformed a war-damaged cinema into the city's first Fab Lab through a collaboration between local authorities, Chernihiv Polytechnic, and NGOs, with backing from **Tolocar (GIZ)**[253]. Named "Victory" after the former cinema, Peremoha Lab now provides access to prototyping tools for community members and aspiring startups, and is expected to host a dedicated **incubation program for innovation**. A similar initiative is underway in **Mykolaiv**, where a new **Infrastructure Fab Lab** is being established as part of the **Mykolaiv Water Hub** project. Co-funded by GIZ, the space is used for a wide variety of purposes, including prototyping and product development, educational activities such as STEM learning, personal projects like creating customized tools, and community initiatives focused on community-driven tech solutions[254]. Among the most recent additions is **RoboLab,** launched in **2026** at the Kyiv National University of Construction and Architecture as **the first robotics laboratory of its kind in Ukraine**. Created as a pilot initiative led by the Ministry of Digital Transformation and the Association of Robotics and Automated Systems, the lab provides

[251] У КПІ ім. Ігоря Сікорського відкрито лабораторію ФабЛаб
[252] Corporation "Science Park "Kyivska Polytechnika"
[253] Tolocar Stories: Creativity, Culture, Compassion
[254] Fab Lab for Mykolaiv

more than 30 workstations and access to robotics, mechatronics, 3D printing and scanning, AI infrastructure, and prototyping tools[255].

In 2019, Lviv Polytechnic also launched an **Internet of Things (IoT) laboratory** to support its IoT academic program. Notably, this lab was funded through a consortium of **seven local IT companies** (including SoftServe, Sigma Software, PLVision, and others) coordinated by the Lviv IT Cluster[256]. There is a clear positive trend of increasing **business–academia collaboration** in Ukraine through **private sponsorship of university R&D and training laboratories**. While university patronage is still at an early stage and often depends on each institution's initiative and **personal networks** between university staff and companies, leading universities are increasingly able to attract private partners to strengthen their infrastructure. In practice, corporate support most often takes the form of **renovating and equipping teaching spaces** and establishing **company-branded laboratories** on campus. These labs are concentrated mainly in **technical universities**, where industry demand for engineering skills is highest and where hands-on facilities can directly improve talent preparation and applied R&D capacity. Examples include:

- Training laboratories of Ajax Systems, Squad, Huawei Ukraine, Siemens, Noosphere Association, Datacom, Energy Association, Ukrainian Hydrogen Council at the Igor Sikorsky Kyiv Polytechnic Institute[257][258];
- Ajax Systems training laboratories at the Kyiv Aviation Institute[259];
- The training laboratory for the administration and operation of electronic communication networks at the State University of Intellectual Technologies and Communications was opened with the help of local IT entrepreneurs and the Regional Information and Analytical Centre of the Odesa Regional Council[260];
- Network Technology Laboratory at the National University of Life and Environmental Sciences of Ukraine opened with the support of CISCO Academy[261][262];
- A training physics laboratory for students of the Ukrainian Physics and Mathematics Lyceum of Taras Shevchenko National University of Kyiv with the support of VD MAIS, a

[255] У КНУБА відкрили першу в Україні лабораторію робототехніки RoboLab
[256] IT cluster opened a new laboratory for students of the Internet of Things program in Lviv Polytechnic
[257] Нова навчально-наукова лабораторія протезування, медичної реабілітації та ерготерапії в КПІ ім. Ігоря Сікорського
[258] Сучасна лабораторія від Ajax Systems
[259] В НАУ відкрили лабораторію електроніки
[260] У ДУІТЗ відкрито першу в Україні навчальну лабораторію адміністрування та експлуатації електронних комунікаційних мереж
[261] Стратегія власного вибору зі смаком якості
[262] Cisco Networking Academy

research and production company specialising in electronics, and the Spivdruznist FI alumni charity fund[263];

- Training laboratories opened at Lviv Polytechnic National University with the support of HERZ Armaturen, Sigma Software, company ABB and the German holding Leoni[264][265];
- Laboratories of machines and means of agricultural mechanisation at Poltava State Agrarian University with the support of The plant Lubnymash[266].

Ukraine has also established itself as a **hub for software development**, with **over 90 global tech companies** including Samsung, Google, Siemens, Huawei, and many more setting up **R&D offices** in the country. However, the ongoing war in Ukraine has made the market risky and unstable, and many companies have put their plans on hold or shifted their focus to other markets.

The Ukrainian government in recent years has launched initiatives to modernize lab infrastructure and spur applied R&D. One example is the **RoboLab program** by the Ministry of Digital Transformation, which in 2025 began establishing **robotics laboratories at universities nationwide.** Another major initiative is the proposed **Science City legal framework**, a reform to transform traditional science parks into modern innovation hubs by removing bureaucratic hurdles. Announced in 2025, the Science City concept offers **tax breaks, customs exemptions for lab equipment, streamlined procurement, and integration with the Diia.City tech ecosystem** to any public research institution partnering with businesses. The aim is to encourage **public-private co-location** – for instance, companies can become residents of a Science City and get preferential access to university lab facilities and talent. Pilot projects under this regime include the Zhytomyr Polytechnic Science Park, Kyiv Aviation Institute Science Park and SID City (Lviv Polytechnic).

Innovation parks

Ukraine's innovation parks serve as high-tech hubs providing modern infrastructure to the startup ecosystem. The country's first such park, **UNIT.City** in Kyiv, launched in **2017**, is widely regarded as **Ukraine's flagship innovation park** and a central hub of the national startup ecosystem. It functions as a **multi-layer innovation campus**, combining physical infrastructure

[263] В УФМЛ відкрито нову лабораторію-практикум з фізики
[264] Time requires: a new research laboratory from the German Holding Leoni was opened at ICTA;
[265] У Львівській політехніці відкрили сучасну навчально-наукову лабораторію від компанії АББ
[266] Відкриття лабораторії машин та засобів механізації сільськогосподарського виробництва у ПДАУ

with startup development, education, investment, and community-building functions in a single location.

Before the full-scale invasion, UNIT.City hosted **110+ resident companies**, including international firms and high-growth Ukrainian startups across fintech, agritech, AI, and energy, alongside corporates such as **Bolt** and **DTEK**. Its education pillar, **UNIT Factory**, trained **900+ students**, reinforcing the park's role as a talent pipeline for the tech sector. The campus infrastructure comprised **five business campuses**, **coworking spaces**, **four accelerators**, and **three investment funds**, enabling startups to access workspace, mentoring, capital, and corporate partners within the same environment. As a convening platform, UNIT.City also played a major community role, hosting **500+ ecosystem events annually**, including conferences, pitch sessions, and international speaker events[267].

In western Ukraine, **LvivTech.City**, launched in 2021 by the UFuture holding, hosts IT companies, R&D centers, and educational initiatives, and even won a European Property Award as Ukraine's best mixed-use development. In parallel, the **Innovation District IT Park** (a separate project backed by Lviv IT Cluster and global investors) began construction to create a 10-hectare tech quarter for **10,000 IT professionals**. This project secured €136M financing (including an €81.5M Polish bank loan) and is slated to deliver **100,000 m² of offices, labs, and a new university campus** by 2023–2025[268]. Unfortunately, the project remains incomplete due to the ongoing war, and its future prospects remain uncertain.

Beyond the capital and Lviv, other active innovation hubs reinforce the country's startup landscape. Notably, **Promprylad.Renovation** in Ivano-Frankivsk transformed a Soviet-era factory into a 38,000 m² innovation center completed in 2023. Developed via impact investment with over 1,250 crowd-investors, Promprylad focuses on regional development sectors like the **new economy, urban design, contemporary art, and education**, blending private offices (~40% of space) with makerspaces, education labs, cultural venues and a hotel[269].

Overall, Ukraine's innovation parks are geographically concentrated in Kyiv and the west, with wartime disruptions in the east. Yet they continue to support startups, IT outsourcing firms, and R&D through co-working infrastructure, venture programs, and international partnerships.

Co-working spaces

[267] UNIT.City
[268] Lviv's IT park to get 81.5 million euro loan from Poland bank
[269] Інноваційний центр Промприлад.Реновація, Івано-Франківськ, Україна

Coworking spaces are a practical part of **startup support infrastructure** because they lower the barriers to getting started and scaling early operations. They provide **affordable, flexible workspace** without long-term lease commitments, an ideal fit for startups, while concentrating founders, freelancers, and tech teams in shared environments that naturally generate **peer learning, talent connections, and partner/customer leads**. In contexts where infrastructure reliability is a constraint, coworkings also serve as **business-continuity hubs**, offering stable connectivity and basic operational resilience that enables startups to keep building and delivering.

Ukraine's **coworking market** has grown into a visible component of the country's **startup and entrepreneurial support infrastructure**, shaped initially by **IT-driven remote work** and, since 2022, by acute **wartime resilience needs**. The first Ukrainian coworking space, **Chasopys**, opened in **2012**, with rapid expansion beginning after **2018**. According to the latest statistics available, as of 2023, Ukraine had **around 100 coworking spaces**, approximately **70% of them located in Kyiv**, reflecting strong concentration in the capital before the full-scale invasion[270].

The war triggered a major **geographic and operational reconfiguration** of the market. In **2022**, around **50 coworking spaces closed** either temporarily or permanently, with several in occupied or frontline territories destroyed, while **at least 10 new spaces opened**, primarily in **Western Ukraine**, mirroring the internal relocation of tech and creative professionals to safer regions. Demand for coworking intensified further after the **late-2022 attacks on energy infrastructure**, when access to **stable electricity, internet connectivity, and shelters** became a functional necessity rather than a lifestyle choice[271].

As a result, coworking spaces increasingly function as **business-continuity infrastructure and tech-community hubs**. In early **2023**, average occupancy declined to **61.8%** after peaking in late 2022, while average prices fell by **5–10% in Kyiv** and **6–14% in other regions**, reflecting price sensitivity under economic uncertainty. Surveys show that **45% of users** choose coworking primarily for **reliable power, internet, and shelter access**, and the resident base remains **strongly technology-oriented**, with **nearly 60%** of users from **IT and technology sectors** and around **20%** from **marketing and creative professions**[272].

Defense-tech testing and field validation infrastructure

[270] How Ukrainian Coworking Spaces Keep the Flag Flying
[271] The (re)location of Coworking Spaces in Ukraine During the Russian Invasion
[272] How has the coworking market changed over the year? Highlights from the UCA research

Ukraine, engaged in a war against an adversary with significantly greater resources, cannot rely on quantity alone and instead competes through quality – more specifically, through **innovation in the defense sector**. On a rapidly evolving battlefield, maintaining a **short pathway from laboratory to frontline** is critical to sustaining **technological advantage**. To pursue this goal, the Ukrainian government has complemented the **Brave1 initiative** with targeted **policy reforms** aimed at eliminating **bottlenecks in testing and production**. In 2023–2024, laws and procedures for certifying new unmanned systems were streamlined – reducing **approval timelines from six months to as little as one**[273].

To match these bureaucratic improvements with practical **testing infrastructure**, the government, under the Brave1 umbrella, established dedicated **testing grounds** where Ukrainian manufacturers regularly demonstrate and validate prototypes. A notable example occurred in April 2025, when Ukraine conducted its **largest-ever field trial of unmanned ground vehicles (UGVs)**, involving over **70** ground drones from 50 domestic producers[274]. **Engineers and specialists** from Ukraine's **Security and Defense Forces** were present to assess integration challenges and collect **real-time feedback** from soldiers. In this way, the Ministry of defense (MoD) directly connects ground testing with the needs and insights of the end users – Ukrainian defenders. Many of the UGVs tested were already in **experimental use with frontline units**, such as the 3rd and 5th Assault Brigades and special forces. Building on these results, Brave1 is now working to develop tactical concepts for UGV deployment, including optimal roles for robotic systems in frontline logistics and casualty evacuation[275].

In mid-2025, Ukraine opened its battlefields to **international defense companies** through a pioneering program called **"Test in Ukraine".** Launched by the **Brave1** initiative, this platform allows foreign developers to validate their military technologies under real combat conditions, working directly alongside Ukrainian forces. The program streamlines access for firms developing unmanned systems (including UAVs, UGVs, and naval drones), electronic warfare tools, AI-driven surveillance platforms, advanced weaponry, and other forms of cutting-edge defense technology[276].

Participants can choose between two pathways: **independent testing** – where a company's team integrates directly with Ukrainian military units to deploy and observe their systems in the field – or **delegated testing**, in which Brave1 manages the trial process and provides the company with detailed performance data and soldier feedback. The initiative drew immediate

[273] The development of unmanned systems in Ukraine
[274] Brave1: Ukraine conducts largest-ever ground drone trials under combat-like conditions
[275] Brave1: Ukraine conducts largest-ever ground drone trials under combat-like conditions
[276] Ukraine Becomes Real-Time Lab for Global Military Innovation

attention from the global defense sector – by November 2025, **126 companies from 17 countries** had already applied to conduct trials through the program. The first official participant was Germany's defense manufacturer **DIEHL**, widely known for its IRIS-T air defense systems, which submitted a prototype unmanned ground vehicle for field testing in cooperation with Ukrainian forces[277].

Overall, it is clear that the full-scale war has **significantly expanded Ukraine's defense-tech testing and field-validation infrastructure**, with a growing network of **testing grounds and training ranges** used to trial and iterate new capabilities under operational conditions. At the same time, the **scope, locations, and exact number** of such sites are **not publicly disclosed** for security reasons, which limits the availability of open data on the scale and geographic distribution of this infrastructure.

[277] Brave1: The Engine Behind Ukraine's defense-Tech Community

1.4.7 Access to markets

1.4.7.1 Startup market orientation landscape

Most **Ukrainian startups are internationally oriented**, with **63% targeting global markets** and another **12% operating exclusively abroad**, while startups focused **only on Ukraine** represent under **25%**. This pattern is explained by revenue performance, as startups that enter foreign markets earlier show stronger sales growth over time and reach materially higher monthly revenues.

By contrast, nationally oriented startups, especially those with less than 50% foreign customers, display **slower and more limited revenue growth**, highlighting the constraints of relying primarily on the domestic market[278].

Furthermore, **founders' global connectedness** is also a decisive factor in the **transition from startup to scale-up**. Startups led by **founders with high global connectedness** are **3.25 times more likely** to become scale-ups than those led by founders with low global connectedness. The probability of becoming a scale-up rises steadily with greater international exposure, reaching **6.5% for startups with high global connectedness compared to 2.0% for startups with low global connectedness**[279].

Despite this strong international orientation, **international market entry remains difficult for most Ukrainian startups**. Survey evidence[280] indicates that **76% report operational challenges when expanding abroad**, pointing to persistent ecosystem-level constraints. The most frequently cited barrier is **access to finance**, with **35% reporting difficulties securing funding in foreign markets**, highlighting limited cross-border investor access and weak soft-landing investment pathways. Market-entry frictions are also substantial: **28% of startups report difficulties reaching local customers or distribution channels**, while **21% cite limited access to local networks, mentors, or industry support**, reducing their ability to localise offerings and build trust in new markets. In addition, **15%** face difficulties hiring staff in new markets, and **12%** encounter challenges related to technology transfer and protecting intellectual property across borders. Interviews suggested that one of the underlying constraints for the international market expansion is the limited development of sales capabilities for foreign markets, particularly in the EU and the US. Overall, the results suggest

[278] Scaling Up: Accelerating Ukraine's Tech Sector ecosystem report
[279] Defining a Tech Scaleup
[280] PUSB 2023 – Startups and business ecosystem: Common steps towards reinventing Ukraine

that **insufficient international ecosystem connectedness constrains market entry, access to capital, and scale-up potential**, reinforcing funding gaps and limiting exit opportunities.

Additional evidence from the Ukrainian Startup Ecosystem 2025 survey (PUSB) further substantiates the centrality of financing constraints in limiting international market entry. Over the preceding year, **78.5% of startup teams reported actively attempting to raise external funding**. Among them, outcomes were sharply polarised: **39.3% succeeded in securing financing**, while an equal share (**39.3%**) attempted but failed to do so. A further **21.5% did not enter fundraising processes at all**, often citing insufficient readiness or lack of viable investor access pathways.[281]

1.4.7.2 Ecosystem mechanisms enabling international market access

To move from international ambition to effective market entry, Ukrainian startups rely on a combination of public instruments, ecosystem intermediaries, and network-based visibility channels that partially mitigate cross-border access constraints. These instruments address information gaps, credibility deficits, and initial connectivity, but they do not yet form a fully integrated soft-landing pipeline.

Public export and internationalisation instruments.
Ukraine's most formal market-access infrastructure is anchored in public export-promotion and SME internationalisation services. The **Entrepreneurship and Export Promotion Office (EEPO)** under the Ministry of Economy acts as the national delivery body for export promotion, providing information, advisory services, and program support for firms preparing to sell abroad. For startups, the most relevant interface is the **Diia.Business** service stack, which includes export-oriented consulting, export-readiness diagnostics, and access to certified export consultants. While these instruments lower informational and procedural barriers, their design logic remains largely optimised for traditional SME exporters (compliance, documentation, market entry sequencing) rather than for technology startups that require rapid customer validation, pilot projects, and network-driven enterprise sales in foreign markets.

Tech media that builds startup visibility

Ukraine has a dense layer of tech and startup-facing media that functions as an export-adjacent instrument: it amplifies deal flow, founder stories, product launches, and

[281] Приблизно 30% українських стартапів не мають доступу до інвестицій: опитування PUSB

"credibility signals" (rankings, international participation), which matters when startups try to open doors in new markets. In practice, the most visible outlets that consistently cover startups include **Vector (VCTR.media), AIN, DOU, Scroll.media, and SPEKA** — all regularly positioned as core ecosystem media (e.g., as media partners for flagship tech events). Interviewed stakeholders confirmed that the **media layer remains underdeveloped**, particularly for science-intensive ventures, with weak technological marketing and limited specialized media support compared to more mature ecosystems.

Events and delegations

Ukraine's market-access pathway is heavily event- and delegation-based: startups use short, high-density cycles (conference presence, pitching formats, curated meetings) to compensate for limited permanent commercial representation abroad. **The Ukrainian Startup Fund (USF)** systematically uses flagship events as soft-landing substitutes — organising delegations and structured participation formats rather than relying on ad-hoc attendance. Examples include delegations to global tech and startup events such as **Web Summit, Latitude59**, and even world's largest tech event — **Consumer Electronics Show (CES)**.

Besides large conferences, ecosystem actors run "market validation and network" formats explicitly aimed at international expansion — e.g., **Pitch Grilling co-run by USF and Diia.City United (FutureTech MeetUp)**, designed around global-market pitching, expert challenge questions, and investor-facing networking. **BeFounder Ukraine Edition** is positioned as an accelerator pathway specifically oriented to EU market entry, implemented with ecosystem backing (Ministry of Digital Transformation, along with USF in the program framing, and BeFounder as delivery).

Interviews with a range of stakeholders highlighted that **market-entry formats remain too fragmented and should be developed into more structured and scalable support pathway**s, combining conference participation with market preparation, pitching support, and ecosystem landing in the target geography.

Industry networks as "market access infrastructure"

Industry associations and clusters are a **key layer** of Ukraine's market-access infrastructure because they provide **intermediation capacity** that individual startups rarely have: partner networks, reputation transfer, and the ability to package companies into credible propositions for foreign markets. This function is most visible in the IT and multi-sector cluster landscape,

where associations **combine export promotion, matchmaking, and international convening** into repeatable formats rather than ad hoc introductions.

A primary mechanism is **curated delegations** to priority markets and flagship events or to Ukraine. Cluster-led delegations typically bundle company selection, positioning support, and pre-arranged meetings with corporates and ecosystem partners. The most recent example is Kharkiv IT Cluster's participation in the German-Ukrainian Business Forum as a platform for integration and partnership development in December 2025. Ten IT companies from the Kharkiv IT Cluster returned from Berlin with tangible business results, including **55** B2B meetings, **109** new contacts, and agreements for further negotiations with German partners[282].

Associations also build market access through **market-facing channels and collective signalling**. A notable example is CodeUA, created through the joint efforts of the Ministry of Digital Transformation of Ukraine and the Lviv IT Cluster, which is positioned as a marketplace for Ukrainian tech companies and linked to ecosystem promotion efforts around major international events, providing a continuous "shop window".

A structurally important, but less visible, pathway is **institutional market access** built through Business Support Organizations (BSO) study tours and BSO-to-BSO cooperation. Cluster leaders and association managers participate in peer exchanges and international cooperation formats to establish durable links with counterpart organisations abroad, which can later be mobilised for members through joint delegations, referrals, and soft-landing arrangements. A concrete example of this BSO-layer market access building is the **EU4Business: Connecting Companies BSO tour to Estonia in 2023**, which brought BSO representatives from Ukraine and other EaP countries to map Estonia's innovation ecosystem, participate in **Latitude59**, and build institutional relationships that can later be mobilised for member companies through introductions and cooperation formats. A complementary format is **inbound study tours to Ukraine**, where foreign cluster communities and ecosystem "ambassadors" visit Ukrainian regions to establish cooperation pathways that member startups can later use. For example, under the Ukrainian Cluster Alliance's **Professionals4Ukraine** program, the **Professionals4Ukraine Week 2024** in **Lviv and Kyiv** combined **10+ organisational visits**, **four roundtables**, and **two mini-conferences**, bringing representatives from **eight countries** and creating follow-up cooperation tracks

The main constraint is that market-access activity often remains **project-based**, tied to individual delegations, events, or grant cycles, while systematic aftercare (tracking leads,

[282] Kharkiv IT Cluster Delegation at the 8th German-Ukrainian Business Forum

converting introductions into pilots, maintaining partner pipelines) depends on the operational capacity of each association.

1.4.7.3 Domestic market access

The public sector constitutes the **largest potential domestic customer base**, and often the **least accessible** for startups, with demand channelled primarily through the **Prozorro** e-procurement system. Prozorro provides a transparent, digitised entry point and, by 2023, concentrated **nearly 80% of public procurement funds**[283], making it a real and visible market for suppliers. However, despite this institutional maturity, **effective access for startups remains limited**: tender documentation and qualification requirements, compliance and integration expectations, and payment/contracting practices tend to favor established vendors. Interviews revealed that **innovation procurement remains one of the least developed elements of the domestic market-access environment**, with existing procurement practices often perceived as risky and creating additional barriers for innovative suppliers.

In parallel, **corporate demand channels** represent a more common entry point for startups seeking early domestic customers. Large Ukrainian corporates, particularly in energy, finance, telecoms, agribusiness, logistics, and IT, engage startups primarily through **pilot projects and challenge-based formats**. These formats, often brokered by ecosystem intermediaries, allow corporations to test solutions with limited upfront risk while giving startups a pathway to demonstrate value. In recent years, this channel has become more structured through initiatives such as corporate startup days, corporate accelerators, sector-specific challenges (hackathons). Nevertheless, pilot-to-contract conversion remains inconsistent and highly dependent on internal corporate ownership, procurement alignment, and available budgets.

A distinct and comparatively more effective domestic market-access pathway has emerged in **defense and dual-use technologies**. Under wartime conditions, the Ukrainian state has prioritised rapid innovation adoption, linking **testing and validation directly to operational deployment**. Initiatives such as **Brave1** have formalised this pathway by connecting developers with end users, accelerating certification processes, and embedding feedback loops between the frontline and manufacturers. While much of this infrastructure is necessarily non-public, the pattern is clear: for defense-tech startups, domestic market access is wider.

[283] The impact of the Prozorro procurement system on the Ukrainian economy

Across civilian sectors, **intermediary organisations** play a critical role in enabling domestic market access. Accelerators, clusters, industry associations, and ecosystem programs act as brokers between startups and buyers by organising demo days, matchmaking sessions, challenge calls, and curated introductions. These actors reduce information asymmetries and help transfer credibility to early-stage companies, particularly in environments where buyers are risk-averse. A practical example are European Digital Innovation Hubs (EDIHs) that operate as intermediaries between traditional businesses seeking digitalisation and automation and technology providers, creating a channel through which traditional businesses can be matched with, and supported in adopting, solutions developed by Ukrainian startups. National platforms such as **Diia.Business** further support this layer by providing navigation, advisory services, and access to business support programs, though they do not directly generate demand.

Despite these mechanisms, several structural constraints persist. **Domestic demand is fragmented and purchasing power remains constrained**, especially outside priority sectors such as defense and critical infrastructure. Stakeholder interviews indicate that, outside a limited number of strategic sectors, Ukraine functions for many startups more as a **space for validation and pilots** than as a sufficiently deep market for sustained business growth and scaling.

2. GAP ANALYSIS

2.1 INTRODUCTION TO THE GAP ANALYSIS

2.1.1 Purpose of the gap analysis

This gap analysis translates the evidence gathered through the ESNA benchmarking, as-is ecosystem assessment, startup survey, stakeholder interviews, and focus groups into a structured **diagnosis of the main barriers affecting the Ukrainian startup ecosystem**. Its purpose is not only to identify gaps, but to assess their systemic nature, practical consequences, and relevance for reform design. In this sense, the gap analysis creates the analytical basis for the recommendation agenda and implementation sequencing.

2.1.2 Analytical orientation and evidence base

This study is designed as applied policy research aimed at translating a broad body of ecosystem evidence into **decision-relevant problem statements for reform design**. It takes the analytical framework established in the ESNA and as-is ecosystem assessment as its starting point, but **shifts the focus from ecosystem mapping to problem diagnosis**. In doing so, it uses two linked analytical lenses. First, it revisits the ESNA Startup Nations Standards (SNS) to identify where Ukraine's formal framework diverges from a recognised benchmark. Second, it examines how the ecosystem functions in practice, using survey, interview, and focus-group evidence to test whether formal arrangements translate into workable conditions for startups. Combining these lenses makes it possible to distinguish between gaps that stem from missing or misaligned frameworks and those that arise in implementation, coordination, or broader market conditions.

The evidence base of the study combines several sources:

- First, the the analysis draws on **desk research** covering the relevant legal, regulatory, strategic, and institutional framework for startups in Ukraine, as well as available information on existing public and donor-supported instruments;

- Second, the analysis uses primary evidence from a survey of **110 startup respondents** conducted by Civitta and EasyBusiness within the study (hereinafter referred to as the survey). The survey instrument was designed to capture practical founder experience. It used conditional logic so that follow-up questions depended on the startup's profile (e.g., its legal structure, funding experience, product type, etc.), allowing to capture differences between, for instance, FOP[284]-based and incorporated startups,

[284] Individual entrepreneur (фізична особа-підприємець, or FOP/ФОП, under the Ukrainian legislation)

grant-funded and equity-funded teams, and software versus deep-tech or hardware ventures;

- Third, survey findings were cross-checked against **qualitative insights from stakeholder engagement**, including **11 semi-structured interviews with ecosystem participants** and **3 thematic focus groups** on access to funding, university innovations commercialization, and ecosystem coordination (hereinafter referred to as "focus group on access to funding", "focus group on the commercialization of university innovations", and "focus group on ecosystem coordination"). Interviews were designed to ensure coverage across founders, public institutions, investors, academia, and ecosystem builders, while focus groups were used explicitly as a validation and synthesis tool. They were organized around three themes: access to finance; university-business collaboration and research commercialization; and cooperation between ecosystem builders and government.

The methodology uses these three sources as a **triangulation mechanism**, which helps distinguish isolated complaints from systemic constraints. The startup survey provides structured founder-level evidence on how startups experience the ecosystem. Interviews add depth by tracing specific bottlenecks to concrete processes and frictions across different actor groups. Focus groups help test hypotheses emerging from desk research and interviews, reconcile divergent interpretations, and refine problem statements in areas where ecosystem constraints are especially cross-cutting.

For analytical purposes, the gap analysis is organized around the same **five core ecosystem dimensions**: **governance, access to funding**, **access to talent**, **startup support infrastructure**, **and access to markets**. This structure is intended to ensure consistency across the analytical sections and to keep the report focused on the main interfaces through which startups interact with the ecosystem.

Within this structure, **governance** is treated as a standalone dimension because it concerns the strategic and institutional organization of the ecosystem itself: policy coordination, role allocation across public institutions, the coherence of public support architecture, and the capacity of the state to act as a steward of startup ecosystem development. By contrast, the **institutional and regulatory environment** is treated as a cross-cutting analytical lens, as regulatory design, legal operability, and institutional delivery affect the entire ecosystem. For this reason, regulatory and institutional issues are analyzed at any place that they materially influence ecosystem performance, rather than being artificially isolated in a single standalone dimension.

2.1.3 Definition and typology of gaps

For the purposes of this report, a **gap** is defined as a structural mismatch between formal arrangements and effective ecosystem outcomes.

To support comparability across dimensions, the identified gaps are classified into **five types**.

Figure 26. Five gap types



Policy gaps. These arise where the state has not yet created a necessary strategic response, public good, funding instrument, or coordinating framework to address a systemic ecosystem need. In such cases, **the problem is** not primarily a faulty rule or weak implementation of an existing tool, but **the absence of a sufficiently clear and institutionalized policy response**. *Example: the absence of a national startup strategy with assigned institutional responsibilities and measurable targets.*

Regulatory gaps. These arise where the relevant **legal or strategic framework is missing**, **incomplete, outdated, or internally inconsistent**. In such cases, the core problem is in the rules themselves and/or how they are imposed. They direct legislative action or the creation of new legal definitions. *Example: the absence of a formal legal definition of a startup*;

Design gaps. These occur when a policy instrument, legal regime, or support mechanism already **exists**, but its logic, eligibility rules, incentives, or architecture are **poorly calibrated to startup realities**. In such cases, the state has attempted to address the issue, but the solution is built in a way that limits its usefulness. *Example: a support regime that offers relevant benefits, but is accessible mainly to more mature firms rather than early-stage startups*;

Operational gaps. These represent weaknesses in implementation, institutional capacity, coordination, or execution. In these cases, the law or policy is **adequate on paper, but the institutions responsible lack the resources, coordination, or operational efficiency** to deliver the intended benefit to the ecosystem, i.e., the main problem is not what has been designed, but how it works in practice. *Example: founders face multiple public support interfaces, but no coherent entry point or coordinated delivery pathway*;

Market gaps. These are constraints that directly affect access to funding, talent, customers, or scaling opportunities. They arise where **the main constraint lies in the external environment** in which startups operate, rather than in a single legal rule or institutional mechanism. These gaps include systemic environmental challenges linked to investment climate, customer demand, market access, or broader economic conditions. *Example: war-risk perception reduces investor appetite even where formal investment rules allow market entry*;

By distinguishing whether a constraint is primarily policy-based, regulatory, design-related, operational, or market-related, the report makes it easier to understand what type of corrective action is likely to be required.

Each gap is also assessed along **two additional dimensions**: impact and urgency.

Impact reflects the likely scale of the gap's consequences for startup creation, survival, scaling, investment readiness, talent access, market entry, or overall ecosystem coherence if the problem remains unresolved:

- A gap is treated as **high-impact** where it affects multiple stages of the startup lifecycle, distorts behavior across a broad share of the ecosystem, or weakens a function that is system-critical;
- A gap is treated as **medium-impact** where its effects are significant but narrower in scope, more segment-specific, or concentrated in a particular interface;
- A gap is treated as **low-impact** where its effects are more limited, affect a relatively small subgroup of startups, or create friction without substantially reshaping broader ecosystem dynamics.

Urgency reflects how time-sensitive policy attention to the gap is:

- A gap is treated as **high-urgency** where delay is likely to deepen losses, lock in inefficient practices, or cause Ukraine to miss a near-term reform or market window;
- A gap is treated as **medium-urgency** where the issue is important but less immediately time-critical, or where it requires sequencing and institutional preparation rather than immediate intervention;
- A gap is treated as **low-urgency** where the issue is real but less time-sensitive, where delay is unlikely to produce major additional damage in the short term, or where the

problem can be addressed gradually without materially worsening ecosystem outcomes.

2.2 GAP MATRIX

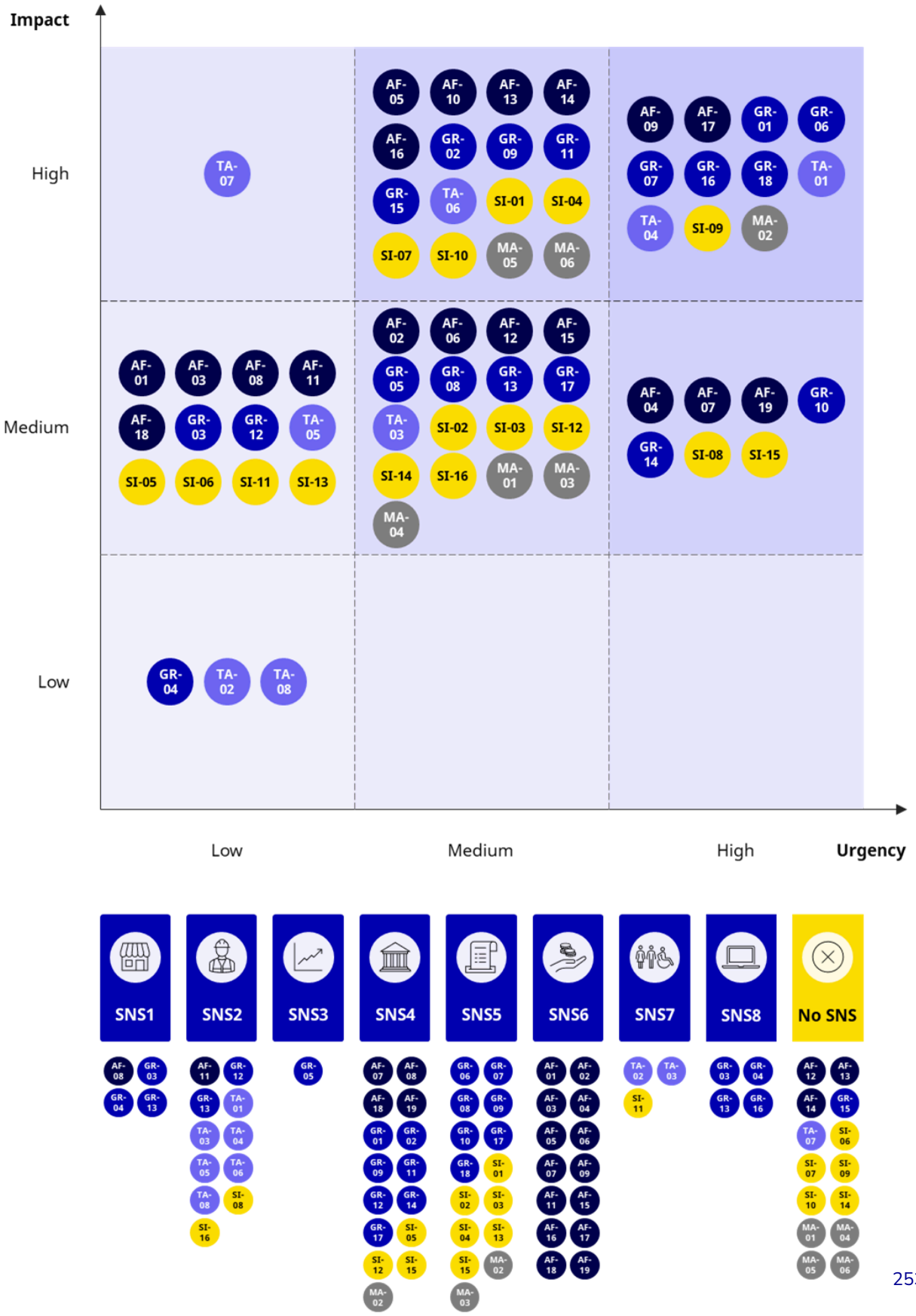
2.2.1 Methodology

Together with the gap typology, the analysis applies an integrated **gap assessment matrix**. As the barriers identified in the report do not sit within one domain at a time, it is used as the main synthetic device for bringing the individual findings into a single comparative frame. This allows to identify which barriers are most consequential and time-sensitive and show where multiple constraints cluster around the same ESNA standards or cut across several policy areas.

Each identified gap is entered into the matrix once and coded along four analytical fields: **ecosystem dimension** (Access to Finance, Governance and Regulation, Access to Talent, Support Infrastructure, or Access to Markets), **impact** (high, medium, or low), **urgency** (high, medium, or low), and **relevant SNS**. Where a gap falls outside the scope of any specific SNS, it is recorded as having no direct SNS correspondence, which itself carries analytical meaning, signaling constraints that arise from market conditions, institutional coordination failures, or ecosystem-level dynamics not captured by the formal standard-setting framework.

The matrix should be read together with the detailed gap profiles that follow in the report's thematic sections. While the profiles, which provide the full evidentiary and analytical basis for each gap, remain the main analytical unit, the matrix complements them by offering a cross-cutting view that the section-by-section structure alone cannot provide.

Figure 27. Matrix of identified gaps



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GOVERNANCE AND REGULATION

ID	Gap name
GR-01	No startup terminology in legislation
GR-02	No ex ante startup impact screening
GR-03	Limited cross-border e-ID usability
GR-04	Paper-based cross-border establishment
GR-05	ESOPs remain hard to use
GR-06	High IP Court still non-operational

ID	Gap name
GR-07	Unclear IP ownership in joint R&D
GR-08	Weak commercialization of publicly funded IP
GR-09	Slow / cumbersome IP registration for startups
GR-10	Weak IP protection in defense tech
GR-11	Tax and compliance rules not startup-fit
GR-12	Labor regulation not startup-fit

ID	Gap name
GR-13	Limited founder visa and e-residency pathways
GR-14	Lack of operational regulatory sandboxes
GR-15	Fragmented innovation governance
GR-16	No consolidated startup data infrastructure
GR-17	Public procurement favors established suppliers
GR-18	Limited procurement entry pathways for defense tech startups

ACCESS TO FINANCE

ID	Gap name
AF-01	Weak angel investment incentives
AF-02	Weak angel investment culture
AF-03	Limited angel investor training
AF-04	Lack of skills and training programs for angel investors
AF-05	No co-investment and matching mechanisms
AF-06	No anchor capital or fund-of-funds
AF-07	No workable SAFE/KISS instruments

ID	Gap name
AF-08	FOP structure limits equity financing
AF-09	Structural shortage of pre-seed capital
AF-10	Limited availability of scale-up financing
AF-11	Shortage of experienced venture fund managers
AF-12	Weak founder fundraising skills
AF-13	Weak founder fundraising skills
AF-14	Legal and regulatory constraints driving foreign holding structures

ID	Gap name
AF-15	Lack of idea-stage microfunding
AF-16	No permanent anchor grant program
AF-17	Grant architecture misaligned with startup needs
AF-18	Traditional bank lending criteria block startups
AF-19	No framework for alternative startup financing

ACCESS TO TALENT

ID	Gap name
TA-01	Weak talent retention and attraction measures
TA-02	Talent concentrated in major hubs
TA-03	Gender imbalance in STEM education

ID	Gap name
TA-04	Academic education has limited practical relevance
TA-05	Weak entrepreneurship education integration
TA-06	Shortage of qualified STEM educators

ID	Gap name
TA-07	Wartime talent availability constraints
TA-08	Scarcity of scale-up-experienced professionals

SUPPORT INFRASTRUCTURE

ID	Gap name
SI-01	Underfunded lab modernization
SI-02	Limited startup-oriented prototyping equipment
SI-03	Barriers to open-access university lab infrastructure
SI-04	Weak operational capacity for lab infrastructure management
SI-05	No clear startup role for science parks
SI-06	Lack of dedicated scale-up support programs

ID	Gap name
SI-07	Lack of vertical specialization outside defense
SI-08	Lack of “opportunities to try”
SI-09	Lack of idea-stage support programs
SI-10	Poor coordination among ecosystem builders
SI-11	Startup support too concentrated in Kyiv
SI-12	No clear accelerator / incubator terminology

ID	Gap name
SI-13	IP literacy missing from support programs
SI-14	Unsustainable accelerator business models
SI-15	Weak frameworks for university spin-offs
SI-16	Shortage of business expertise in university programs

ACCESS TO MARKETS

ID	Gap name
MA-01	No structured market-access programs for internationalization
MA-02	Limited global defense tech commercialization

ID	Gap name
MA-03	Weak IP management and tech transfer capacity
MA-04	Weak support for trade fairs and exhibitions

ID	Gap name
MA-05	Weak domestic demand for innovation
MA-06	Low international ecosystem connectedness

2.2.2 Key insights from the gap matrix

In total, the matrix maps **67 gaps** across five ecosystem dimensions. Their distribution across the impact–urgency space is not uniform, and the patterns that emerge carry direct analytical significance for understanding where the Ukrainian startup ecosystem is most constrained and what kind of reform effort each area of constraint is likely to require.

2.2.2.1 Impact-urgency distribution

The most immediately consequential cluster sits in the **high-impact, high-urgency quadrant**, which contains **11 gaps**. These are the most serious and time-sensitive constraints in the ecosystem. They cut across finance, governance and regulation, talent, support infrastructure, and market access, which shows that the top-priority bottlenecks are cross-dimensional rather than concentrated in one policy area. Governance and Regulation accounts for 5 of these 11 gaps, the largest share of any dimension. This gives that quadrant a clear institutional meaning. A substantial part of the most urgent reform agenda concerns the enabling architecture of the ecosystem itself: legal terminology, IP enforcement, rules for joint R&D, data infrastructure, and procurement entry routes for defense-tech startups. The matrix therefore suggests that **Ukraine's most pressing startup constraints are closely tied to the state's ability to provide a coherent legal and institutional environment for startup growth.**

The **high-impact, medium-urgency quadrant** is the second-largest zone in the matrix, containing **16 gaps**. These constraints are **severe in effect, but less time-critical** than the top-priority cluster and therefore allow a more phased response. A large share of this quadrant is concentrated in finance, especially around gaps that **weaken the funding ladder beyond the earliest stage**: co-investment, scale-up capital, investor risk perception, reliance on foreign holding structures, and the absence of stable anchor grant support. These constraints reduce investability, weaken domestic scale-up prospects, and push value creation outward over time. The same quadrant also includes major constraints in governance, infrastructure, talent, and market access, including startup-impact screening, startup-relevant public coordination, lab modernization, lab management capacity, domestic demand, and international connectedness. Together, these gaps point to **a second layer of structural weakness: the gradual erosion of ecosystem capacity if institutional and market conditions remain unchanged.**

The **medium-impact, medium-urgency quadrant** is the most populated in the matrix, containing **17 gaps**. These are constraints that are **narrower in scope or more segment-specific**, but recurrent enough to shape day-to-day ecosystem performance. These frictions affect investor access, ESOP usability, university infrastructure, accelerator

sustainability, foreign-founder entry, and internationalization support. They usually do not stop startup development outright, but they add transaction costs, weaken continuity, and reduce the practical usability of the ecosystem's interfaces. This part of the matrix shows how a large share of ecosystem weakness is produced: in addition to several major breakdowns, the problem also comes from **constraints that make support harder to navigate, instruments harder to use, and progression across stages less predictable.**

Seven gaps fall into the **medium-impact, high-urgency quadrant.** These are narrower in scope than the top-priority cluster, but they require **relatively fast attention** because delay reinforces workarounds and locks startups into suboptimal paths. This is especially visible in venture-standard legal instruments, alternative startup finance, regulatory sandboxes, defense-tech IP, and university spin-off pathways. The main issue here is timing: **these are areas where even a medium-impact gap can become high-impact if institutional adaptation is postponed.**

The **medium-impact, low-urgency quadrant** contains **12 gaps**. They mainly concern the **quality of the startup environment**: incentive usability, labor-law fit, entrepreneurship education, the strategic role of science parks, scale-up support, support concentration in Kyiv, and IP literacy. Their cumulative effect still matters, especially for startup formation and support quality, but they can be addressed through more gradual sequencing.

One gap falls into the **high-impact, low-urgency quadrant**. This demonstrates that urgency and importance do not always move together; some constraints are structurally serious while remaining less immediate in policy timing.

Only **three gaps** fall into the **low-impact quadrants**: paper-based cross-border establishment procedures, the concentration of startup talent in major hubs, and the scarcity of professionals who have already scaled companies. This suggests that the analysis filtered for barriers that materially affect ecosystem performance, rather than accumulating marginal issues.

2.2.2.2 SNS distribution

The distribution of gaps across the ESNA SNS reveals a further pattern. Three standards — **SNS 4** (Innovation in Regulation), **SNS 5** (Innovation in Procurement), and **SNS 6** (Access to Finance) — each attract **15 gap references**, making them the most heavily loaded areas of the framework. **SNS 2** (Attracting and Retaining Talent) follows with **11 references**. The remaining standards — **SNS 1** (Fast Startup Creation), **SNS 8** (Digital First), **SNS 7** (Social Inclusion, Diversity, and Protecting Democratic Values), and **SNS 3** (Stock Options) — are linked to far fewer gaps, **ranging from 1 to 4**. Additionally, **14 gaps** carry **no SNS assignment at all**.

The concentration around **SNS 4 and 5** is consistent with the fact that **Ukraine scored lowest in these dimensions compared to other SNS areas**, and therefore logically reflects where the ecosystem's most visible structural gaps are located. At the same time, the high number of gaps identified under **SNS 6**, despite Ukraine scoring **100%** in this dimension, suggests that the formal assessment **does not fully capture the practical barriers related to access to finance**. This indicates that, although SNS 6 appears strong on paper, the financing architecture remains one of the most problematic areas in practice, reinforcing the broader pattern that the ecosystem's structural mismatches are most dense where **regulation, procurement design, and financing conditions interact**. These are not isolated policy sectors; they overlap substantially. Gaps in regulatory frameworks for startup financing instruments, in IP protection and procurement access for defense-tech ventures, and in the regulatory sandbox regime **all sit at the intersection of these three standards**. The fact that they accumulate together rather than distributing evenly across the framework signals that Ukraine's most binding constraints form an interconnected zone of **institutional and regulatory underdevelopment** rather than a set of independent, domain-specific problems.

The 14 gaps with no SNS correspondence include war-risk perception by investors (AF-13), the structural legal and regulatory constraints driving foreign holding structures (AF-14), fragmented innovation governance (GR-15), wartime talent availability constraints (TA-07), the lack of idea-stage support programs (SI-09), poor coordination among ecosystem builders (SI-10), the lack of vertical specialization in support programs (SI-07), weak domestic demand for innovation (MA-05), and low international ecosystem connectedness (MA-06). Several of these are high-impact gaps. Their absence from the SNS framework does not diminish their importance; rather, it indicates that **the ESNA standards, as a benchmarking instrument, do not fully capture certain categories of constraint that are especially relevant to Ukraine's situation**, including wartime market dynamics, governance coordination failures, and the structural weakness of the support infrastructure layer. Reform design should therefore treat the SNS framework as a necessary but not exhaustive diagnostic lens.

2.2.2.3 Key takeaways

Taken as a whole, the matrix suggests that the **Ukrainian startup ecosystem is constrained less by one dominant failure than by the interaction of several dense clusters of constraint.** The strongest immediate pressures combine weaknesses in finance, governance, commercialization, talent formation, and support continuity. This is why isolated interventions are unlikely to generate proportionate results: **the most damaging bottlenecks reinforce one another across the startup lifecycle.**

A second major conclusion concerns **the role of Governance and Regulation.** This dimension is especially visible among the highest-impact gaps, which suggests that the ecosystem is constrained not only by missing funding or insufficient support, but also by **weaknesses in the enabling architecture itself**. Legal terminology, IP institutions, procurement pathways, data infrastructure, regulatory fit, and cross-government coherence all shape whether other ecosystem instruments can work as intended. In that sense, Governance and Regulation functions in the matrix as a **recurrent condition affecting several dimensions at once**.

The matrix also shows that **finance-related constraints are distributed across several quadrants rather than concentrated in one place.** This means that the financing architecture is weakened at multiple points: pre-seed, scale-up, grant continuity, legal structuring, and alternative instruments. Some of these are acute and system-wide; others are medium-level frictions that repeatedly distort founder choices and push startups toward self-funding, delayed formalization, foreign incorporation, or foreign fundraising.

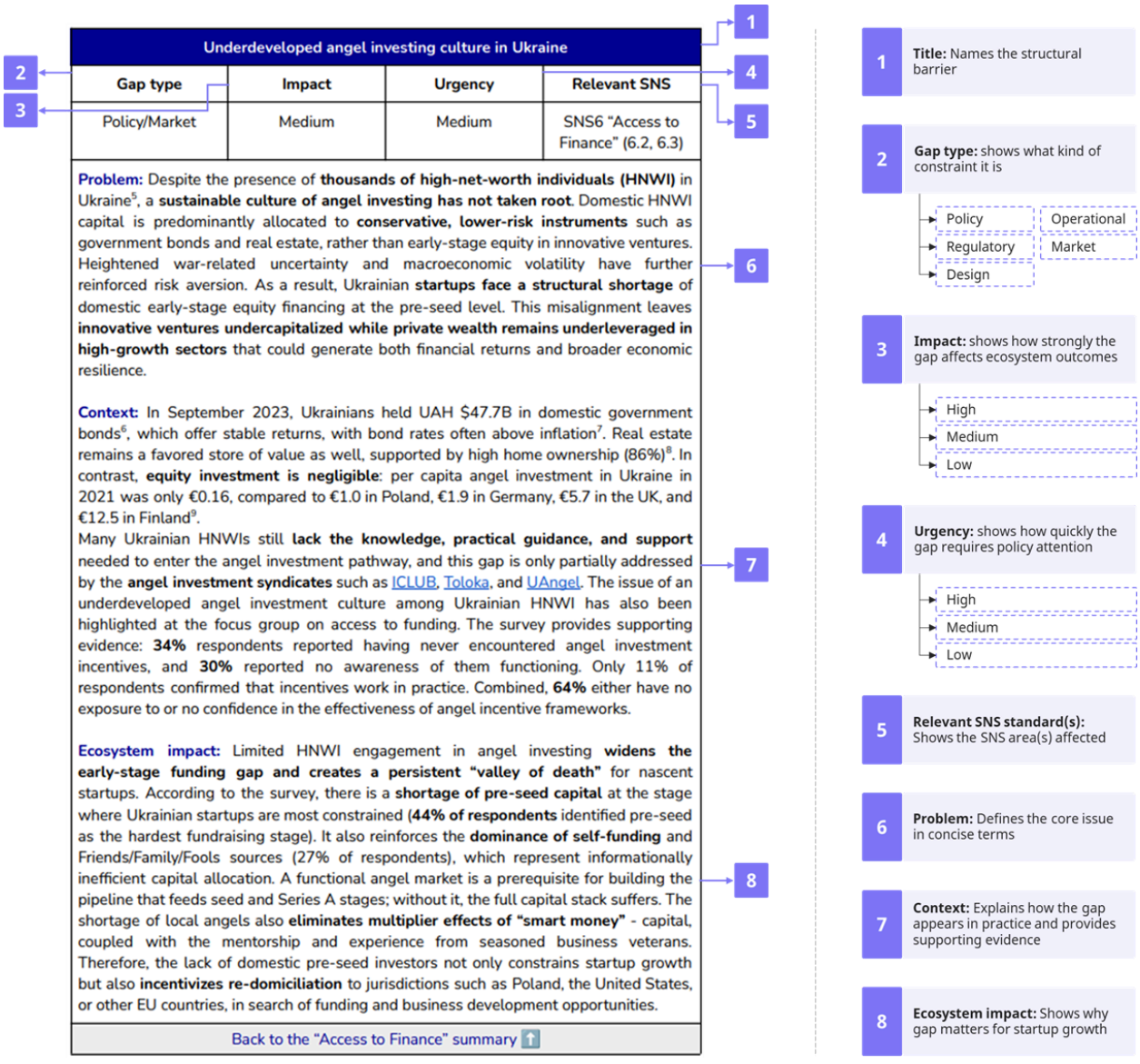
A further takeaway concerns the **relative role of support infrastructure and market access.** These dimensions are less dominant in the top-priority quadrant than governance or finance, but they recur strongly across the high- and medium-impact parts of the matrix. This pattern suggests that many founders are not blocked only by formal rules or capital shortages, but also slowed by the weaker continuity of the support environment: underperforming infrastructure, insufficient specialization, weak business models among support providers, fragmented internationalization support, and weak domestic demand. In other words, the ecosystem is not only under-enabled; it is also under-connected and under-converted. It generates activity, but does not consistently turn that activity into durable startup progression.

The structure of the matrix also highlights the importance of **cumulative frictions.** The most populated zone is not the top-priority quadrant, but the medium-impact, medium-urgency layer. This means that a large share of the ecosystem's weakness comes from the kinds of constraints that reduce ease of use, make support less legible, weaken founder confidence in public interfaces, and slowly erode progression across stages. Reform design therefore cannot focus only on the small number of top-severity issues. It must also address the broader band of recurring frictions that make the ecosystem harder to navigate and less efficient in practice.

2.3 INSTRUCTIONS FOR READING GAP PROFILES

Each gap in the sections below is presented through a standardized profile.

Figure 28. Structure of gap profiles



2.4 THEMATIC GAP PROFILES

2.4.1 Governance and regulation

SUMMARY TABLE

Gap name (clickable)	Type
Registration and legal establishment	
🔗 Absence of a formal startup terminology framework in Ukrainian legislation	Regulatory
🔗 Absence of mandatory startup impact screening for new legislation	Regulatory
🔗 Limited cross-border usability of Ukrainian e-identification tools for foreign founders	Design
🔗 Paper-based friction in cross-border startup establishment	Design
Corporate governance	
🔗 Limited practical usability of ESOPs in Ukrainian startup structures	Design
Intellectual property rights	
🔗 Continued non-operational status of the specialized High IP Court	Regulatory
🔗 Unclear IP rules for joint R&D and university-business collaboration	Regulatory
🔗 Limited pathways for researchers and startups to obtain ownership of university-generated IP	Regulatory
🔗 Slow and cumbersome IP registration procedures for startups	Design
🔗 Insufficient protection of IP rights in defense-tech innovation	Design
Taxation	
🔗 Limited suitability of standard tax and compliance regime for early-stage startups	Regulatory/Design
Labor relations and talent management	

🔗 Poor adaptation of labor regulation to startup employment realities	Regulatory
🔗 Limited visa and e-residency pathways for foreign startup founders and startup talent	Regulatory
Innovation governance	
🔗 Lack of operational regulatory sandboxes for startup experimentation	Regulatory
🔗 Limited policy coherence across startup-relevant public functions	Operational
🔗 Absence of a consolidated startup ecosystem data infrastructure for evidence-based policymaking	Operational
Public procurement	
🔗 Tight structuring of public procurement rules around established suppliers and standardized purchasing	Regulatory
🔗 Limited procurement entry pathways for defense-tech startups	Design

2.4.1.1 Registration and legal establishment

Absence of a formal startup terminology framework in Ukrainian legislation			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	High	High	SNS4 “Innovation in Regulation” (4.1, 4.2)
Problem: Ukrainian legislation does not provide a coherent, legally anchored terminology framework for the startup ecosystem. The gap is broader than the absence of a single legal definition of a “startup.” It also concerns the **lack of formally recognized categories for related concepts that matter in practice**, including startup development stages (such as pre-seed, seed, and scale-up) and support formats such as incubation and acceleration. **Context:** The practical meaning of this gap should be understood in governance rather than purely definitional terms. It is not primarily about creating a separate company form, but			

about **establishing a common legal language that can be used across support programs, pilot instruments, procurement tools, strategic documents, and official data collection.** The Evaluation Report itself had to apply its own operational definitions of "startup," "scale-up," and "Ukrainian startup" because Ukrainian legislation provides none. The same report also identifies the lack of a formal startup definition as one of the structural gaps behind Ukraine's weak performance in ESNA's "Innovation in Regulation" dimension. Founder responses strongly support this point. Among respondents who answered the question, **75.8% said an official startup definition is needed or rather needed.** This is one of the clearest areas of survey consensus in the governance block. The gap was also confirmed in interview data (EIT) and is consistent with international practice: **the EU Startup Nations Standard explicitly recommends formal startup definitions as a foundational governance element.** The relevance was also echoed in the focus-group discussion on ecosystem coordination, where participants **linked the absence of clear national definitions for startups, scale-ups, and funding stages to two wider system failures**: the lack of a common strategic direction and the difficulty of building a unified ecosystem database. At the same time, this issue should be read in light of the **draft Startup Act (Draft Law dated August 29, 2025, No. 13715)**, which represents an emerging attempt to formalize startup-related terminology and provide a more coherent legal basis for the ecosystem. However, until such terminology is adopted and operationalized across instruments, the current fragmentation remains.

Ecosystem impact: The absence of a formal startup terminology framework prevents coherent policy implementation across the ecosystem. Without a shared vocabulary, support programs use inconsistent eligibility filters and proxy criteria such as company age, legal form, sector, innovation profile, or residency in a specific regime. This makes stage-sensitive policy design much harder, weakens comparability across datasets, and reduces the reliability of official ecosystem statistics and international benchmarking. It also limits the state's ability to calibrate instruments to different phases of startup development, distinguish clearly between support formats, and apply regulatory accommodations systematically. In effect, **the ecosystem operates without a stable common language for identifying who policy is for, what type of venture is being supported, and at what stage of development a given intervention is meant to apply.**

Back to the "Governance and Regulation" summary ⬆️

Absence of mandatory startup impact screening for new legislation			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	High	Medium	SNS4 "Innovation in Regulation" (4.1)
Problem: There is no mandatory requirement to assess the disproportionate impact of draft			

laws and regulations on early-stage startups and scale-ups before adoption. Unlike the EU, which has integrated SME impact tests and scale-up considerations into its Better Regulation framework, **Ukraine has no equivalent ex ante mechanism specifically calibrated to startup reality.**

Context: The Evaluation Report is explicit that there is no mandatory requirement to screen draft legislation for its impact on startups, scale-ups, or small innovative businesses before rules are adopted. **Due to the absence of this binding ex ante mechanism, new regulations can introduce compliance, reporting, licensing, or tax burdens without any analysis of their effect on small innovative ventures.** Founder perceptions are consistent with this structural picture: **77.9% of respondents** answering the relevant question (74/95) **said existing regulations either clearly or partly favor large companies over startups.** The interview data confirms that no formal startup impact screening requirement currently exists in the Ukrainian legislative process design, which creates a structural accumulation risk where the regulatory environment becomes progressively more burdensome without systematic review.

Ecosystem impact: Without a startup-impact filter, **burdens designed for larger firms are repeatedly carried into the startup environment.** The effect is cumulative: compliance costs, reporting obligations, and procedural barriers can grow one act at a time, while early-stage firms lack the legal and administrative capacity to absorb them.

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Limited cross-border usability of Ukrainian e-identification tools for foreign founders			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Medium	Low	SNS1 “Fast Startup Creation, Smooth Market Entry” (1.3) SNS8 “Digital First” (8.1)

Problem: Ukraine's end-to-end online incorporation and business operation workflows, including through the Diia platform, rely on Ukrainian digital identity credentials (BankID, Qualified Electronic Signature/КЕП). This makes “fully digital” services effectively unavailable to foreign nationals who do not hold Ukrainian eID credentials.

Context: For a startup ecosystem increasingly seeking to attract international talent, foreign co-founders, and diaspora entrepreneurs, this creates a structural barrier to accessing the digital infrastructure that should be its comparative advantage. The Evaluation Report notes a **24% score on the ESNA cross-border services indicator** and explicitly links this gap to

the inability of non-residents to use home-country eID and signing tools on equivalent terms. Founder responses confirm that this is not a marginal issue: **36.8%** of all respondents answering this question (35/95) reported significant or partial barriers for foreign founders; among the subgroup for whom the issue was relevant, this rises to **66.0%** (35/53). Throughout the survey, the SNS8 Digital Services dimension scored **3.37**, the highest of all SNS dimensions, **but this rating reflects Ukrainian founders' experience, not the experience of foreign nationals who are systematically excluded from the system.** Interview data confirmed this as a design gap in the digital service delivery architecture. Estonia's e-residency program is consistently cited as a best-practice alternative that enables non-resident founders to access digital business services without physical presence.

Ecosystem impact: The dependency on Ukrainian eID for digital business services creates a two-tier ecosystem: Ukrainian nationals can benefit from the advanced digital infrastructure, while foreign co-founders, international team members, and diaspora entrepreneurs face procedural exclusion. This **reduces the attractiveness of Ukraine as a destination for international startup formation** and limits the integration of the Ukrainian ecosystem into the European startup network. As EU accession progresses, alignment between Ukrainian digital services and EU digital identity frameworks will become increasingly important.

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Paper-based friction in cross-border startup establishment			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Low	Low	SNS1 “Fast Startup Creation, Smooth Market Entry” (1.3) SNS8 “Digital First” (8.1)

Problem: Although Ukraine offers digital incorporation and business-service pathways, these workflows are not fully interoperable with **foreign-issued corporate and ownership documents, which usually cannot be submitted and validated end-to-end in digital form on terms equivalent to domestic documents.** As a result, “fully digital” establishment works much better for domestically documented founders than for internationally composed startup teams.

Context: The paper-based requirements systematically break the end-to-end digital setup continuum for internationally composed founding teams, forcing highly digital enterprises to rely on slow, physical bureaucratic processes. In practice, this concerns **documents such as extracts from foreign commercial registers, documents confirming the legal existence of a foreign shareholder, and beneficial ownership chain evidence.** The Evaluation Report notes

that these documents typically require **apostille or consular legalization** and **certified translation** before they can be used in the domestic registration process. It also highlights the continuing sensitivity of UBO-related documentation, including the requirement that certain foreign-origin ownership documents be recently issued. Founder responses show how visible this friction is in practice: **51.6%** of respondents (49/95) said they had to print or notarize documents that could have been digital, and **48.4%** (46/95) said that even after an online step they still had to complete offline formalities. Furthermore, 7 startups explicitly cited the "recognition of foreign documents" as a primary barrier to their operational speed.

Ecosystem impact: The persistence of paper-based legalization requirements injects disproportionate time delays, elevated transaction costs, and administrative uncertainty into the earliest stages of venture creation. **Coordinating original paper documents from foreign co-founders, translating, and notarizing them within a strict one-month validity window essentially generates a logistical nightmare.** This fundamentally reduces the attractiveness of the domestic jurisdiction for internationally composed teams. When faced with the logistical burden of coordinating physical document transfers, founders are heavily incentivized to bypass the domestic regulatory environment entirely. Consequently, highly mobile, high-potential ventures opt to incorporate in alternative jurisdictions that offer frictionless cross-border document interoperability, thereby depriving the local ecosystem of intellectual property anchoring, corporate tax revenue, and the diverse expertise brought by international co-founders.

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2.4.1.2 Corporate governance

Limited practical usability of ESOPs in Ukrainian startup structures			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Medium	Medium	SNS3 "Stock Options" (3.2, 3.3)

Problem: Employee stock option plans (ESOPs) are formally available in Ukraine, principally within the Diia.City regime, but have limited practical applicability for the majority of startups. The primary structural constraint is that **many Ukrainian-rooted startups have holding entities registered outside Ukraine (US, Estonia, UK), meaning equity is governed by a foreign legal framework.** Ukrainian ESOP instruments, therefore, cannot attach to the equity that actually matters for team incentivization. For startups without a foreign holding structure, ESOP under LLC law faces separate challenges related to the absence of preference share mechanics and the complexity of option exercise procedures.

Context: Survey evidence shows limited practical uptake of ESOPs. Only **6.3%** of respondents said they actively use ESOP or option schemes, while **36.8%** said they plan to introduce them but have not yet done so. At the same time, **16.8%** cited legal or tax risks, **36.8%** uncertainty about the rules, and **13.7%** the absence of a model their lawyers or accountants could confidently recommend. Public external data on ESOP uptake in Ukrainian startups remains limited, but the broader market picture points in the same direction. The closest available comparator is a 2023 DOU survey[285] of 13,059 IT specialists, where only 11% said their companies offered options, shares, or profit participation; even among respondents working in startups, the share was **31%**. While this is not a startup-founder dataset and should not be treated as a direct ESOP benchmark, it still suggests that equity-based incentives remain far from standard practice in the broader Ukrainian tech market. Against that background, the survey results in this study appear directionally consistent rather than anomalous. The structural reasons are also well documented in the Ukrainian context. **In a standard LLC**, employee equity is not a simple plug-in instrument: **share transfers and capital changes remain formalistic and often require notarized documents and state-registration steps,** which makes option exercise and routine cap table adjustments cumbersome. There is also a real tax-risk issue, as **transfers to employees in an ordinary LLC can be reclassified as an "additional benefit,"** creating tax exposure before any liquidity event. Diia.City partly addresses this problem through a specialized option framework with taxation deferred until the sale of shares, but that solution is available only within the regime and does not solve the issue for the broader startup base. In addition, many venture-oriented Ukrainian startups use foreign holding companies, so the **equity that matters for team incentives is often governed outside Ukraine rather than at the level of the Ukrainian operating entity.**

Ecosystem impact: ESOP is a key talent retention and incentivization tool in competitive startup ecosystems. Ukraine's inability to offer functional, legally certain ESOP instruments puts it at a **structural disadvantage in attracting and retaining senior technical talent compared to ecosystems where ESOP is standardized and operationally reliable.**

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2.4.1.3 Intellectual property rights

Continued non-operational status of the specialized High IP Court

[285] Less than a quarter of IT professionals receive cash bonuses. Who gets them and how much they are offered — an analysis | dou.ua

Gap type	Impact	Urgency	Relevant SNS
Regulatory	High	High	SNS5 “Innovation in Procurement” (5.2)

Problem: Ukraine lacks a **fully functional, specialized IP court** that can efficiently resolve IP disputes. **IP enforcement relies on general commercial courts** that lack specialist expertise, leading to prolonged dispute resolution timelines, inconsistent jurisprudence, and reduced predictability of outcomes.

Context: The **strongest evidence** here comes from **project-level stakeholder evidence** rather than **broad statistical reporting**. The **IP Office interview** used in the project directly identified the **absence of a fully functional specialized IP court** as a **key gap** and linked it to **prolonged disputes** and **weaker trust in enforcement**. This concern matters because a **substantial share of the sample already interacts with formal IP protection**: **41.1% of respondents (39/95)** reported **registered IP or pending applications**. At the same time, the survey captured a **moderate-to-high perceived investment risk around IP issues** (**3.0 on average on a 1-5 scale**, with **14 respondents** giving a **maximum risk score of 5** and **19 scoring 4**); this is consistent with an environment where **title, infringement, and enforcement questions** remain hard to resolve with confidence.

Ecosystem impact: **Weak IP enforcement reliability** creates a **systemic dampener** on **investment in IP-intensive ventures** and on the **commercialization of research outputs**. Investors who cannot rely on **enforceable IP protection** face **higher residual risk**, demanding **higher returns** or excluding **Ukrainian-incorporated IP-intensive startups** from consideration. This contributes to the **pressure toward foreign incorporation for IP holding**, which further reduces the **Ukrainian economic footprint of the startup ecosystem**.

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Unclear IP rules for joint R&D and university-business collaboration			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	High	High	SNS5 “Innovation in Procurement” (5.2, 5.4)

Problem: Ukrainian law does not provide a sufficiently **clear and operational framework** for **joint R&D arrangements** between **universities, research institutions, and private startups**. In practice, where a startup and a university **co-develop a technology**, the rules for allocating **ownership, licensing rights, downstream exploitation rights, and revenue-sharing** are not standardized or easy to operationalize. The legal environment is

better suited to a **linear transfer model**, in which an institution later licenses out an already created technology, than to **collaborative development** in which IP is created jointly and must be structured from the outset.

Context: The core issue here is **collaboration-stage IP structuring**. Ukraine is a **first-to-file trademark jurisdiction**, so brand ownership depends on **formal registration rather than use**. In **contractor-heavy models**, especially **clusters of FOPs**, IP can end up **scattered across individuals** rather than consolidated in **one investable company**. For commissioned works, **Article 15 of Law No. 2811-IX** helps, but only when contracts are drafted as **genuine commissioned-work arrangements**; vague **"consulting services"** language can reopen **ownership uncertainty**. The university side is also **friction-heavy**. Interview data from the **IP Office** reveals that the absence of **standardized IP and licensing frameworks** for **state-startup-university collaboration** compounds the ownership uncertainty: without **template agreements**, each collaboration must negotiate terms from zero, increasing **legal costs** and reducing the **incentive to collaborate**. The **focus-group synthesis** supports the same conclusion from a **user-side perspective**: participants described **IP rules in collaborative research** as **unclear and discouraging**, and explicitly identified the need for **clearer and legally enforceable IP-sharing arrangements**. Survey evidence points in the same direction: among startups with a **university or research link** (**29 respondents**), **65.5% (19/29)** said **university commercialization mechanisms** mostly do not work or work only partly; **44.8% (13/29)** cited **long administrative procedures**, and **17.2% (5/29)** uncertainty over **rights to results**. Furthermore, the overall **IP-related investment risk perception** (**avg. 3.0**, with heavy skew toward **3–5**) suggests that **IP uncertainty** is a material concern for the majority of respondents with relevant IP.

Ecosystem impact: **Unclear rules for joint development** reduce the willingness of **startups and universities** to collaborate on **commercially relevant research**. Where **ownership, licensing, and exploitation rights** cannot be structured predictably at the **start of a project**, both sides face **higher transaction risk**, and investors face uncertainty over whether the startup will actually **control the IP** it is building around. As a result, while Ukraine has a **large university sector** with **significant research capacity**, the inability to **cleanly define and exploit IP** from this sector means that **research outputs remain commercialized at low rates**.

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Limited pathways for researchers and startups to obtain ownership of university-generated IP			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	Medium	Medium	SNS5 "Innovation in

			Procurement" (5.2, 5.3, 5.4)

Problem: Innovations developed within **universities and public research institutions** are, as a rule, **owned by the institution** rather than by the **individual researcher or startup founder** who created them. In practice, this means that scientists who develop **commercially promising R&D** under the university roof cannot cleanly **transfer or share ownership of that IP** with a startup they want to build around it. The available route is usually **licensing rather than a founder-friendly ownership-sharing model**, and even that route is shaped by **state-asset, valuation, and audit constraints** that make transactions slow, cautious, and difficult to structure on **investable terms**.

Context: This gap is distinct from the **joint-R&D problem** above. Here, the issue arises after **IP has already been created within a publicly funded institutional setting** and formally belongs to the **university or, in some cases, to the State**. Under the **Law on State Regulation of Activities in the Sphere of Technology Transfer (No. 143-V)** and the **Law on Science and Scientific and Technical Activity (No. 848-VIII)**, proprietary rights to technologies created with **state budget funding** generally belong to the **executing institution**, unless the funding contract provides otherwise. At the same time, where a technology was created for **defense or national-security needs**, or where the state fully financed development for a **specific targeted use**, the rights belong to the **State**. In such cases, a startup cannot acquire **full ownership of the technology** and is limited to a **license-based route**. Even where full assignment is legally possible, it usually requires **approval by the governing body** and is often avoided in practice. The **Evaluation Report** notes that universities frequently default to **licensing**, especially **non-exclusive licensing**, because transferring IP below **book or administratively defensible value** may later be interpreted by the **State Audit Service** as a loss or misappropriation of **state assets**. **Article 60 of Law No. 848-VIII** allows scientific institutions and universities to **co-found startups**, but the university's contribution must be made in the form of **intangible assets rather than cash**, while its income from such participation is tied to **statutory reinvestment logic** rather than flexible commercial deployment. The **2021 amendments to the Law on Science Parks** created a more flexible route for **preferential use of university IP by science park partners**, but this remains a **partial workaround rather than the standard commercialization pathway**. Interview evidence strongly supports this diagnosis. The **IP Office** identified **budget-law barriers** as a direct obstacle to commercialization of **publicly funded IP** and linked them to the absence of **standard state-startup-university licensing models**. Related interview evidence from **EIT** adds a second layer: **university spin-offs** are often perceived by **audit and law-enforcement bodies** as compliance-risk indicators, which makes institutions even more cautious about structuring startup transactions around **public-sector IP**. **Eastern EDIH** similarly noted that, outside defense, **university-origin ventures rarely reach the market in a systematic way**. Survey evidence points in the same direction. Among respondents who answered the question on **university links**, only **30.5%** reported any connection to a **university or research institution**, and only **11.6% of all respondents**

identified as **university-based startups or spin-offs**. Within the **university-linked subgroup (n=29)**, **65.5%** said existing mechanisms for **commercialization of academic developments** either mostly do not work or only partly work. The most common obstacles were **lengthy administrative procedures and approvals (44.8%)**, the **absence of a clear contact point or "one-stop shop" in the institution (37.9%)**, **unfavorable terms for the startup (24.1%)**, **uncertainty over rights to development results (17.2%)**, and **difficulty agreeing on IP valuation or price (13.8%)**. Notably, only **13.8%** of respondents in this subgroup identified **licensing or use of university IP** as one of the relevant formats of interaction with universities or research institutions.

Ecosystem impact: **Institutional default ownership of publicly funded R&D**, combined with **weak and risk-averse transfer pathways**, suppresses the formation of **science-based startups**. It reduces scientists' incentives to **commercialize research**, makes **startup creation around university-generated technology** slower and less investable, and leaves many promising results **inside institutions rather than moving into the market**. For investors, **non-exclusive or operationally fragile licensing arrangements** are often far less attractive than **clean startup ownership of core IP**, which further weakens the **spin-off pipeline**. For **deep-tech and science-based ventures**, this is especially damaging because the underlying technology may exist, but the **legal path to using it inside a scalable company** remains too uncertain and transaction-heavy.

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Slow and cumbersome IP registration procedures for startups			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	High	Medium	SNS4 "Innovation in Regulation" (4.2) SNS5 "Innovation in Procurement" (5.2)

Problem: Startups that rely on **rapid product iteration, branding, fundraising, or market entry** face an **IP registration process** that is not sufficiently **fast, digitalized, or startup-friendly**. This is especially problematic where **legal protection depends on formal registration** rather than simple use or internal documentation. For startups operating in **competitive markets**, this delay creates **windows of vulnerability** where **IP protection is unregistered**, and **brand assets cannot be defended**.

Context: The Ukrainian IP framework gives **formal registration significant legal weight**, especially for **trademarks**. Ukraine operates under a **first-to-file model**, which means a startup does not secure **trademark ownership** merely by using a brand in commerce; protection depends on **registration with UANIPIO**. At the same time, Ukrainian IP

registration timelines, particularly for trademarks, are **significantly longer than EU equivalents**: trademark registration in Ukraine takes **approximately 18 months**, compared to **approximately 3–4 months under EUIPO procedures**. In practice, this makes delays costly, because founders may **postpone filing** while still building the product or testing the market, exposing themselves to **trademark squatting** and **avoidable due-diligence risks** later on. The broader institutional context also suggests that the current system remains **too cumbersome**. The **Evaluation Report** notes that the draft **IP Strategy 2030** explicitly proposes to **simplify registration** and **digitalize the full lifecycle of IP administration** through a **paperless examination process, a unified applicant cabinet, and AI-supported patent search**. The fact that these reforms are framed as **priority measures** indicates that the current registration model is still not operating at the **speed or usability level** that innovative firms need. Survey data supports this point. Among all respondents, only **41.1% (39/95)** said their startup had **registered IP or filed applications**, while **47.4% (45/95)** said they had **neither registered IP nor filed any applications**; a further **11.6% (11/95)** were **unsure**. Among respondents who had experience with **registration or filing in Ukraine** and answered the follow-up question (**n=23**), **56.5%** described the process as **moderately difficult** and **13%** as **very difficult or highly resource-intensive**, while only **30.4%** described it as **rather simple and understandable**. When asked which stages were hardest, **56.5%** pointed to **preparing application materials or technical descriptions**, **30.4%** to **novelty searches**, **26.1%** to **communication with the registration authority**, **21.7%** to **legal support**, and **17.4%** to **fees, document flow, and timelines**. This suggests that the bottleneck is not just **formal examination speed**, but the **overall administrative burden** of getting from idea to a **clean, defensible filing**. Interview evidence helps explain why this friction has broader consequences. In particular, the **IP Office** noted that startup teams often treat **IP as a formal registration step** rather than as part of a **business and commercialization strategy**, which means protection is frequently **postponed** until **fundraising, partnership negotiations, or scaling** already begin. This makes **procedural friction** more damaging: where founders are already **hesitant or underprepared**, a cumbersome process further encourages **delay rather than early action**.

Ecosystem impact: The **cumbersome and slow IP registration process** creates **two negative effects at once**. Some startups respond by **registering key rights in foreign jurisdictions** once they become **investor-facing or internationally oriented**, rather than relying on Ukraine as the **primary protection venue**. Others simply **postpone registration altogether**, especially at the **idea, MVP, or early commercial stage**, because the process is seen as **too burdensome relative to immediate business priorities**. The result is not only **outward registration** but also **under-registration**. That weakens **brand protection**, increases **later legal clean-up costs**, reduces **due-diligence readiness**, and leaves part of the ecosystem entering **fundraising or market expansion without a properly formalized IP base**. In **fast-moving sectors**, this reduces the **practical value of domestic IP protection** even where the **legal framework exists on paper**.

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Insufficient protection of IP rights in defense-tech innovation			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Medium	High	SNS5 “Innovation in Procurement” (5.2)

Problem: In Ukraine’s **defense-tech sector**, intellectual property is often left **unprotected** or only **partially formalized**, even when solutions have already been **validated or deployed**. This weakens startups’ ability to **retain control over core technologies**, **structure licensing**, **capture royalties**, and **defend their commercial position** once a product proves effective. In practice, **battlefield validation** can increase the value of a solution without creating a corresponding **legal asset**, leaving startups exposed to **copying** and reducing the **long-term economic return** from domestic defense innovation.

Context: This diagnosis is also reflected in the **interview synthesis**, which notes that **IP in defense tech is often left unprotected**, resulting in **technology copying** and the loss of **potential royalty income** for Ukraine, and for Ukrainian startups in particular. At the same time, the **Evaluation Report** shows that **defense and state-funded technologies** operate within a particularly **complex legal regime**: proprietary rights to technologies developed at **state expense under defense contracts** may transfer to the **State**, while **secret inventions and state-secret technologies** are subject to additional restrictions on **licensing and cross-border transfer**. Public sources suggest that the issue is now increasingly **recognized at policy level**. The **Ministry of Defense** said in **November 2024** that it was developing **regulatory frameworks and platforms to protect intellectual property**, and later reported that it had created a dedicated **Intellectual Property Department** and initiated **draft laws** to build a **modern IP-management system in the defense sector.**[286]

Ecosystem impact: When **defense-tech IP** is left **unprotected**, the **return on validation and deployment** is weakened. Startups may prove that a technology works, but still fail to convert that proof into a **durable commercial asset** that can support **licensing, export, investment, or long-term scale-up**. This reduces **procurer, customer, and investor confidence**, because even validated products may still have **unclear ownership, weak transferability, or limited defensibility**. It also creates a **national-level leakage risk**: Ukraine may generate **battlefield-tested innovation**, but lose part of the **downstream industrial and royalty value** if technologies are **copied, insufficiently formalized, or transferred without robust IP retention**.

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[286] Partner countries transferring military technologies and inventors in the Armed Forces of Ukraine will receive intellectual property protection | Ministry of Defense

2.4.1.4 Taxation

Limited suitability of standard tax and compliance regime for early-stage startups			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory/Design	High	Medium	SNS4 “Innovation in Regulation” (4.2)

Problem: For startups operating **outside special regimes**, Ukraine’s **standard tax and compliance architecture** remains **heavy relative to early-stage cash flows**. The problem is not simply **nominal tax rates in isolation**, but the combination of **payroll taxes, accounting and reporting requirements, VAT-related administration, and the need to pay for external legal and accounting support** before the company has **stable revenue**.

Context: Under the **standard LLC regime**, startups face the **ordinary tax and reporting architecture**: **corporate income tax on profit, VAT administration once thresholds are reached, and standard payroll taxation**, including **personal income tax, military tax, and employer social contributions**. Even where **simplified taxation** is available, it does not remove the **core payroll burden** and does not solve the broader **compliance load linked to formal hiring, accounting, and reporting**. By contrast, **FOP structures** remain much **lighter and more cash-flow-friendly**, while **Diia City** offers more **startup-oriented tax treatment and legal instruments**. However, **Diia City** is available only to **legal entities** and is intended for teams that have reached a sufficient degree of **operational and organizational maturity**. This means that **FOP or hybrid models** often continue to serve as **interim structures** until a startup is sufficiently mature for **full formalization**. The broader system also lacks **widely available tax-side relief instruments** specifically tailored to **innovative early-stage firms**, such as **broad startup tax credits** or similarly accessible **offset mechanisms**. A useful comparator is the **Netherlands**, where early-stage firms are not exempted from taxation altogether, but can benefit from a set of mechanisms that **reduce front-loaded tax and compliance pressure** at the start of the business lifecycle. For example, the Dutch **tax relief for new companies (startersaftrek)** allows eligible entrepreneurs to deduct an additional amount from profit, and this deduction can be used **up to three times within the first five years of entrepreneurship**. In addition, the Dutch **small businesses scheme (KOR)** allows eligible firms with **low turnover** to operate **without charging VAT and without filing regular VAT returns**, which directly reduces **administrative burden at the earliest stages**. At the level of legal form, the Dutch **BV** can be established **without minimum starting capital** and can **take on investors**, making it easier to move into an **investment-compatible corporate structure** without a sharp upfront capital barrier. Taken together, these

instruments do not remove taxation, but they **align early formalization more closely with the financial reality of small and still-scaling firms**. Compared with such approaches, Ukraine's **standard regime remains more front-loaded** for startups operating outside **special frameworks**. Survey evidence is consistent with this picture. Fully **85.3% of respondents** are still at the **idea, MVP, or early-market stage**. At the same time, **35.8% operate through FOP or hybrid FOP/LLC models**, and another **11.6% do not yet have a formal legal entity**. Within the **early-stage subgroup**, **38.3% use FOP or hybrid structures**, while only **18.5% operate through Diia City**. This suggests that many founders continue to choose the **legal form that minimizes immediate tax and compliance pressure** rather than the one best suited for **scaling**. Survey responses also show that navigating the **legal and tax environment** is itself burdensome: **48.4% of respondents relied on lawyers or accountants** for guidance on **legal requirements, taxes, or financing**, while **66.3% said they lacked a single starting resource** for this information. The problem is intensified by the fact that the **civilian startup support layer** does not function as a **broad compensating mechanism**. The **Evaluation Report** notes that **public startup support** has become more **selective, more donor-dependent, and increasingly concentrated in defense and dual-use tracks**, while **general SME instruments** are not well suited to **startup risk profiles**. In other words, the issue is not that **taxation and support** are two separate problems, but that startups face a relatively **heavy front-loaded formalization burden** without a comparably broad set of **tax-side or public instruments to offset it**.

Ecosystem impact: The **front-loaded tax and compliance burden** of the standard regime encourages founders to **postpone full formalization**, rely longer on **FOP clusters or mixed structures**, delay **formal hiring**, and spend scarce early resources on **compliance rather than product development and customer growth**. Over time, this weakens **investment readiness**, slows transition into **cleaner corporate structures**, and leaves part of the startup pipeline operating in **legally functional but suboptimal models for scaling**.

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2.4.1.5 Labor relations and talent management

Poor adaptation of labor regulation to startup employment realities			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	Medium	Low	SNS2 "Attracting and Retaining Talent" (2.1, 2.2)

			SNS4 “Innovation in Regulation” (4.1)

Problem: The **standard labor regime** outside special frameworks such as **Diia.City** remains **poorly calibrated** to the way startups actually build teams. It is more suitable for **conventional employment relationships** than for **early-stage firms** that need **flexible hiring, project-based engagement, rapid team restructuring, and a mix of domestic and international talent**.

Context: For companies outside **Diia.City**, labor relations are still governed primarily by the **Labor Code of Ukraine**, which the Report describes as historically characterized by **high employee protection and bureaucratic rigidity**, as it was originally designed for **Soviet-era industrial employment**. Wartime **Law No. 2136-IX** introduced temporary flexibility, including easier use of **fixed-term contracts** and the possibility to **suspend employment contracts** where work cannot be provided due to military aggression, but it did not redesign the general system for **startup realities**. Employers under the general regime also remain responsible for **military accounting and related mobilization-era compliance**. The Report also notes that founders often rely on **B2B contracts with FOPs** to avoid the rigidities of standard labor law, but this carries the risk of **reclassification as hidden employment** by the **State Labor Service**, with **fines and retroactive payroll tax consequences**. For **foreign specialists**, the system becomes even less startup-friendly: outside Diia.City, hiring a non-resident usually still requires a **work-permit route**, while Diia.City offers a more flexible **gig-contract model** (foreign gig specialists can be engaged without the standard work-permit requirement, and the contract can serve as the legal basis for subsequent legalization steps). **Survey evidence** supports this broader diagnosis: **48.4% of respondents** rated the **ease of hiring and retaining talent in Ukraine and/or internationally** at only **1 or 2 out of 5**. **14.7% of respondents** answering the talent-question block specifically identified **legal and tax barriers in hiring and formalization** among their **top hiring problems**. **Interview evidence** points in the same direction: project interviews identified the **Labor Code and related legal-administrative requirements** as a practical source of **friction for engaging workers and contractors**, especially **foreign ones**.

Ecosystem impact: The mismatch between the **standard labor regime** and **startup staffing models** affects **startup team formation** in the broader sense, including both **domestic and international hiring**. It encourages founders to **postpone formal employment**, rely longer on **FOP clusters or mixed structures**, keep part of the team **outside the company perimeter**, and avoid **legally cleaner but heavier arrangements** until revenue becomes more stable. For **foreign specialists**, it adds another layer of friction related to **work permits**; for **domestic teams**, it increases **compliance costs** and **legal uncertainty** around the choice between **employment, contracting, and hybrid models**. Over time, this weakens both **domestic and international talent access**, slows **scaling**, and reduces the attractiveness of **Ukrainian entities as the main operating vehicle for high-growth startups**. For **early-stage teams** in particular, the problem is also **financial**: many simply cannot absorb the **full cost and**

administrative burden of standard formal employment at the stage when they are still **validating the product**, which reinforces the shift toward **interim legal models** or, in some cases, **foreign operating structures**.
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Limited visa and e-residency pathways for foreign startup founders and startup talent			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	Medium	Medium	SNS2 "Access to Talent" (2.1, 2.2) SNS8 "Digital First" (8.1) SNS1 "Fast Startup Creation" (1.3)

Problem: Ukraine still lacks a **startup-specific migration and residency pathway** for **foreign founders** and **internationally mobile startup talent**. This gap is distinct from the separate labor-law problem of how startups hire and structure teams once they are already operating in Ukraine. Here, the issue arises earlier: Ukraine does not offer a **clear, startup-oriented entry architecture** for **non-resident founders, co-founders, or early startup builders** who want to establish a business presence in the country and integrate into the ecosystem on terms calibrated to startup realities. **uResidency** partially addresses **remote solo entrepreneurship**, but it does not function as a substitute for a **startup visa or founder-entry route**.

Context: The Ukrainian system currently offers foreign startup actors a **fragmented set of general migration and business-entry routes** rather than a **dedicated startup pathway**. There is **no dedicated startup visa track** comparable to **founder-focused schemes** used in several EU startup ecosystems. Instead, foreign nationals must rely on **ordinary residence grounds** such as **employment**, participation in **technical-assistance or special programs**, or the **founder/investor route** linked to a Ukrainian legal entity. The latter is available only where the foreigner is a **founder, participant, or beneficial owner** of a Ukrainian legal entity with a **foreign investment stake of at least EUR 100,000**, which is a **high threshold for early-stage startup entry** rather than a startup-enabling route. The existing **uResidency program** remains too narrow to serve as a substitute: it is currently available only to **citizens of four countries** (**India, Pakistan, Thailand, and Slovenia**) and is designed primarily for **foreign freelancers in IT and creative sectors**[287]. It allows foreigners to register only as

[287] Launch of uResidency: Program Is Available to Citizens of the First Four Countries — Pakistan, India, Thailand, and Slovenia | uResidency

private entrepreneurs (FOPs), not as **LLCs**[288], and **does not allow them to employ other people**[289]. The program also does not provide any **residence, border-crossing, or immigration advantage**. As a result, it is useful for **solo contractors**, but not for **high-growth startups** that need **scalable corporate structures, foreign co-founders, or team-building capacity**. As of **March 2026**, the application page itself states that the application is **temporarily unavailable**, which further limits its practical value as an **ecosystem-entry instrument**[290]. Survey data supports the existence of this gap: among respondents who answered the question on **barriers for foreign founders or non-residents**, **36.8%** reported **significant or partial barriers**. Within that relevant subgroup, the most frequently cited barriers were **banks/KYC/compliance issues (37.1%)**, **visa/residency issues (34.3%)**, **language/interfaces/instructions (28.6%, 10/35)**, and both **recognition of foreign documents** and **eID/e-signature barriers (25.7%)**. These findings suggest that **foreign-founder integration problems** are not reducible to one issue such as **work permits**. They arise from the combined effect of **migration rules, onboarding architecture, documentary friction, and weak cross-border usability of state systems**.

Ecosystem impact: Without a **streamlined entry mechanism** for **foreign talent and founders**, Ukraine remains isolated from the **global mobility of tech professionals**, reducing the **diversity of the ecosystem**, complicating **cross-border team formation**, and hindering **global market expansion**. This also weakens Ukraine's ability to attract **internationally experienced founders, specialists, and early employees** who could bring **global networks, market knowledge, and commercial expertise** into the domestic startup ecosystem.

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2.4.1.6 Innovation governance

Lack of operational regulatory sandboxes for startup experimentation			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	Medium	High	SNS4 "Innovation in Regulation" (4.3)
Problem: Ukraine has moved from the **absence of discussions of regulatory experimentation** to **visible policy intent**, but it still does not offer startups a **fully operationalized, legally codified regulatory sandbox system** that allows testing **novel**			

[288] uResidency: Can I register an LLC? | uResidency
[289] uResidency: Can I employ other people? | uResidency
[290] The application for the e-Resident status is temporarily unavailable | uResidency

products or services outside standard regulatory requirements for defined trial periods.

Context: The **ESNA-based review** shows a **partial but not mature picture**. Ukraine initially received **50% on the ESNA indicator for the existence of regulatory sandboxes** because only **preparatory evidence** was available, while indicators on the **number of established sandboxes** and **startups participating in them** remained at **0% in the assessment period**. At the same time, some steps have been taken to make this **policy direction operational**: in **October 2024**, the **Cabinet of Ministers adopted Resolution No. 1238** launching an **experimental Sandbox framework**[291], and in **June 2025** the **Ministry of Digital Transformation** and the **Ukrainian Startup Fund** officially launched the **Innovation Sandbox for AI and blockchain solutions**[292]. The program is currently scheduled to run through October 2026, with the possibility of extension or formalization if successful. At the same time, the instrument should still be treated as an **experimental and narrowly scoped mechanism** rather than a **mature, economy-wide regulatory sandbox regime** routinely available across sectors. Public information confirms that **participants have already joined the program**, but no official public dashboard or consolidated reporting was found on the **number of applications, admissions, completed cases, startup outcomes, or regulatory changes generated so far**. Founder demand nevertheless appears strong: **72.6% of respondents answering this question (69/95)** said sandboxes are **desirable or critical**. In parallel, strategic materials under **WINWIN** propose additional **sandbox-type instruments**, including in **MedTech and Biotech**, but these should still be treated as **proposed directions rather than confirmed near-term launches**.

Ecosystem impact: The **absence of operational regulatory sandboxes** prevents Ukraine from providing a **structured testing environment for innovative solutions**, particularly in sectors with **complex regulatory requirements**. This creates a **competitive disadvantage** relative to jurisdictions that offer **sandbox regimes** (**UK FCA sandbox, Singapore MAS sandbox, EU Digital Finance Sandbox**) and limits the **pipeline of innovation in regulated sectors**, especially in **fintech, healthtech, and defense-tech**. Given the **strong demand demonstrated in the survey**, this gap also represents an **unmet expectation** that reduces confidence in the **regulatory environment's responsiveness to startup needs**.

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Limited policy coherence across startup-relevant public functions			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Operational	High	Medium	-

[291] On the Implementation of a Pilot Project to Organize Research on High-Tech Equipment Using the “Sandbox” Method | The Verkhovna Rada of Ukraine

[292] Sandbox for AI and blockchain solutions | Ministry of Digital Transformation of Ukraine

Problem: **Innovation policy functions** are distributed across **multiple ministries and agencies**, including the **Ministry of Digital Transformation (MoD)**, the **Ministry of Education and Science**, the **Ministry of Economy**, the **Ministry of Finance**, a network of **Chief Digital Transformation Officers (CDTOs)**, and others, without a **sufficiently institutionalized coordination mechanism**. **Limited communication, overlapping mandates, and duplication of services** lead to **parallel initiatives and resource competition**, while some programs depend on the **initiative of individual officials** rather than **durable institutional structures**.

Context: The Ukrainian institutional picture is not one of **missing actors**, but of **too many partially connected ones**. The **Ministry of Digital Transformation** has become the most visible **startup-policy actor** through **Diia.City, digital public services, the WINWIN strategy, the CDTO network, and management of the Ukrainian Startup Fund**, which has been under the Ministry's sphere of management since **2023**. At the same time, the **Ministry of Education and Science** is building a separate **university-innovation track**, including a **national network of startup schools, incubators, and accelerators** in higher education institutions. The **Ministry of Economy**, together with the **Office for Entrepreneurship and Export Development** and **Diia.Business**, provides another **support interface** focused on **entrepreneurship, SME development, export readiness, and business services**. Another institution with an important **cross-cutting role** is the **Ministry of Finance**, since the practical operability of many startup-policy measures ultimately depends on alignment with **fiscal rules, tax treatment, budget design, and broader implementation conditions** within its remit. In other words, **startup-relevant functions** are spread across **digital transformation, innovation policy, university entrepreneurship, SME support, export promotion, and sectoral regulation**, but founders do not encounter them as **one integrated system**. This is compounded by the fact that Ukraine still lacks a **shared, operationalized national startup strategy** in the narrower governance sense, even though it now has **WINWIN as a broader innovation strategy**. The **WINWIN / Strategy for the Digital Development of Innovation Activity until 2030** is an important **policy anchor**, but it is a **cross-cutting innovation strategy** rather than a **jointly owned startup strategy with a clear interinstitutional delivery matrix**. Crucially, the Strategy itself explicitly diagnoses **fragmentation** between the **Ministry of Education and Science**, the **Ministry of Economy**, the **Ministry of Digital Transformation**, and other actors, and proposes **stronger coordination** through an enhanced role for the **Council for Innovation Development**, broader **CDTO mandates**, and the designation of a **responsible institution for coordinating the national innovation ecosystem**. The **focus-group synthesis** reinforces this diagnosis. The **focus group on ecosystem coordination** framed the problem not simply as the existence of **many actors**, but as the **absence of a common direction**, **weak communication across ecosystem stakeholders**, and **limited strategic alignment** between the main institutional and support interfaces. This is analytically important because it confirms that **fragmentation** is experienced not only at the level of **formal mandates**, but also at the level of **day-to-day ecosystem navigation and coordination practice**. A second Ukrainian-specific problem is that coordination often depends on **horizontal or informal mechanisms** rather than on a **stable startup-governance architecture**. The **CDTO network** is a good example. It is a

potentially powerful **horizontal channel**, and by **April 2025** it had expanded to **more than 60 CDTOs**, with its mandate broadened to include **innovation as well as digitalization**. But the **Evaluation Report** also notes that the **effectiveness of CDTOs varies depending on institutional resistance within the host body**. This means that, in practice, the quality of **startup-facing coordination** can still depend on how **proactive a given ministry, agency, or official is**, rather than on a **uniform interagency system with fixed accountability**. The same pattern appears in the broader **support landscape**: interview data from multiple sources (**IP Office, EIT, WIN2EDIH**) consistently notes that **ecosystem support resources are dispersed across multiple actors without a shared prioritization framework**, producing **duplication in some functions and underprovision in others**. This fragmentation is visible from the founder's side as well. Among respondents who answered the question on **official clarification of regulatory issues** (**n=93**), **53.8% (50/93)** had **never approached a state authority for clarification**, while **23.7% (22/93)** said they **did not even know this was possible**. This suggests that the system does not present itself to startups as a **coherent state interface with clear ownership and navigable pathways**.

Ecosystem impact: **Fragmented governance** weakens the state's ability to act as a **coherent steward of startup ecosystem development**. In practice, this means that **startup-facing initiatives** are launched through **separate institutional lanes**, with **different logic, different interfaces, and different priorities**, but without a **common operating framework** that would align them into **one pipeline**. Some functions become **duplicated**, others remain **underprovided**, and **support continuity** becomes vulnerable to **donor cycles, personnel changes, or the activism of particular institutions**. For founders, this translates into a **harder-to-navigate system** with **no clear entry point**, **inconsistent signals** about where to go for **support or regulatory clarification**, and **uneven access** depending on **sector, stage, geography, or personal networks**. At ecosystem level, the result is **weaker policy coherence, lower efficiency of public and donor resources, and less confidence** among **startups, investors, and international partners** that Ukraine's startup agenda is being governed as **one integrated policy domain rather than as a set of parallel initiatives**.

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Absence of a consolidated startup ecosystem data infrastructure for evidence-based policymaking			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Operational	High	High	SNS8 "Digital First" (8.1, 8.2)
Problem: Ukraine lacks a **single, comprehensive, and methodologically consistent statistical base** for the startup ecosystem. Multiple **datasets and rankings** produce **conflicting signals**, in some cases showing **ecosystem growth indicators rising while**			

innovation rankings decline, and significant discrepancies exist between **official statistics and independent assessments**.

Context: The scale of inconsistency is substantial. Different **ecosystem trackers** report **widely divergent numbers**: for example, **Techosystem's database, Startupblink, and other aggregators** produce different counts of **active startups**, ranging from **a few hundred to over 2,000**, depending on **methodology and inclusion criteria**. Similar inconsistencies affect counts of **accelerators, active VC funds, and other ecosystem actors**; no single consolidated source provides **reliable data** on these. **Civitta and EasyBusiness** directly encountered these challenges during the preparation of **Evaluation Report**. The analysis required reviewing **hundreds of sources**, which often provided **inconsistent or missing data** even for the most basic indicators, such as the number of **VCs, accelerators, and support organizations**. Interview data (**EIT**) directly identified this gap, noting that in some cases **ecosystem growth indicators rise while innovation rankings decline**, producing **contradictory policy signals**. Many startups, particularly in **high-risk regions**, do not disclose their **location or operational data** (**Eastern EDIH**), making **survey-based estimation systematically non-representative**. The current survey (**n=110, self-selected**) is itself a symptom of the broader **data infrastructure gap**.

Ecosystem impact: With **no reliable ecosystem data**, policymakers and other startup ecosystem actors struggle to **design and deliver effective support**. **Contradictory data** creates **conflicting policy signals** and makes it harder to identify **actual bottlenecks**. As a result, ecosystem resources are **allocated less effectively**: **underserved segments, regions, and stages of startup development** are harder to identify, actors face difficulties in **evaluating the effectiveness of support programs**, and **coordination across the ecosystem** is weakened. Over time, **poor data quality** reduces the effectiveness of **ecosystem governance** and slows the development of **targeted, evidence-based support policies**.

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2.4.1.7 Public procurement

Tight structuring of public procurement rules around established suppliers and standardized purchasing			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	Medium	Medium	SNS5 "Innovation in Procurement" (5.1)

			SNS4 “Innovation in Regulation” (4.2)

Problem: Ukraine’s public procurement system is poorly adapted to startup participation. Early-stage companies are typically excluded before they can compete in substance: they often lack the contract history, revenue base, and financial guarantees expected from suppliers, while **procurement procedures are designed for standardized purchasing from established firms rather than for testing or adopting new solutions.** At the same time, the system offers **no practical route for startup-oriented procurement, such as piloting, co-development, or early adoption of innovative products**. As a result, startups with relevant solutions are often unable to enter public procurement at the stage when government demand could help validate their product, generate first revenues, and support scale-up.

Context: This gap is rooted both in the legal design of the procurement system and in its practical operation. The Public Procurement Law (No. 922-VIII) includes qualification criteria under Article 16, such as **requirements for prior similar contracts and financial capacity, which many early-stage startups cannot meet.** Article 13 **does not provide an Innovation Partnership mechanism**, leaving no standard legal route for co-development procurement with startups. In addition, **evaluation rules are strongly price-driven**, which limits the practical role of quality and innovation criteria. Survey data show clear unmet demand: **78** respondents (70.9%) said **they had never tried to sell to the government but would like to.** The barriers most often cited were the absence of **innovation partnership mechanisms** (**33** responses, 30%), **long and complex procurement procedures** (**28** responses, 25.5%), **prior experience requirements** (**27** responses, 24.5%), **revenue and financial-capacity thresholds** (**25** responses, 22.7%), **price dominance over quality** (**19** responses, 17.3%), **guarantee and financial security requirements** (**18** responses, 16.4%), and **unclear IP terms** (**15** responses, 13.6%). Together, these results point to a procurement framework that remains poorly suited to startup participation.

Ecosystem impact: This weakens one of the most important demand-side pathways for startup growth. Public procurement can do more than generate additional sales: it can help to further validate pilot solutions in real operating conditions, improve products through direct user feedback, and build the credibility needed to approach private clients, investors, and export markets. **When startups are effectively excluded from procurement, many innovative solutions remain stuck at the pilot or early commercial stage for longer than necessary.** This slows commercialization, reduces opportunities for product validation in real institutional settings, and limits the ability of startups to build a track record inside Ukraine. **At the same time, public institutions lose access to new technologies** that could improve service delivery, operational efficiency, and institutional capability. **In effect, the system weakens both startup growth and public-sector innovation** by preventing early engagement between innovative suppliers and government demand.

Limited procurement entry pathways for defense-tech startups			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	High	High	SNS5 "Innovation in Procurement" (5.1)

Problem: Ukraine's defense-tech ecosystem still lacks a predictable, institutionalized **pathway that takes a startup from prototype and field testing to recognized validation, procurement eligibility, and repeat purchasing**. In practice, testing is often possible, but the route from testing to **procurement remains fragmented**, highly dependent on informal access through brigades, interested MoD units, or individuals, and is not translated into a clear state purchasing track. This is especially problematic **for younger startups and software-first teams**, which struggle to move from demonstrated battlefield utility to formal adoption through standard procurement mechanisms.

Context: Farsight Vision noted in an interview that **procurement challenges exist for hardware defense products, but are even more pronounced for software**. The long **absence** of a clear software track in defense **legislation prevented participation** in formal tenders and forced suppliers to work directly with brigades. It also stressed that current procurement practice still **does not treat software as a separate procurement object**, while the Ministry of Defense does not validate software purchases through a dedicated category, **complicating approvals** and **limiting systematic procurement**. At the same time, some elements of a more structured pathway are beginning to emerge. **Brave1-based Test in Ukraine** offers access to end-user feedback, testing grounds, structured feedback protocols, and links to manufacturers, including for the software solutions[293]. **DOT-Chain** defense is also beginning to formalize the procurement side: the MoD describes it as a **digital weapons marketplace** that allows military units to order approved weapons and equipment through an online system[294].

Ecosystem impact: This gap weakens the **conversion of defense innovation into deployable, purchasable products**. Startups may achieve **technical validation in the field**, but still face uncertainty about how that validation translates into **formal recognition, budgeted demand, and repeat contracts**. As a result, teams spend disproportionate effort **navigating institutions, securing informal access, and adapting products to administrative constraints** rather than **scaling proven solutions**. This slows **iteration**, raises **transaction**

[293] Brave1: Test in Ukraine

[294] DOT-Chain Defense: enhancing autonomy for brigades and reducing bureaucracy | Ministry of Defense of Ukraine

costs, and makes **market access** depend too heavily on **personal channels** instead of **transparent mechanisms**. For founders and investors, it also reduces **planning certainty**: even when a solution works, the route to **procurement** remains unclear, which weakens the **commercial case for scaling defense-tech companies inside Ukraine**.

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2.4.2 Access to finance

SUMMARY TABLE

Gap name (clickable)	Type
Angel investment	
🔗 Limited presence of angel investment incentive mechanisms	Policy
🔗 Underdeveloped angel investing culture in Ukraine	Policy/Market
🔗 Insufficient integration of angel investors into the startup support programs	Design
🔗 Lack of skills among potential angel investors	Operational/Market
Venture capital	
🔗 Absence of co-investment and matching mechanisms for private investments	Policy
🔗 Absence of institutional anchor capital and fund-of-funds structures for VC funds	Policy
🔗 Poor adaptation of Ukrainian corporate law to venture-standard quasi-equity (SAFE/KISS), which pushes startups toward foreign incorporation	Regulatory
🔗 Preference for FOP over LLC among early-stage startups, which limits access to equity financing	Design
🔗 Structural shortage of pre-seed capital	Design/Market
🔗 Limited availability of scale-up financing in Ukraine	Design/Market
🔗 Shortage of experienced venture fund managers, which constrains domestic fund formation and the professionalization of investment practices	Operational/Market
🔗 Lack of founders' skills in investor communication and fundraising processes	Operational/Market

🔗 High war-risk perception among international investors, which reduces investment in Ukrainian startups	Market
🔗 Structural constraints in Ukraine's legal and regulatory system, which drive the use of foreign holding structures	Market
Grants	
🔗 Lack of dedicated micro-funding for idea-stage innovation and prototyping	Policy
🔗 Absence of a permanent anchor grant program for early-stage startups, which leaves grant support fragmented and limited in scale	Policy/Design
🔗 Misalignment between standardized grant architecture and differentiated startup financing needs across stages and verticals	Design
Debt financing and state-backed credit instruments	
🔗 Application of traditional bank lending criteria limiting startups' access to debt financing	Policy/Regulatory/ Design
Other financial instruments	
🔗 Absence of regulatory frameworks for alternative startup financing instruments in Ukraine	Regulatory

2.4.2.1 Angel investment

Limited presence of angel investment incentive mechanisms			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy	Medium	Low	SNS6 "Access to Finance" (6.2, 6.3)
Problem: Ukraine has formal **angel investment incentive** frameworks, including tax incentives and provisions within the Diia.City regime, but these **mechanisms are not effectively reaching their target users**. Founders report low awareness of available			

incentives, and investors who are aware of them cite uncertainty about enforcement and practical applicability. Furthermore, some incentives, such as a tax rebate, are available mainly for investments into Diia.City residents, not any startups[295]. Considering the eligibility criteria for Diia.City residence (e.g. at least 9 employees with an average monthly remuneration of at least €1200)[296], many early-stage startups are effectively excluded from the incentives environment, making such ventures less attractive to angel investors. As a result, the formal **angel ecosystem remains thin and underutilized** relative to the pipeline of early-stage startups seeking pre-seed capital.

Context: Comparison of angel investment incentives in Ukraine with those in other countries reveals several areas for improvement. In Ukraine, incentives are largely built around tax benefits within the Diia.City regime, which remain **bureaucratically complex and limited in scale**. By contrast, neighboring ecosystems focus on making angel investing structurally **easier and more accessible**. For example, **Estonia** excels in making angel investing operationally **simple**: investors can sign deals remotely, co-invest with other angels, and register a joint venture with other investors 100% online in about 15 minutes, which significantly **facilitates cross-border investment syndication**[297]. Meanwhile, **Romania** is developing a more systemic early-stage capital platform through the Innovation Romania Holding Fund, a **fund-of-funds architecture** that includes a co-investment window designed to crowd in angel investors and early-stage capital[298].

Ecosystem impact: Lack of incentives directly decreases the number of angel investors in the ecosystem, as they deploy their capital in other, less risky industries. This shortfall ultimately **limits the supply of funds at the pre-seed stage**, which, coupled with the shortage of other funding instruments, leads either to startup death or to relocation abroad. In both cases, the domestic startup pipeline becomes thinner.

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Underdeveloped angel investing culture in Ukraine			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Market	Medium	Medium	SNS6 "Access to Finance" (6.2, 6.3)
Problem: Despite the presence of **thousands of high-net-worth individuals (HNWI)** in			

[295] Don't lose right to the tax rebate: submit tax declaration by December 31 | State Tax Service of Ukraine
[296] Diia City Legal Framework in Ukraine | DLF attorneys-at-law
[297] Streamline angel investing with e-Residency | e-Residency Estonia
[298] Innovation Romania Holding Fund | European Investment Fund

Ukraine[299], a **sustainable culture of angel investing has not taken root**. Domestic HNWI capital is predominantly allocated to **conservative, lower-risk instruments** such as government bonds and real estate, rather than early-stage equity in innovative ventures. Heightened war-related uncertainty and macroeconomic volatility have further reinforced risk aversion. As a result, Ukrainian **startups face a structural shortage** of domestic early-stage equity financing at the pre-seed level. This misalignment leaves **innovative ventures undercapitalized while private wealth remains underleveraged in high-growth sectors** that could generate both financial returns and broader economic resilience.

Context: In September 2023, Ukrainians held UAH $47.7B in domestic government bonds[300], which offer stable returns, with bond rates often above inflation[301]. Real estate remains a favored store of value as well, supported by high home ownership (86%)[302]. In contrast, **equity investment is negligible**: per capita angel investment in Ukraine in 2021 was only €0.16, compared to €1.0 in Poland, €1.9 in Germany, €5.7 in the UK, and €12.5 in Finland[303].
Many Ukrainian HNWIs still **lack the knowledge, practical guidance, and support** needed to enter the angel investment pathway, and this gap is only partially addressed by the **angel investment syndicates** such as ICLUB, Toloka, and UAngel. The issue of an underdeveloped angel investment culture among Ukrainian HNWI has also been highlighted at the focus group on access to funding. The survey provides supporting evidence: **34%** respondents reported having never encountered angel investment incentives, and **30%** reported no awareness of them functioning. Only 11% of respondents confirmed that incentives work in practice. Combined, **64%** either have no exposure to or no confidence in the effectiveness of angel incentive frameworks.

Ecosystem impact: Limited HNWI engagement in angel investing **widens the early-stage funding gap and creates a persistent "valley of death"** for nascent startups. According to the survey, there is a **shortage of pre-seed capital** at the stage where Ukrainian startups are most constrained (**44% of respondents** identified pre-seed as the hardest fundraising stage). It also reinforces the **dominance of self-funding** and Friends/Family/Fools sources (27% of respondents), which represent informationally inefficient capital allocation. A functional angel market is a prerequisite for building the pipeline that feeds seed and Series A stages; without it, the full capital stack suffers. The shortage of local angels also **eliminates multiplier effects of "smart money"** — capital, coupled with the mentorship and experience from seasoned business veterans. Therefore, the lack of domestic pre-seed investors not only constrains startup growth but also **incentivizes re-domiciliation** to jurisdictions such as Poland, the United States, or other EU countries, in search of funding and business

[299] In Ukraine, the Number of Millionaires Has Increased One and a Half Times in a Year | Babel
[300] Ukrainians and the Capital | Fondexx
[301] ОВДП | Міністерство фінансів України
[302] Ukrainians and the Capital | Fondexx
[303] Business Angel Report Ukraine 2023 | Ukraimpulse

development opportunities.
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Insufficient integration of angel investors into the startup support programs			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Medium	Low	SNS6 "Access to Finance" (6.2)

Problem: Even before the war, angel investors represented only **5% of all HNWIs**, while their number declined by 54% in 2023 compared to 2021. This shortage is further intensified by their **insufficient integration into startup support programs**, which may teach founders how to raise capital but provide only **limited exposure to the angel investor networks** that are so critical at the earliest stages. As a result, startups and angels face a **more fragmented and difficult connection process**, which further constrains the volume of angel investment.

Context: Ukraine has a wide range of startup support programs, such as Challenger Accelerator, YEP Incubator, and Mission Possible acceleration program, all of which provide participating startups with **opportunities to interact with investors**. However, these investor engagement components are predominantly structured around **venture capital rather than angel investors**. As a result, although investor-facing activities are common across programs, **angel investors are not systematically embedded into program design**, and there is **no structured and continuous pipeline** connecting startups with angel capital, particularly at the earliest stages where such investors are most relevant.

Ecosystem impact: Limited exposure to angel investors further **reduces the volume of angel investment**, which is especially critical at the earliest stages of startup development. As a result, startups tend to **substitute private capital with grants**, which are often perceived as easier to obtain. This pattern places additional **pressure on already limited public resources** and can also **reduce startups' chances of attracting VC funding later**, as they do not build the necessary fundraising experience, investor relationships, and track record expected by private investors.

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Lack of skills among potential angel investors			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Operational/Market	Medium	High	SNS6 "Access to

			Finance” (6.2)

Problem: One of the most significant barriers preventing high-net-worth individuals (HNWIs) from entering the startup investment industry is the **lack of educational resources and training programs on angel investing**. As a result, the pipeline of local angels develops more slowly, and new angels have to rely on the fragmented experience of seasoned Ukrainian investors and/or search for experience in foreign ecosystems.

Context: Investor education in Ukraine is still treated as a **one-time offer rather than a pipeline function of the ecosystem**. Among the most distinguished initiatives is the Business Angel Leadership Program, with its last 9th batch launched in 2021[304]. In 2023, ICLUB launched a course for beginning angel investors[305]. Among the most recent initiatives is the Angel Investor Course by Techosystem, conducted in 2025[306]. As the timing of these courses suggests, such **initiatives remain relatively rare**, leaving willing HNWIs without a stable opportunity to learn and begin investing in startups. Participants of the access to funding focus group confirmed that Ukrainian HNWIs often refrain from investing in startups due to limited knowledge of the startup industry and insufficient understanding of investment processes associated with venture investing.

Ecosystem impact: The ad hoc nature of angel investor training programs leaves even those HNWIs who have the ambition to invest in startups limited to more conservative investment instruments, where lower involvement and less specialized knowledge are sufficient to generate moderate-risk returns. The lack of angel investment capital, which is one of the most important funding sources at the early stages, **leads to startups either not emerging at all** due to the absence of resources to validate the idea, **ceasing to exist** at the beginning due to a lack of resources to convert the idea into an MVP, or **relocating to foreign jurisdictions** in order to raise capital and access the expertise of angel investors.

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2.4.2.2 Venture capital

Absence of co-investment and matching mechanisms for private investments			
Gap type	**Impact**	**Urgency**	**Relevant SNS**

[304] Ukrainian PE & VC Summit 2024: The Reveal of the Ukrainian Fund of Funds | UVCA
[305] ICLUB запускає освітній курс для ангельських інвесторів-початківців | dev.ua
[306] В Україні запускають перший курс для ангельських інвесторів — як податися | Vector

Policy	High	Medium	SNS6 “Access to Finance” (6.2)

Problem: There are **no publicly operated or state-backed co-investment or matching programs in Ukraine that invest alongside private investors at the deal level** in order to reduce risk and expand the supply of early-stage capital. The absence of such an instrument significantly constrains the volume of private investments and prevents the benefits of synergy between private and public capital. In comparable European ecosystems (e.g., the UK's EIS/SEIS, Finland's Business Finland, Germany's INVEST program), such instruments have been used to formalize and scale early-stage investment activity by sharing downside risk and crowding in private capital. Ukraine, being a high-risk jurisdiction, lacks an equivalent instrument, meaning that investors **bear 100% of the financial risk with no government risk-sharing**.

Context: In the EU, co-investment schemes play a fundamental role in supporting venture investment ecosystems. In addition to EU-level instruments such as the EIC Fund, there are **128 national and sub-national public agencies across 11 European countries running 392 government venture capital programs between 2007 and 2021**. The same study found that these public programs accounted for **30.9% of the total value of venture capital investments in the sample**[307]. In contrast, the survey found that **16% of respondents identified the absence of co-investment mechanisms as a key barrier in Ukraine’s VC and angel investment landscape**. Interviews with Techosystem and EIT further confirm that investment activity is constrained not only by limited capital availability but also by the **lack of institutional structures that crowd in private capital alongside public resources**. Although comprising about **60 VC funds**, only a small number execute early-stage deals consistently, with aggregate assets under management far below the level required to systematically finance the startup pipeline. Stakeholders involved in the access to funding focus group highlighted that one of the potential ways to expand the limited capital available at the pre-seed and scaling stages is the introduction of co-investment mechanisms, similar to those widely used in EU ecosystems.

Ecosystem impact: The absence of co-investment mechanisms structurally limits the volume of capital available to Ukrainian startups and prevents the early-stage investment market from reaching institutional scale. Without matching instruments, private investors must absorb the full downside risk of startup investments themselves, which discourages participation and **reduces both the number and size of deals**. As a result, early-stage investment remains fragmented and insufficient to support the startup pipeline systematically. Co-investment instruments are especially **crucial for high-risk jurisdictions** like Ukraine, where the participation of the government or other institutional investors can reduce risk barriers for many private investors, thus significantly increasing the availability of

[307] Governmental Venture Capital Policies Are Not All Alike: Design Features in 11 European Countries | An International Journal of Entrepreneurial Finance

capital for startups.
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Absence of institutional anchor capital and fund-of-funds structures for VC funds			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy	Medium	Medium	SNS6 "Access to Finance" (6.2)

Problem: Venture capital funds act as managers of capital raised from **limited partners (LPs)**, such as pension funds, insurance companies, sovereign funds, and other institutions with substantial financial resources. In Ukraine, **many of these actors are either absent**, as in the case of pension funds, **or severely constrained in available capital**, as in the case of insurance companies, which **weakens the flow of capital into VC funds**. These institutions provide a significant share of the capital needed for funds to begin operating, helping them reach first close and attract additional private and institutional investors. In the practical absence of LPs, Ukraine currently **lacks such a systematic anchor investment mechanism**.

Context: In March 2024, the Ukrainian Venture Capital and Private Equity Association (**UVCA**) noted that Ukrainian venture funds cannot unlock their full potential due to a lack of funding, highlighting the **absence of institutional investors**, such as EBRD or IFC, in funds that were raising capital at the time. This statement accompanied the **announcement of the Ukrainian Fund of Funds initiative**, designed to become the **first institutional anchor investor** to provide **30% or more of the** LP commitments, enabling fund managers to raise the remaining 70% from other investors. The initiative attracted strong interest from the 16 Ukrainian venture funds that were actively fundraising at the time, highlighting the scale of unmet demand for anchor capital. **As of early 2026, the operational progress of the fund-of-funds initiative remains unclear**, and **Ukraine still lacks a functioning institutional mechanism** capable of systematically anchoring domestic VC funds[308]. However, since 2024, positive changes in this area took place — in 2025, IFC and EBRD invested €11,5M into Ukrainian VC fund Flyer One Ventures[309].

Ecosystem impact: Domestic VC managers face significant difficulties raising capital, **funds remain smaller** than needed, and fewer venture funds are able to launch and operate in the market. These shortages **reduce the overall availability of venture capital for Ukrainian startups** and limit the ecosystem's ability to finance companies systematically across growth stages. The limited capacity of domestic funds also **pushes startups to rely on foreign venture capital**, particularly at Series A and later stages, which can lead to company relocation and value creation taking place outside Ukraine.

[308] Ukrainian PE & VC Summit 2024: The Reveal of the Ukrainian Fund of Funds | UVCA

[309] Український Flyer One Ventures запускає фонд на €50 млн. | Forbes Ukraine

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Poor adaptation of Ukrainian corporate law to venture-standard quasi-equity (SAFE/KISS), which pushes startups toward foreign incorporation			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	Medium	High	SNS6 “Access to Finance” (6.2) SNS4 “Innovation in Regulation” (4.1)

Problem: Early-stage venture markets rely on **quasi-equity instruments** that let investors fund a startup before a priced equity round while deferring valuation and reducing legal friction. Two widely adopted examples are **SAFE and KISS**. A **SAFE** is a **standardized** early-stage contract that gives an investor the **right to receive equity later** when defined triggers occur (a priced financing round), rather than buying shares immediately. **KISS** documents are a **set of startup-standard templates** designed to simplify seed financing through **structured and repeatable agreements**. In Ukraine, there is **no standardized framework for future equity conversion contracts** within ordinary Ukrainian corporate forms. Even where VC-adjacent tools exist, particularly under Diia.City, **market practice still faces uncertainty around how cleanly conversion mechanics and VC-style contracts work** under baseline corporate law and **how reliably shareholder agreements can be enforced** if they conflict with charters or mandatory rules. This combination of missing domestic SAFE-like standardization and enforceability ambiguity, as well as VCs, **pushes founders toward foreign incorporation or holding structures for fundraising**, where more convenient instruments and more predictable enforcement are readily available.

Context: Although Diia.City has formally introduced the infrastructure for alternative investment instruments, the key question is whether the Ukrainian corporate system makes them reliably enforceable in practice, especially when their core purpose is later conversion into equity. Diia.City allows for convertible loan arrangements under which an investor may require a debt-to-equity conversion. However, the **underlying corporate law still creates practical obstacles, as the actual increase in share capital and allocation of a new equity stake may still depend on shareholder approvals and other formal corporate actions**.
This uncertainty is reflected both in startup survey data and in market practice. In the survey, **21%** of respondents identified **legal structure problems as a barrier to VC and angel investment**. At the same time, **only 30% of respondents were Diia.City residents**, meaning that most startups operate outside the only Ukrainian legal regime specifically designed to accommodate some venture-style instruments. The survey also shows that **existing mechanisms are not viewed as fully sufficient** even within the current framework: **11%** of respondents specifically pointed to the **need for SAFE/KISS-type instruments** beyond the convertible loan, while a further **10%** said they were **unsure whether the currently**

available instruments are sufficient. This legal uncertainty is reinforced by stakeholder interviews, which indicate that venture **transactions involving Ukrainian-founded startups are conventionally structured under English or US law through foreign holding entities**, suggesting that investors and founders tend to rely on external jurisdictions where these instruments are more familiar, predictable, and enforceable. The access to funding focus group also confirmed that SAFE/KISS instruments are not fully operational in Ukraine, but they can be structured through convertible loans enabled under the Diia.City framework.

Ecosystem impact: The strongest observable ecosystem effect of the quasi-equity gap is structural – **startups establish a foreign entity for all investment activities**. In practice, a large share of Ukraine-based startups are **incorporated under US or English law**, or operate through a US/UK holding company, while maintaining operational entities in Ukraine. This pattern is particularly visible in defense and dual-use startups, which often establish foreign holding structures to attract venture funding and meet investor requirements. The net effect is a structural asymmetry: Ukraine retains talent, engineering capacity, and operational activity, but the **investable legal "shell" frequently migrates abroad**. While this is a rational response to current legal incentives at the level of individual transactions, it **limits Ukraine's ability to internalize the long-term benefits of venture ecosystem development**, including the formation of domestic legal precedent, standardized documentation, repeatable investment workflows, and investor confidence anchored in Ukrainian institutions.

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Preference for FOP over LLC among early-stage startups, which limits access to equity financing			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Medium	Low	SNS1 "Fast Startup Creation, Smooth Market Entry" (1.1) SNS4 "Innovation in Regulation" (4.1)

Problem: A significant share of Ukrainian startups operate under the FOP (ФОП / individual entrepreneur) legal form, which lacks corporate legal personality and the ability to issue or receive equity stakes. The FOP model cannot distribute shares, enter formal shareholder agreements, or onboard investors through equity instruments. This creates a structural incompatibility between the dominant early-stage legal form and **standard venture financing mechanics**. For many founders, particularly those at the idea or MVP stage who have not yet converted to an LLC, this means that external equity investment is simply unavailable within the chosen structure.

Context: Many founders choose the FOP form because of its **procedural simplicity and, most importantly, the lower tax burden** it offers. On the negative side, this legal form effectively excludes such startups from a range of domestic and international opportunities, including Diia.City residency and participation in some EU programs. Due to the **absence of a legal definition of a startup** in Ukrainian legislation, it is impossible to distinguish startups as a separate category from other companies. Relying on the survey, **25%** of respondents operate as **FOP** or in combined FOP+TOV models. Among those using FOP, **85%** of respondents indicated that **FOP's inability to accept equity either partially or significantly blocks their development**. A further **10% of respondents had no legal structure at all**. The data shows that many startups at the idea and early-MVP stage, where external capital would be most additive, are either operating under legal forms incompatible with equity investment or have no legal entity whatsoever.

Ecosystem impact: Many early-stage startups choose the FOP model over an LLC because it is simpler and more convenient operationally, but this choice limits their access to equity financing. This reduces the aggregate early-stage capital deployed into the Ukrainian startup pipeline and delays the investment readiness of promising ventures. The biggest impact is that, because founders must rely on self-financing, **many startups run out of resources early and drop out of the pipeline, resulting in fewer ventures surviving beyond the idea or MVP stage**. The concentration of self-funding (74% of respondents, by far the largest funding source in the survey) signals systemic capital access failure at the earliest stages.

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Structural shortage of pre-seed capital			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design/Market	High	High	SNS6 “Access to Finance” (6.2)

Problem: Ukraine’s domestic venture capital market is heavily **concentrated at the seed stage, while pre-seed startups remain largely outside the investable scope**. Although more than 60 funds are present in the market nominally, only a limited number are actively concluding deals, and most concentrate on seed-stage companies where risk is lower and commercial traction is already visible. Pre-seed investment is widely perceived as too risky, yet unlike in more mature ecosystems, **Ukraine has only limited alternative mechanisms to absorb this risk**, such as **active angel financing, tax incentives, or a stronger public role in early-stage co-financing**. At the same time, **even relatively small tickets are often tied to demanding traction expectations**, such as strong MRR or other evidence of revenue readiness. This leaves early-stage startups caught in a structural financing gap: too early for domestic VC, but not yet mature enough to attract international investors.

Context: The VC landscape in Ukraine is **dominated by funds focused primarily on the seed stage**. The DealBook overview for 2025 reports that there are **62 Seed/Series A** funds present in relation to Ukraine, including 27 domestic and 35 foreign, whereas the pre-seed segment is effectively absent from the mapped fund landscape[310]. The gap at the earlier stages was also confirmed in interviews and focus groups: although many Seed-stage funds declare that they invest at pre-seed, in practice, they focus on relatively **mature startups at the boundary between pre-seed and seed.** This is also evident from the startup portfolios built by Ukrainian VC funds. For example, Flyer One Ventures states that the majority of its portfolio companies are at the seed stage[311]. Another example of such an approach is SMRK, declaring its focus on both pre-seed and seed, while having a portfolio weighted toward more mature startups. The existence of the funding gap is further reinforced by the survey results: **53%** of respondents cited **"little pre-seed/seed capital available in Ukraine"** as a **primary constraint**. This finding correlates with the survey's stage profile: 34% of respondents are at the early-market stage and 25% at MVP/prototype, meaning the **majority of survey participants are at precisely the stages most affected by this gap**. These findings are reinforced by evidence from the access to funding focus group, which highlighted a clear pre-seed gap, as most venture funds in Ukraine are focused on seed to Series A stages, leaving very limited funding available at the pre-seed stage.

Ecosystem impact: The absence of domestic pre-seed capital creates a **structural gap in the funding ladder at precisely the stages where most Ukrainian startups currently sit**. As a result, founders are forced to self-fund at the cost of slower growth, delay fundraising until they can demonstrate stronger traction, pursue foreign capital despite the legal complexity and network access this requires, or fail to progress altogether. In many cases, access to external funding becomes tied to **foreign incorporation**, reducing the startup's Ukrainian economic footprint and distorting legal structure choices, as incorporation decisions are driven by fundraising needs rather than operational efficiency. Given that **66%** of respondents identified **access to funding as their top challenge**, **this gap sits at the center of the ecosystem's current constraints** and generates downstream governance and regulatory complexity.

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Limited availability of scale-up financing in Ukraine			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design/Market	High	Medium	SNS6 "Access to Finance" (6.2)

[310] Dealbook of Ukraine: 2026 Edition | AVentures Capital
[311] F1V Portfolio

Problem: The strong concentration of the Ukrainian VC market at the seed stage effectively results in a **shortage of venture funding at the scale-up stage**. Ukraine has very few domestic institutional investors capable of deploying capital of the size required at this stage, and the funds available for such rounds remain limited. Scale-up financing also requires more experienced **fund managers** able to assess later-stage growth, governance, and expansion risk, yet such expertise is also **scarce** in the domestic market. At the same time, the role of the state in addressing this gap remains limited.

Context: The DealBook overview for 2025 reports that, compared to **62 Seed/Series A** funds present in relation to Ukraine, there are only **17 Series B–D funds**, including 3 domestic and 14 foreign[312]. This distribution reveals a clear **gap at the growth stages in terms of the quantity of available funds**, which is further reinforced by the fact that the 17 Series B–D funds include **those that made at least one investment in a Ukrainian company during recent years.** This stage is also heavily **dominated by foreign funds**. The scale-up funding gap was also confirmed by the **focus group on access to funding**, which noted that while the market offers a relatively solid range of good funds at seed to Series A stage, a **clear shortage emerges from Series B onward**. Participants highlighted that only a very limited number of investors, such as Horizon Capital and Dragon Capital, may operate at this level for Ukrainian projects, leaving most startups with little choice but to seek scale-up capital abroad.

Ecosystem impact: The shortage of domestic scale-up capital breaks the funding ladder after seed and early growth stages, **pushing promising startups to seek financing abroad once they begin scaling**. The problem is not limited to capital alone: at this stage, startups also need **investors who can provide experienced guidance on** governance, international expansion, and larger follow-on rounds, yet such support remains scarce in Ukraine. As a result, companies that were nurtured within the domestic ecosystem are often forced to continue their growth abroad, which weakens the long-term return on earlier support measures. Over time, this also **slows the development of a mature venture market**, as fewer later-stage success stories and exits are converted into domestic capital, expertise, and mentorship.

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Shortage of experienced venture fund managers, which constrains domestic fund formation and the professionalization of investment practices			
Gap type	**Impact**	**Urgency**	**Relevant SNS**

[312] Dealbook of Ukraine: 2026 Edition | AVentures Capital

Operational/Market	Medium	Low	SNS2 “Attracting and Retaining Talent” (2.2) SNS6 “Access to Finance” (6.2)

Problem: Ukraine’s venture capital ecosystem is constrained not only by limited capital availability, but also by a critical **shortage of experienced fund managers** capable of structuring, managing, and deploying venture funds professionally. This severely limits the formation of new funds, reduces deal-execution capacity, and slows the professionalization of venture investing. As a result, even where capital could be mobilized, domestic capacity to structure and manage funds remains too limited to absorb and deploy it effectively.

Context: Ukraine has **significantly fewer active fund managers relative to GDP than its peers in the Central and Eastern Europe (CEE) region**[313]. This assessment was also confirmed in an interview with Techosystem, which pointed to a human-capital bottleneck within the Ukrainian investment ecosystem. Another distinguishing feature of Ukrainian fund managers is that the prevailing majority of them are located **abroad**. Survey results support this diagnosis: only 10% respondents reported VC investment as a funding source, while 23% of respondents identified limited access to smart money as a venture capital barrier.

Ecosystem impact: The shortage of venture fund management talent creates a **double bottleneck.** Without experienced fund managers, new **domestic funds cannot be formed or scaled professionally**; without a deeper domestic capital base, **startups continue to depend on grants, donor programs, or foreign investors** for both capital and strategic support. This weakens the professionalization of venture investing, reduces the availability of investors who can add operational and governance value beyond financing, and limits the development of a repeatable domestic pathway from early-stage investment to follow-on growth capital. It also creates a **barrier for international capital**, because even where foreign investors or institutional partners are willing to engage, the domestic market often lacks a sufficient number of trusted, experienced fund managers to whom capital can be delegated and deployed effectively. Breaking this cycle requires interventions that address the human-capital side of the market, including fund-manager training, co-investment mechanisms, and stronger engagement of international LPs and fund-of-funds structures.

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Lack of founders’ skills in investor communication and fundraising processes			
Gap type	**Impact**	**Urgency**	**Relevant SNS**

[313] Stormy Decade — A Ten-Year Retrospective on the Ukrainian Investment Landscape | UVCA Report

Operational/Market	Medium	Medium	-

Problem: Many Ukrainian founders **lack the practical fundraising skills** needed to engage investors effectively. This includes the **ability to identify** relevant investors, **approach** them appropriately, **present** their startup in a way that matches investor expectations, **manage** follow-up, and **navigate** differences in communication and decision-making approaches across leading investor markets such as the US and Europe.

Context: The issue of insufficient knowledge and skills among Ukrainian startups in fundraising is supported by public studies and ecosystem evidence. For example, GreenDuck research, as cited by dev.ua, shows that Ukrainian startups often **lack a clear understanding of the investment process** and commonly make mistakes such as a chaotic approach to finding investors, weak communication and language skills, unrealistic expectations regarding investment terms, and misunderstanding investor needs. The study's core conclusion is that **the problem for the startups in raising investments is often not the lack of available funds, but insufficient knowledge, specific skills, and readiness to work with investors**[314]. This observation is also supported by **interview evidence** from a UMAEF representative, who noted that Ukrainian founders often have less developed "selling skills" than their foreign counterparts and may **struggle to persuade foreign investors even when the startup has a solid product and investment readiness**. At the same time, the consequences of this capability gap are consistent with broader survey data: the PUSB 2025 startup survey found that **30.04% of respondents cited lack of access to financing or investment capital as a key challenge**[315].

Ecosystem impact: The lack of knowledge and skills in investor relations management ultimately results in **lower fundraising conversion rates**, as founders fail to leverage the opportunities created both by themselves and by the ecosystem. As a result, startups experience **underinvestment**, which ecosystem actors may incorrectly attempt to address by increasing the volume of investment opportunities through additional investor contacts, delegations, and demo days. While these activities are valuable, they do not address the core bottleneck of the ecosystem: the limited ability to convert investor interest into closed funding rounds, which is constrained by weak investor relations and fundraising capabilities among founders.

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High war-risk perception among international investors, which reduces investment in Ukrainian startups			
Gap type	**Impact**	**Urgency**	**Relevant SNS**

[314] How Ukrainian startups can attract investment in 2025 — recommendations from investors | dev.ua
[315] Approximately 30% of Ukrainian Startups Do Not Have Access to Investment: PUSB Survey | dev.ua

Market	High	Medium	-

Problem: International investors consistently **treat Ukrainian-incorporated or Ukraine-operating startups as higher-risk assets**, which translates into higher return expectations, extended due diligence timelines, or outright exclusion from investment consideration. This reflects not only security risk but business **continuity concerns**: investors worry about the availability of founders and teams for key-person risk purposes, the ability to conduct in-country operations, and the predictability of exit timelines under wartime legal and market conditions. The perception persists even for startups with distributed teams, offshore holding structures, or revenues generated exclusively from foreign markets.

Context: This perception gap is widely reflected in public statements. For example, Bohdan Svyrydov, GP at **u.ventures**, noted that some **companies with most founders and employees based in Ukraine were turned down by potential investors** in new funding rounds due to military risk concerns, in some cases even shortly before signing transaction documents. Misha Rudominski, co-founder of **HIMERA**, a manufacturer of warfare-resistant radio systems, has similarly stated that Ukrainian **companies often face skepticism from European partners and may receive lower valuations because of their origin**. In both cases, the perceived risks were significantly overstated compared to the companies' real operational exposure[316]. These statements are also supported by the survey results: **49 respondents out of 110 cited war risk perception as a key barrier to accessing VC and angel investment**. This is consistent with interview data from Haiqu, which explicitly flagged that foreign partners and customers perceive Ukrainian teams as operating under continuous risk regardless of actual operational resilience.

Ecosystem impact: War risk perception directly **reduces the supply of international capital available to Ukrainian startups and compounds the domestic capital shortage**. The cumulative effect is that Ukrainian startups face both a domestic funding gap (from thin pre-seed/scale-up markets) and an international access gap (from risk perception), leaving them structurally undercapitalized relative to comparable ecosystems in stable markets. This reinforces founders' tendency to **self-fund**, creating a compounding cycle of undercapitalization. Persistent skepticism also **pushes startups to relocate to other jurisdictions** to mitigate perceived risk, which in turn erodes the domestic pipeline of scalable companies and reduces value creation within Ukraine. Ukrainian-founded companies have largely responded to the funding gap by **incorporating in foreign jurisdictions** (Delaware, Estonia, UK) to reduce this perceived risk.

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Structural constraints in Ukraine's legal and regulatory system, which drive the use of foreign holding structures

[316] How Four Years of War Reshaped Ukraine's Investors — and Europe's Playbook | Vestbee

Gap type	Impact	Urgency	Relevant SNS
Market	High	Medium	-

Problem: Even before the full-scale invasion, **foreign capital inflows into Ukrainian legal entities remained limited**. Instead, investors generally preferred startups to establish **holding companies in foreign jurisdictions for the purposes of investment deals**. This preference is driven by a fundamental **lack of trust in the Ukrainian institutional environment**. A key concern is the **enforceability of contractual provisions**: foreign investors often perceive the **Ukrainian legal system as corrupt and inconsistent in judicial enforcement**, which undermines confidence in the protection of property, IP, and shareholder rights. Another major issue is the **restriction on capital outflows**, maintained by the National Bank of Ukraine during the war to preserve macroeconomic stability. Investors fear that they may not be able to recover or repatriate their investments from Ukraine. At the same time, **bureaucratic procedures and frequent regulatory changes** in areas such as licensing, taxation, and corporate regulation further increase operational risk.

Context: The **2021** survey by the European Business Association, conducted among 60 Ukrainian founders, found that **65% of respondents with companies registered in Ukraine planned to establish a company abroad**, with the United States (56%) identified as the top destination.[317] This points to a strong tendency among Ukrainian startups to move their legal structures to foreign jurisdictions in search of a more investment-friendly environment. The pattern is reinforced by the **2025** EBA Investment Attractiveness survey, in which respondents identified **corruption and a weak judicial system among the main negative factors affecting investment attractiveness**, while **78% said that currency transaction** restrictions further worsen Ukraine's appeal to investors[318]. For investors, one of the leading proxies for insufficient anti-corruption efforts is the perceived inefficiency of the High Anti-Corruption Court (Вищий Антикорупційний Суд, ВАКС), particularly in relation to ineffective regulation of statutes of limitations and the recurring issue of defendants in corruption cases fleeing jurisdiction[319]. The U.S. government's 2025 Investment Climate Statement further notes that, due in part to inconsistencies in overlapping laws governing investment and commercial activity in Ukraine, as well as persistent corruption concerns, **foreign investors have found it difficult to resolve disputes in Ukrainian courts and therefore often seek arbitration outside the country**[320].

Ecosystem impact: Investors in Ukraine often feel insecure due to limited trust in the domestic legal and institutional environment, which makes foreign holding structures the default vehicle for venture deals, effectively **shifting value creation, including future tax**

[317] 92% of Ukrainian Startup Founders Agree That Ukraine Is Now a Better Place to Seek Growth | EBA
[318] War, Corruption, and a Weak Judicial System Are the Main Barriers to Investment | EBA
[319] Шість років роботи ВАКС: аналіз досягнень, викликів та рекомендації | Transparency International
[320] 2025 Investment Climate Statements: Ukraine | U.S. Department of State

payments, outside Ukraine. At the same time, the preference for foreign jurisdictions **reduces deal flow within Ukraine's own legal system, slowing the development of domestic venture capital infrastructure**.
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2.4.2.3 Grants

Lack of dedicated micro-funding for idea-stage innovation and prototyping			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy	Medium	Medium	SNS6 "Access to Finance" (6.1)

Problem: Ukraine currently **lacks dedicated micro-grant instruments for idea-stage experimentation**. Existing support is mostly limited to **isolated university programs or one-off corporate and donor initiatives**, rather than a stable and accessible funding layer designed to help people test ideas at the earliest stage. As a result, many potential founders **lack the small amounts of risk-tolerant funding needed to try, experiment, and convert early ideas into prototypes or startup projects**.

Context: With no government micro-grants specifically targeted at the idea-generation and validation stage, **only a few ad-hoc initiatives currently exist** to support founders at this stage. For example, the Ukrainian Catholic University's IdeasLab accelerator provides mentorship and equity-free grants of up to ₴200,000 for student startup projects[321], but such programs depend on institutional capacity and are not part of a systemic public instrument. Ukraine significantly **lags behind in idea-stage funding not only in scale, but also in its fundamental approach**. For example, the United States, as one of the leaders in this area, operates the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, collectively known as America's Seed Fund. These programs represent comprehensive frameworks of grant and business support instruments that cover the earliest stages of innovation and the full pathway toward commercialization[322]. The importance of the idea-stage funding is reinforced by the survey results: the **distribution of Ukrainian startups is skewed toward early stages of development**, with **16% of respondents being at the idea stage, and 10% having no legal entity** (suggesting that they are in the initial stages of development).

[321] Грант до 200 000 грн на запуск студентського стартапу | Grant Market
[322] About SBIR and STTR | SBIR

Ecosystem impact: The lack of idea-stage micro-grants **weakens the flow of ideas into startups** by removing the small, risk-tolerant funding layer needed to let potential founders try. Without accessible funding for early experimentation, prototyping, and first validation, many ideas, including those developed by students, **never progress beyond the concept stage**. As a result, **fewer potential founders enter the startup pipeline**, and fewer homegrown ventures emerge from universities and other early talent pools. Over time, this **narrows the volume, diversity, and renewal capacity of Ukraine's startup ecosystem**.

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Absence of a permanent anchor grant program for early-stage startups, which leaves grant support fragmented and limited in scale			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Design	High	Medium	SNS6 "Access to Finance" (6.1)

Problem: Although Ukraine has a large number of startups (around 2600), the **grant mechanisms in the ecosystem remain fragmented, temporary, unpredictable, and limited in scale**, with only a few programs available simultaneously, all of which are **neither permanent nor sufficiently large**. Considering the leading role of grants in the ecosystem, due to the scarcity of other financial instruments, especially at the early stages, there is a clear lack of one or more permanent anchor programs providing institutional stability in the supply of funding and increasing the volume of available grants, especially at the early stages.

Context: The fragmented and limited nature of the Ukrainian grant environment is reflected in the structure of recent grant calls. The largest programs are **Seeds of Bravery** (€20M) and the European Innovation Council support package for Ukrainian tech SMEs and startups (€20M), while most other instruments operate at a much smaller scale. USF was originally intended to close the funding gap in the ecosystem and serve as a **stable anchor program for civit-tech innovations.** However, after the full-scale invasion, the Fund shifted away from this broader civil-tech role and became increasingly focused on defense innovation, acting as the operator and funding body of Brave1 cluster. Civilian startup support has since declined substantially and has been limited to a small number of grant programs implemented in cooperation with donors, including USF–WNISEF ($2.5M)[323] and Startup EDGE ($1M)[324]. Anchor programs like pre-war USF's seed and pre-seed grant program are crucial for the startup ecosystem, as is evidenced by the prolonged **presence of such institutions in the most advanced startup support jurisdictions**. For example, America's Seed Fund in the United States, operated by the U.S. National Science Foundation with an annual budget of

[323] WNISEF Grant Program to Support Ukrainian Technology Companies | Ukrainian Startup Fund
[324] Startup EDGE Grant Program | EU4Innovation East

$9 billion, has been active since 1977 and is focused specifically on funding early-stage innovation[325]. Cumulatively, the facts suggest that the **grant architecture is concentrated around a very small number of flagship initiatives,** while the broader funding environment remains shallow relative to the size of the startup ecosystem.

Ecosystem impact: With only a few large grant programs available, many startups are unable to access non-dilutive funding at the idea and MVP stages, **hindering the emergence of new ventures**. At the same time, **competition for the existing grants becomes increasingly intense**, leaving many promising startups unfunded and forcing some to cease operations due to a lack of financing. For startups that are highly reliant on grant funding, the high volatility of the funding environment, illustrated by disruptions such as the suspension of USAID-funded activities, creates significant **operational risks** and uncertainty for early-stage innovation.

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Misalignment between standardized grant architecture and differentiated startup financing needs across stages and verticals			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	High	High	SNS6 "Access to Finance" (6.1)

Problem: Grant funding in Ukraine is largely **standardized** around broad stage categories such as pre-seed and seed, **rather than being differentiated by technology type or capital intensity**. As a result, startups with fundamentally different financing needs compete for the same fixed tickets under the same selection logic, even though the cost of reaching a meaningful milestone varies sharply across verticals. This creates a structural mismatch: for deeptech, hardware, and other **R&D-intensive ventures, grant amounts are often too small** to support real technological progress, while **less capital-intensive startups face intensified competition in shared tracks**. The problem is further intensified by the **short-term stabilization logic** of most grant programs, which prioritizes quick disbursement, visible outputs, and results achievable within 6–12 months. While understandable in wartime, this approach is **poorly suited to long-cycle innovation**, where development requires multi-year experimentation, expensive prototyping and testing, certification, and repeated iteration before validation.

Context: The misalignment between grant design and startup needs is evident in existing funding programs. For example, **Seeds of Bravery** provided deep tech grants of up to €25,000 for incubators and €50,000 for scale-up and acceleration, **subject to TRL**

[325] About NSF SBIR/STTR — Startup Funding | NSF Seed Fund

conditions[326]. However, publicly available lists of funded teams show that **the same pre-seed cohort can include both lean digital products and technologically complex solution**s, such as cardio-implant technologies, **financed through identical stage-based tickets**[327]. Survey data strongly support this gap: **36%** of respondents identified formal **criteria not suited** to startups as a key challenge in grant programs, while **26%** reported that programs **did not match their stage**. Interview evidence from Eastern EDIH and Haiqu further highlights that typical Ukrainian **deep tech grant sizes** of €20,000–50,000 are structurally insufficient compared to peer European programs, where funding at similar TRL stages typically ranges from €200,000 to €2M or more. In addition, many grant programs rely on short-term formats rather than sustained engagement. For instance, Seeds of Bravery included short instruments such as a two-week Market Fast Track and acceleration-style cycles of around three months. While these provide valuable short-term support, the ecosystem lacks funding mechanisms aligned with the long-term development cycles required by R&D-intensive ventures.

Ecosystem impact: Misalignment in R&D and capital intensity **reduces the effectiveness of grant programs**. For **deeptech and hardware** ventures, a fixed ticket often **does not cover the cost of reaching credible technological validation**, increasing the risk of getting stuck between concept and investment readiness, especially given the longer time-to-market and continuous capital needs typical of these sectors. For **less capital-intensive digital startups**, shared tracks can create **non-optimal competition**: higher expectations and breakthrough-oriented positioning raise the bar and may crowd out teams for whom a modest grant would deliver rapid gains in traction, revenue, or export readiness. At the same time, the **focus on short-term results** in many grant and accelerator instruments encourages teams to **convert ideas into short-horizon deliverables rather than build robust, validated technologies**, as founders rationally optimize for what can be demonstrated quickly and fits reporting logic. For **deeptech**, this reinforces **underinvestment in the expensive middle of the funnel, particularly prototyping and validation**, and increases the likelihood of repeated valley-of-death failures, where prototypes exist but pilot deployment and commercial readiness are neither financed nor validated. For ecosystem actors responsible for grant programs, these dynamics also contribute to the **concentration of funding among recurring beneficiaries**: relatively mature startups with prior success in securing grants systematically outperform newcomers in grant calls, further narrowing the availability of grant funding for genuinely early-stage ventures.

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[326] Deep Tech Incubators Program | Seeds of Bravery

[327] Оголошені стартапи-переможці 23-го та 24-го Pitch Day | Ukrainian Startup Fund

2.4.2.4 Debt financing and state-backed credit instruments

Application of traditional bank lending criteria limiting startups' access to debt financing			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/ Regulatory/ Design	Medium	Low	SNS4 "Innovation in Regulation" (4.1, 4.2) SNS6 "Access to Finance" (6.2)

Problem: Debt financing remains **largely inaccessible to startups** in Ukraine due to the absence of financing instruments or lending regimes tailored to their risk profile and stage of development. High interest rates (around 15% as of March 2026) make conventional credit lines unfeasible, while even the 5–7–9% program, considered as more accessible than conventional credit lines, is not well suited to startup needs, as **eligibility and lending decisions still rely on standard bank selection criteria**, collateral expectations, and risk assessment approaches designed for established and rather traditional businesses. As a result, startups are assessed under traditional lending logic instead of startup-specific financing logic, **which excludes many innovative ventures from accessing debt capital**.

Context: **Traditional businesses and startups are materially different in their operations**, and this should be taken into account by laws and regulations in order to ensure a favorable business environment for these high-risk, high-reward entities. However, because **Ukraine has no legal definition of a startup**[328], it is impossible to provide differentiated treatment in many areas, including banking. Access to loans is still based on conventional bank risk assessment, **requiring credit history, proven repayment capacity, and sufficient collateral**, while startups usually have no track record of debt funding, no or weak revenue streams, and little assets to use as collateral[329]. Therefore, **banks tend to prioritize existing, profitable businesses with conventional business models** over new ventures such as deeptech or other R&D-intensive startups in order to reduce lending risk. Moreover, even in the case of **funded startups**, **working-capital loans were much harder to obtain than loans for new equipment**, which contradicts the funding needs of many software startups[330].
These findings are further reinforced by the survey, which shows that only 14% of respondents have used bank financing instruments. Evaluating the difficulties in banking

[328] Мінцифри готує законодавче визначення стартапу та інноваційної діяльності | Fintech Insider
[329] У Мінфіні пояснили, якому бізнесу і чому не підходить програма "Доступні кредити 5-7-9%" | tsn.ua
[330] Полювання на кредит 5–7–9%: чому з 700 тисяч малих і середніх підприємств України пільгові позики отримали тільки 2,5 тисячі | Radio Svoboda Ukraine

operating on a 1-5 severity scale within the survey, 35% startups rated banking constraints at 3, 14% of respondents at 4, with 7% giving the maximum severity rating of 5. Interviews from across the stakeholder base confirm that banking compliance overhead is particularly burdensome for startups operating in hybrid legal structures (Ukrainian + foreign entity) or managing grant disbursements from international donors.

Ecosystem impact: Debt financing fails to serve the role of a bridge instrument covering the gap between investment rounds and/or providing the resources for idea validation at the earliest stages of startup creation. In the absence of sound financial instruments at this stage, startups are forced to rely on personal savings, which is often not enough when the product is in the middle of development. This ultimately results in two scenarios: **1) startups cease to exist due to the lack of funding, or 2) founders make the decision to relocate to jurisdictions with more developed funding opportunities.** In both cases, the startup pipeline in Ukraine becomes thinner.

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2.4.2.5 Other financial instruments

Absence of regulatory frameworks for alternative startup financing instruments in Ukraine			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	Medium	High	SNS4 "Innovation in Regulation" (4.1, 4.2) SNS6 "Access to Finance" (6.2)

Problem: Ukraine has a **highly constrained pool of alternative financing instruments** available to startups, such as **crowdfunding** (equity-, reward-, and revenue-based), **P2P lending**, and **venture debt**. While these instruments are not explicitly prohibited and can be executed in practice through complex and often suboptimal structures, they **lack a clear, scalable, and enforceable legal framework**. As a result, their use is associated with high legal uncertainty, compliance burden, and transaction complexity. In response, **startups and investors tend to avoid these instruments** altogether or, more commonly, **structure such transactions through foreign jurisdictions** where regulatory regimes are more predictable. At the same time, **awareness and practical understanding of these instruments among startups also remain limited**, which may further constrain their effective uptake even if appropriate regulatory frameworks are introduced.

Context: The practical inoperability of alternative funding instruments in Ukraine **stems from the absence of dedicated legal frameworks** designed specifically for these instruments. Instead, they are **forced into broader financial and capital-market legislation**, which makes their **practical use disproportionately complex, costly, and legally uncertain**. For example, Ukrainian legislation treats **debt crowdfunding and P2P lending as regulated financial services**, meaning that raising repayable funds or intermediating credit without the relevant authorization creates substantial legal and compliance risks for the parties involved[331]. **Venture debt** is also possible in practice, including through instruments such as convertible loan notes and option agreements available under Diia.City, but it **functions only as a constructed combination of several standalone legal instruments rather than through a purpose-built regime**. This makes its use highly complex, difficult to enforce, and poorly suited to the needs and capacities of most startups, effectively excluding it from practical use for the majority of early-stage ventures. The survey data supports the findings: **49% of respondents said they did not know whether crowdfunding regulation is missing**, suggesting low market awareness of the gap. This high share of "don't know" responses itself reflects that founders are not using the channel and have not engaged with whether it is actually available. A further 20% indicated that partial regulation exists, 15% confirmed that it is missing, and only 9% said it is not a gap. **Only 7% of respondents reported using crowdfunding as a financing source**, compared with 74% relying on self-funding, which is consistent with regulatory underdevelopment limiting the channel's practical availability.

Ecosystem impact: The absence of a full-fledged regime for alternative funding instruments **further narrows the already limited set of funding instruments available to early-stage startups** in Ukraine. This is particularly **damaging at the idea, MVP, and early traction stages**, where founders often lack access to venture networks, bankable collateral, or strong grant support and therefore depend most on flexible alternative financing channels. As a result, startups that could potentially raise community-based capital, customer-backed funding, or small-scale repayable finance are left without a viable domestic mechanism to do so. This **weakens the early-stage pipeline**, as fewer ventures are able to secure initial funding, validate demand, and progress to the stage where they become investable for angels or venture capital. At the same time, Ukrainian teams that seek to use crowdfunding at scale are often **pushed to incorporate, open bank accounts, and establish financial infrastructure abroad**, which reinforces dependence on foreign jurisdictions and delays the development of a domestic investment culture and local alternative financing instruments.

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[331] ЗАКОН УКРАЇНИ Про віртуальні активи

2.4.3 Access to talent

SUMMARY TABLE

Gap name (clickable)	Type
🔗 Lack of talent retention and attraction measures	Policy
🔗 Concentration of startup talent in major hubs, limiting regional ecosystem development	Policy/Market
🔗 Gender imbalance in STEM education	Policy/Market
🔗 Limited practical relevance of academic education	Design
🔗 Insufficient integration of entrepreneurship education across the education system	Design
🔗 Shortage of qualified STEM teachers and professors	Operational
🔗 Talent availability constraints caused by mobilization, deferment complexity, and wartime displacement	Market
🔗 Scarcity of professionals who have already scaled companies	Market

Lack of talent retention and attraction measures			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy	High	High	SNS2 “Attracting and Retaining Talent” (2.2)

Problem: The **large-scale brain drain that accelerated in 2022** reduced Ukraine’s available talent pool in ways that cannot be reversed through return-focused programs alone. The main issue is no longer simply **whether people return**, but whether Ukraine can offer **enough attractive, well-paid, and stable jobs** to make returning a realistic choice. In practice, **talent retention and return measures** that are not linked to **real labor-market demand** and **credible employment pathways** are unlikely to produce lasting results.

Context: Ukraine does not yet appear to have a clearly implemented **talent retention and attraction strategy** that addresses both dimensions of the problem: **encouraging Ukrainians to return** and **making Ukraine a realistic destination for foreign specialists**. This matters in

a context of **large-scale outward mobility**: as of **early March 2026, UNHCR was tracking almost 7 million Ukrainian refugees abroad**[332]. Broader policy thinking increasingly recognizes that **return depends less on messaging than on credible economic prospects**, with Chatham House identifying **improved economic opportunities** as a key pull factor for return and explicitly recommends **public–private partnerships to provide housing and jobs** for Ukrainians motivated to come back[333], while Ukraine's **Employment Strategy 2030** is framed around **expanding access to decent jobs** and **addressing labor-market mismatches**[334]. The **foreign-attraction dimension** also remains weakly developed: Ukraine has **general work-permit and immigration channels for highly skilled foreigners**[335], but not yet a clearly articulated **talent-attraction framework** combining **entry, recognition, and employment integration measures at scale**. Interview data points to the same issue of local talent retention from the startup side: **Eastern EDIH** noted that, after the major brain drain of 2022, the central question is no longer return by itself, but whether companies can **create and sustain real jobs**, while **WIN2EDIH** pointed to **deferment-related pressures** and **declining university intake** as factors weakening both **current hiring capacity** and the **future talent pipeline**.

Ecosystem impact: When **talent return, retention, and foreign talent attraction measures** are not linked to **real job creation**, internationally mobile Ukrainians are more likely to remain economically connected to **foreign labor markets** than to re-enter the domestic startup ecosystem, while international specialists are less likely to view Ukraine as a realistic destination for **relocation or longer-term engagement**. This reduces the ability of startups to **absorb experienced returnees** and **attract external talent** into **product, engineering, commercial, and leadership roles** at the stage when such people could most accelerate company growth. As a result, Ukraine loses not only people, but also the **potential ecosystem effects** they could generate through **company-building, mentorship, managerial upgrading, and reinvestment into new ventures**. In practice, this weakens the **recycling of experience back into the ecosystem**, narrows the **pool of scale-up-ready teams**, and limits the emergence of startups capable of growing beyond **early stage** into **mature, employer-generating companies**.

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Concentration of startup talent in major hubs, limiting regional ecosystem development			
Gap type	**Impact**	**Urgency**	**Relevant SNS**

[332] Ukraine Refugee Situation | UNHCR
[333] Ukraine's fight for its people: Strategies for refugee and diaspora engagement | Chatham House
[334] Ukraine Presents the Vision of the Employment Strategy 2030 | Ministry of Economy of Ukraine
[335] Government streamlines working conditions for foreign specialists, including under gig contracts | Cabinet of Ministers of Ukraine

Policy/Market	Low	Low	SNS7 “Social Inclusion, Diversity, and Protecting Democratic Values” (7.1, 7.2)

Problem: Ukraine’s **startup and tech talent base** is becoming increasingly **concentrated in a small number of relatively safer hubs**, especially **Kyiv and Lviv**. Some **hub concentration** is natural in any ecosystem, but in Ukraine it has been intensified by **war-driven relocation** and **unequal security conditions across cities**. Major eastern and southern urban centers such as **Kharkiv, Dnipro, and Odesa** continue to operate under **higher missile and drone risk**, which pushes firms and specialists toward locations with **better business continuity conditions**. As a result, **regional ecosystems outside the main hubs** face growing difficulty **retaining talent, sustaining startup activity, and converting local technical capacity into visible deal flow**.

Context: Public data shows that **talent concentration in a few hubs is structural** and has intensified during the war. **Kyiv remains the dominant center of Ukraine’s IT economy**, accounting for **more than half of registered IT companies** and **around two-thirds of declared sector income**[336]. At the same time, **wartime relocation has reinforced the shift toward safer hubs**: **two-thirds of IT companies changed location after the full-scale invasion**, while **Lviv increased its share of IT talent** and **Kharkiv saw a sharp decline**. More broadly, Ukraine’s **enterprise relocation program** moved **840 businesses by autumn 2023**, with **Lviv region hosting 199 relocations** and **Zakarpattia 120**, highlighting the **westward migration to safer regions**[337]. At the same time, **Eastern EDIH from Kharkiv** noted that many startups in **high-risk regions** do not disclose their location or basic operational data for security reasons, which limits the reliability of **survey-based regional estimates** and likely **understates the extent of regional ecosystem thinning outside the main hubs**.

Ecosystem impact: This creates a **geographically uneven startup ecosystem**. **Kyiv and Lviv** continue to accumulate **companies, talent, support organizations, and investor attention**, while ecosystems in cities more exposed to **wartime disruption** struggle to retain **founder communities, mentorship capacity, and talent pipelines at scale**. This weakens the national ecosystem in **two ways**: first, it reduces the **conversion of regional engineering and university capacity into startups**; second, it lowers **resilience** by concentrating innovation activity in a **narrow set of hubs**. Over time, this means Ukraine risks **underusing talent from the center, east, and south** not because it is absent, but because **security pressures and relocation dynamics** make **startup formation and retention there much harder**.

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[336] Ukraine’s IT Shift: From Outsourcing to Innovation | Digital State UA

[337] 840 enterprises in Ukraine have relocated to safer regions due to the war | Opendatabot

Gender imbalance in STEM education			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Market	Medium	Medium	SNS7 "Social Inclusion, Diversity and Protecting Democratic Values" (7.1, 7.2) SNS2 "Attracting and Retaining Talent" (2.2)

Problem: Ukraine's **education system** does not yet ensure **sufficiently broad and balanced participation of girls and women in STEM learning pathways**. While women's **participation in education overall** remains comparatively high, they continue to be **underrepresented** in many **science, technology, engineering, and mathematics fields** that are most relevant to **deep-tech, engineering, and product development**.

Context: The broader international evidence points to a **structural imbalance** between **support for women's participation** and their actual **representation in innovation and technical careers**, with **UNESCO** reporting that women account for only **35% of STEM graduates globally**[338], while the **OECD** notes that **young women remain underrepresented in STEM-related fields after leaving school** even where **overall school performance gaps are small**[339]. For Ukraine specifically, **Cedos' 2024 study on gender segregation in professional pre-higher and higher education** shows that **horizontal gender segregation remains widespread across the education system**. It defines fields with **more than 70% of one gender as segregated** and finds that, in **2023**, a **majority of fields at the Doctor of Philosophy level** were **gender-segregated in favor of men**. The study also notes that **engineering and other technically intensive tracks remain predominantly male**, while the **policy framework still does not address gender segregation in education in a systematic way**.[340].

Ecosystem impact: **Gender imbalance** weakens the **startup talent pipeline at its source**: when **girls and young women are underrepresented in STEM education**, the ecosystem receives a **smaller pool of future specialists** in **engineering, applied science, technical product development, and research-intensive fields**. In practice, this reduces the **volume and diversity of technically trained talent** available for future startup formation, especially in **deep-tech and innovation-driven sectors**. Over time, the ecosystem **underuses part of its**

[338] Girls' and women's education in STEM | UNESCO
[339] The Persistence of Gender Gaps in Education and Skills | OECD
[340] Study: Gender segregation in professional pre-higher and higher education | Cedos

potential human capital and faces a **narrower pipeline for technically strong team formation**.
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Limited practical relevance of academic education			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	High	High	SNS2 "Attracting and Retaining Talent" (2.2)

Problem: University programs in **technology and business disciplines** remain **heavily theory-based**, structured around **routine tasks**, and **disconnected from modern industry practice**. Students have **limited time and opportunity to work on real projects**, and curricula are not systematically updated to reflect **current market requirements**. Practical modules are often **classroom-bound** and not anchored in **real labor-market needs**, leaving students with limited exposure to **applied R&D, prototyping, product delivery, or customer-facing problem-solving**. This produces graduates who require **significant additional investment from employers** before they are productive in **startup environments**, increasing the **effective cost of junior talent**.

Context: Although **external evidence points are limited**, **Deloitte's 2024 survey of Ukraine's energy sector** found that **44% of business respondents identified a mismatch between educational programs and industry needs**.[341] Interview evidence points to the same pattern, with **Peremoha Lab** noting that university programs remain **heavily theory-based** and often focused on **outdated or routine tasks**, leaving students with **limited time and opportunity to work on real projects**. **Eastern EDIH** added that **entrepreneurship is not systematically integrated into university programs**, while **WIN2EDIH** pointed to **weak university–manufacturing links** and **insufficient prototyping infrastructure** that prevent students from **translating ideas into practical outputs**. The **focus group on the commercialization of university innovations** reinforces this diagnosis, highlighting the **weak practical orientation of higher education** and the **limited exposure of students to real market and startup environments**. Survey results are consistent with these findings: **66 of 110 respondents (60%) reported no collaboration with universities**, **29 respondents (26%) reported active collaboration**, and only **11 respondents (10%) identified as university-based startups or spin-offs**.

Ecosystem impact: **Weak practice orientation in academic education** creates a **persistent skills mismatch** between **graduate profiles** and the **practical demands of startup**

[341] Deloitte Ukraine's Human Capital Challenges in the Energy Sector

execution, particularly in areas such as **product development, go-to-market execution, and investment readiness**. This adds **onboarding and training costs** that are particularly burdensome for **early-stage startups with limited resources**. It also weakens the **pipeline of university-origin startups** by reducing graduates' ability to move from **concept to validation**, especially in **deep-tech, hardware, and applied innovation domains** where **prototyping, testing, and delivery under real constraints** are essential.

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Insufficient integration of entrepreneurship education across the education system			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Medium	Low	SNS2 "Attracting and Retaining Talent" (2.2)

Problem: Entrepreneurship education in Ukraine is not yet **systematically integrated** across the full education pathway, from schools to higher education. While individual courses, startup schools, incubators, and university-based initiatives do exist, entrepreneurship is still not embedded systematically in **curricula, teaching practice, and learning outcomes** across the full education pipeline. As a result, **entrepreneurial capability formation** remains uneven and dependent on individual institutions, extracurricular initiatives, or donor-supported projects rather than functioning as a predictable part of **talent formation for the startup ecosystem**.

Context: The broader policy analysis suggests that entrepreneurship education is increasingly recognized in Ukraine's **education reform agenda**, but its implementation remains **incomplete and uneven**. The **European Training Foundation (ETF)** notes that entrepreneurship is treated as a **key competence** in education reform and that effective integration requires **coordinated action across the full education and training system**, rather than isolated measures[342]. **Global Entrepreneurship Monitor** data also suggests that Ukraine performs better on **entrepreneurial education at school** than on broader ecosystem support conditions[343], indicating that school-level exposure alone does not yet translate into a stronger **entrepreneurial learning pathway across later stages of education**. The same gap is visible in the project's primary evidence base: **Eastern EDIH** noted that entrepreneurship is not systematically embedded into university programs, while the **focus group on commercialization of university innovations** reinforced this diagnosis by highlighting that limited integration of entrepreneurship education across the education system leaves students with **insufficient exposure to real market and startup environments**.

[342] FACTSHEET — The European Training Foundation in Ukraine | ETF

[343] Ukraine: Entrepreneurial Behaviour and Attitudes | GEM Global Entrepreneurship Monitor

Ecosystem impact: **The lack of systematic entrepreneurship education** significantly narrows the **pipeline of future founders**. When entrepreneurship education is not integrated consistently across the education system, fewer students move through a structured progression from **entrepreneurial awareness** to **applied experimentation, startup literacy, and early venture formation**. In practice, this reduces the number of young people who leave school, or university with a clear understanding of **entrepreneurship as a viable career pathway** and with the basic capabilities needed to pursue it. Over time, this narrows the pool of future founders, weakens the flow of **university- and youth-originated startups**, and makes entrepreneurial entry more dependent on exceptional institutions or extracurricular exposure than on the education system itself.

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Shortage of qualified STEM teachers and professors			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Operational	High	Medium	SNS2 "Attracting and Retaining Talent" (2.2)

Problem: Ukraine faces a weakening pipeline of **qualified STEM teachers, university professors, and research supervisors** able to develop the next generation of **deep-tech talent**. The problem is not only **quantitative**, but also **qualitative**: too few strong STEM graduates choose **teaching and academic careers**, and the limited pool of those who do enter the profession does not consistently provide the level of expertise needed for **high-quality mathematics, physics, engineering, and other STEM education**. As a result, schools and universities struggle not only to **fill STEM teaching positions**, but also to sustain the **quality of teaching, supervision, and scientific mentorship** needed to prepare future engineers, applied researchers, and technically strong founders.

Context: The weakening of the STEM teaching pipeline is visible in direct indicators of both **entry into teacher training** and **replacement of the current workforce**. Earlier admissions data from the **ZNO period (External Independent Testing)** shows weak demand for **STEM teacher-training pathways**: state-order fulfillment reached only **62% in mathematics** and **35% in physics**, and these specialties were among those with the **lowest competition for state-funded places**. The same analysis found that applicants with the **highest ZNO scores** generally did not choose **chemistry, physics, or informatics teacher training**, while the average score of those recommended for state-funded **mathematics teacher training** was **160 out of 200**[344]. Under the current **NMT model (National Multi-Subject Test)**, the

[344] Абітурієнти з високими балами не хочуть бути вчителями | Громадянська мережа ОПОРА

mathematics results remain weak: in **2025**, **11.9% of participants** did not clear the pass threshold, and the **average score** was **132.3 out of a maximum 200 points**[345]. This is particularly concerning given the **cumulative learning disruption** caused by the **COVID-19 period, wartime schooling, and prolonged reliance on remote and hybrid education**. In **2025**, the Ministry of Education and Science acknowledged that only a **small share of students** study in **mathematical profiles**, and an even smaller share in **natural-science profiles**; in some **rural areas**, no school offers natural-science profiles at all.[346] At the same time, the school system is relying on an **aging teacher workforce**: in the **2024/2025 academic year**, more than **25% of teachers were aged 51–60** and more than **15% were over 60**[347]. Taken together, these patterns suggest that the STEM teaching pipeline is weakening at both **entry and replacement stages**: too few students are entering **mathematics- and physics-teacher pathways**, and too few strong STEM specialists see **teaching or academic work as an attractive professional destination**.

Ecosystem impact: Ukraine's future deep-tech talent pipeline is weakened at its source: when schools and universities struggle both to **attract enough STEM teachers** and to sustain **strong quality in teaching and supervision**, fewer students develop the **mathematical, scientific, and technical foundations** needed to progress into **engineering, applied research, and other deep-tech fields**. Over time, this narrows the pool of technically capable people able to become future **CTOs, R&D founders, product engineers, and research-driven entrepreneurs**, and limits Ukraine's capacity to generate new ventures in sectors where **scientific depth and advanced technical skills** are essential.

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Talent availability constraints caused by mobilization, deferment complexity, and wartime displacement			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Market	High	Low	-

Problem: Startups face an acute **war-related shortage of available talent** driven not only by **mobilization** and the complexity of **deferment and exemption procedures**, but also by the **outward mobility and displacement** of current and future workers caused by the security situation. As a result, startups lose part of the talent base to **emigration and education abroad**, while many specialists who remain in Ukraine, especially **men of mobilization age**, increasingly prioritize employers able to offer **deferment** or other forms of **greater**

[345] НМТ-2025: офіційний звіт за результатами проведення | УЦОЯО

[346] Природнича галузь як фундамент конкурентоспроможності країни | Міністерство освіти і науки України

[347] Challenges for Senior Educators Amidst Reforms and Integration Into the Unified European Educational Space | Institute of Educational Analytics

employment security. Startups are therefore competing from a **structurally weaker position in the labor market**: they must hire from a **reduced talent pool** while rarely being able to offer candidates **military deferment**, something that **larger companies, public-sector employers, and defense-linked organizations** can often provide and that many candidates now treat as a **deciding factor**.

Context: Broader desk research points to the same constraint: by **late 2024**, the **World Bank** found that **more than 60% of 660 firms across 21 regions** identified **labor shortages as their main constraint**[348]. Displacement is also weakening the **future talent pipeline**: **115,000 Ukrainian students** were enrolled in **Western universities in 2023/24**[349], and since **August 2025** men aged **18–22** have again been allowed to leave the country[350], reinforcing the **outward mobility of younger cohorts** who would otherwise feed the startup talent base. The **deferment mechanism** is also only partly startup-friendly: online deferment through **Diia** is limited to **critically important legal entities** and covers only **officially employed workers**[351], while many startups rely on the **FOP model** rather than standard employment or **Diia.City gig contracts**. Firms must also regularly **reconfirm criticality** and comply with **salary, tax, and military-registration requirements**, making deferment inaccessible for many **early-stage startups**[352]. Interview data confirms that **talent availability constraints** are an active operational challenge, with **Farsight Vision** noting that **talent search has become a serious problem**, especially for **dual-use companies**, and that software firms often cannot secure deferment because current arrangements are tied to **procurement logic rather than startup realities**. Survey data reinforces this diagnosis: **59 of 110 respondents** cited **mobilization, deferment, and displacement** as the **primary constraint**, making it the **most acute talent barrier in the ecosystem**.

Ecosystem impact: **War-related talent constraints** create a direct **operational burden for startups** by both shrinking the **available talent base** and shifting **candidate preferences toward more secure employers**. As a result, startups often struggle not only to **find qualified people**, but also to **attract and retain them** in competition with organizations that can offer **deferment, more predictable employment conditions, or lower perceived wartime risk**. Small teams are therefore more likely to lack the **technical and business capacity** needed to **build high-quality products, compete effectively, and grow at speed**. Founders are frequently forced to **absorb multiple functions themselves**, stretching limited **managerial and execution capacity** and slowing **product development, customer work, and fundraising**. In practice, this weakens **team quality**, reduces **scalability**, and makes the **survival and growth of startups significantly more difficult under wartime conditions**.

[348] On the Road to Recovery: Addressing Ukraine's Transport Labor Shortages | World Bank
[349] Student Migration to Western Universities: How Many Ukrainians Left | Vox Ukraine
[350] Ukraine allows 18- to 22-year-old men to leave country once again | Le Monde
[351] Бронювання працівників | Дія
[352] З 1 квітня забронювати працівників можуть лише підприємства з оновленою критичністю | Міністерство економіки України

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Scarcity of professionals who have already scaled companies			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Market	Medium	Low	SNS2 "Attracting and Retaining Talent" (2.2)

Problem: Ukraine's startup ecosystem has a **limited pool of professionals** who have already taken companies through **Series A and beyond**, including **larger fundraising rounds, international expansion, IPO preparation, or exit processes**. Because Ukraine has produced relatively few companies that have completed a **full growth cycle**, this type of **scale-up experience** remains scarce within the domestic ecosystem. As a result, startups entering **Series A and later stages**, as well as **support organizations** working with them, have limited access to people who can contribute this experience as **mentors, advisors, operators, or senior hires**. This weakens the transfer of **practical growth-stage knowledge** within the ecosystem and increases reliance on **expertise sourced from more mature ecosystems abroad**.

Context: The **Evaluation Report** shows that Ukraine has already produced a visible layer of **mature startup success stories**, with around **2,600 active startups** and a growing group of **billion-dollar tech companies with Ukrainian roots**, with Ukrainians ranked in the Top-10 for founders of US-based unicorns (12 unicorns). At the same time, much of the **later-stage scaling experience** generated by Ukrainian founders and companies does not remain strongly embedded in the domestic ecosystem. The same report notes that by **2025**, more than **90% of Ukrainian scale-ups had relocated their headquarters abroad**, pointing to **structural constraints** related to **security, access to capital, and proximity to international markets**. **Focus-group discussions** also highlighted that the ecosystem still lacks a sufficient number of **Ukrainian exits** and the **capital, experience, and mentorship** they can generate, as well as a stronger base of **entrepreneurs and business people who have already built and scaled companies successfully**. Related focus-group remarks also pointed to **weak management skills, limited long-term planning, and the absence of clear exit strategies** among many startups. Taken together, these findings suggest that while Ukraine has **produced a substantial pool of talented founders**, managers, and startup professionals, a large share of those who gain later-stage scaling experience **tend to relocate abroad due to several structural gaps in the Ukrainian startup ecosystem**, and thus this expertise does not remain sufficiently anchored in the domestic ecosystem or translate into a strong local base of mentors, executives, and repeat founders.

Ecosystem impact: Without **experienced founders and other growth-stage professionals**

available to **mentor startups, support them through key decisions, or join them directly**, Ukrainian startups are more likely to make **avoidable mistakes at critical growth inflection points**, spend significant resources **sourcing expertise from abroad**, or relocate to ecosystems where such expertise is more accessible. These effects compound over time: **mistakes at the growth stage** are costly and difficult to reverse, **externally sourced expertise** is expensive and rarely becomes embedded in the local ecosystem, and companies that relocate contribute their **future scaling experience elsewhere** rather than strengthening **Ukraine's own startup ecosystem**.

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2.4.4 Support infrastructure (hard)

SUMMARY TABLE

Gap name (clickable)	Type
Laboratories	
🔗 Insufficient financing for modernization of research and prototyping infrastructure	Policy
🔗 Limited availability of startup-oriented equipment in prototyping labs and workshop environments	Policy/Design
🔗 Institutional barriers to open-access operation of university laboratory infrastructure	Regulatory/ Operational
🔗 Lack of operational capacity for lab infrastructure management in universities and research institutes	Operational
Innovation parks	
🔗 Science parks in universities lacking a clear startup support role	Policy

2.4.4.1 Laboratories

Insufficient financing for modernization of research and prototyping infrastructure			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy	High	Medium	SNS5 “Innovation in Procurement” (5.3, 5.4)
Problem: Universities and research institutes in Ukraine lack **sufficient dedicated and demand-driven financing** to modernize **research and prototyping infrastructure** in line with the needs of **startups and applied innovation**. While some institutions continue operating **older laboratories** at a basic level, these are often built around **outdated equipment** with **limited practical relevance** and/or **low efficiency** for modern **product development, testing, and validation**. More advanced equipment is acquired intermittently through **donor support** or public **Ministry of Education and Science (MoESU) programs**, but such funding remains			

sporadic, fragmented, and insufficient in scale to systematically upgrade and maintain the infrastructure base. As a result, **infrastructure renewal** is not driven by sustained demand from **startup teams, applied R&D, or commercialization needs**, but by **irregular project-based opportunities**.

Context: Interview evidence points to the same **structural problem**, with **Peremoha Lab** noting that **university-affiliated prototyping centers** face **chronic financing shortages** and rely heavily on **donor support**, while **WIN2EDIH's observations** are consistent with a broader **underinvestment problem** that limits the **availability and modernization of relevant prototyping infrastructure**. This is consistent with the findings of the **Evaluation Report**, which point to **chronic underinvestment in R&D** and **uneven readiness of research and prototyping infrastructure across institutions**.

Ecosystem impact: **Insufficient financing** for the **renewal and upgrading of research and prototyping infrastructure** reduces access to the **modern facilities and equipment** needed for **startup experimentation, prototyping, testing, and early validation**. The constraint is particularly severe for startups developing **physical, science-based, and engineering-intensive products**, such as **hardware, industrial, biotech and medtech, agritech, climate-tech, and advanced materials solutions**. In practice, this **financing gap** does not simply slow improvement of existing capacity, but prevents **research capability** from being translated into **startup formation, product development, and commercialization**. Promising teams may have **ideas and scientific grounding**, but still lack the **technical environment required to turn them into viable products**.

Back to the "Support Infrastructure (Hard)" summary ⬆️

Limited availability of startup-oriented equipment in prototyping labs and workshop environments			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Design	Medium	Medium	SNS5 "Innovation in Procurement" (5.4)

Problem: Ukrainian universities generally lack **dedicated prototyping labs and workshop environments** suited to **startup development**. Existing infrastructure is typically oriented toward **research and measurement** rather than **hands-on product development**. As a result, startups and student teams may have **nominal access to laboratories**, but not to the **practical tools and spaces** needed to **build, assemble, and refine early MVPs**. This limits universities' ability to support **product development beyond the research stage**.

Context: Interview evidence points to a clear **mismatch in startup-supporting infrastructure**, with **WIN2EDIH** noting that students lack the **infrastructure, safe spaces,**

and university–manufacturing links needed to **prototype their inventions**. This is consistent with the findings of the **Evaluation Report**, which suggest that although **research infrastructure exists** in parts of the system, it is often not suited to **practical prototyping and product iteration**. **Weak links between universities and manufacturers** further reduce opportunities for student and research teams to move from **ideas to working prototypes**. In more mature university ecosystems, especially in technical universities across **Western and Northern Europe**, this gap is often addressed through **dedicated workshop studios, maker spaces, and prototyping facilities** where students, researchers, and founders can work on **product development outside formal research routines**.

Ecosystem impact: Limited availability of **startup-oriented equipment** in **prototyping labs and workshop environments** creates a **structural bottleneck** for **hardware, robotics, medtech, agritech, industrial-tech, climate-tech, and other deep-tech startups** that need **practical engineering space and equipment** for **product development beyond the research stage**. This becomes especially important after **proof-of-concept**, when teams need to **assemble, test, refine, and iterate real components and MVPs**. Without **startup-oriented prototyping labs and workshop environments**, **university-origin ideas** are much less likely to progress from **concept to functioning prototype**, and student or research teams are pushed either into **improvised setups** or toward securing **external budgets for rented facilities and outsourced engineering work**. This weakens one of the main pathways from **university knowledge into commercialization** and reduces the **practical value of academic infrastructure** for **startup technical traction and MVP development**.

Back to the “Support Infrastructure (Hard)” summary ⬆️

Institutional barriers to open-access operation of university laboratory infrastructure			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory/ Operational	Medium	Medium	SNS5 “Innovation in Procurement” (5.3, 5.4)

Problem: Universities and research institutes in Ukraine cannot use **laboratory infrastructure as a sustainable startup-facing service** because this infrastructure is embedded in **state-owned institutional structures** that are poorly suited to operating on a **semi-commercial basis**. Laboratories and equipment remain tied to **university balance sheets, budget rules, and internal approval procedures** that make it difficult to **open access to external users, charge for services, retain revenues, and use those revenues flexibly** for salaries, consumables, repairs, and equipment upkeep. A more workable model would often require infrastructure to be operated through a **separate entity or semi-private vehicle** capable of managing services, external contracts, and reinvestment on a commercial basis. However, creating or empowering such structures is **institutionally difficult** and often

depends on agreement from **university management**, which is not easy to secure. As a result, even where laboratory infrastructure is technically relevant, it cannot function as a **sustainable, semi-open platform for startups and external innovators**.

Context: The collected evidence suggests that the core problem is not only the **technical availability of equipment**, but the limited availability and practical use of **workable institutional models** for opening and operating university-based infrastructure beyond **closed internal use**. In the **focus group on commercialization of university research**, participants repeatedly noted that university laboratories often remain **effectively closed to external users**: one participant stated that even where infrastructure exists, access is often restricted to students directly linked to a **specific project/class/major**. The same discussion also pointed to the need for **intermediary or semi-independent structures** that could act as **bridges between universities and business**, including examples of **external or semi-private technology transfer entities and open innovation centers** that can operate laboratory infrastructure more flexibly than universities themselves. The **Evaluation Report** is consistent with this diagnosis, noting that access to **prototyping and testing infrastructure** remains **fragmented and constrained**, which slows commercialization for **deep-tech and research-based startups**. **Peremoha Lab** adds a more specific institutional explanation: university-affiliated prototyping centers face **legal barriers** related to **balance-sheet registration, municipal support, and paid service delivery**.

Ecosystem impact: **University laboratory infrastructure** therefore rarely functions as a **stable service layer** for startup experimentation, prototyping, testing, and **applied R&D**. Even where relevant equipment exists, startups often cannot access it through **clear, affordable, and repeatable arrangements**, while universities remain poorly positioned to operate labs as **semi-open platforms serving external demand**. Access depends too heavily on **informal relationships, one-off cooperation, donor support, or exceptional institutional willingness** rather than on a **predictable operating model**. This reduces the **practical value of existing scientific infrastructure**, slows **early technical validation** for science-based ventures, and weakens one of the main pathways through which **university research and technical capability** could translate into **startup creation and commercialization**.

Back to the “Support Infrastructure (Hard)” summary ⬆️

Lack of operational capacity for lab infrastructure management in universities and research institutes			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Operational	High	Medium	SNS5 “Innovation in Procurement” (5.3, 5.4)

Problem: Even where **laboratory and prototyping equipment** exists, universities and research institutes often lack the **operational capacity** needed to manage it as a **reliable, service-based infrastructure asset**. Responsibilities for **maintenance, scheduling, day-to-day access management, calibration, repairs, power resilience, and routine operation** are often **unclear or weakly assigned**. Institutions also frequently lack sufficient **qualified technical staff, lab managers, and equipment operators** capable of maintaining **complex infrastructure** and supporting users. In many cases, even where such staff exist, they are not assigned to work with the equipment on a **full-time basis**, which further reduces **utilization** and limits **regular access**. **Low salaries** further weaken incentives to take responsibility for **expensive equipment** and its active use. As a result, infrastructure may physically exist, but remain **idle, underused, or available only on a limited and inconsistent basis**.

Context: **Eastern EDIH** identified this issue directly, noting that **donor-funded equipment transferred to universities** often remains **underused** because host institutions lack both **incentives** and **clearly assigned responsibility** for **maintenance and day-to-day access management**, while **low-paid staff** tend to avoid active management of **external use**. The **interview synthesis** reinforces this diagnosis by separately identifying **unsustainable operational models in laboratory infrastructure**. Together, these findings suggest that **underuse** is driven not only by whether equipment is available, but by **weak management capacity within host institutions**.

Ecosystem impact: **Weak operational capacity** in universities and research institutes reduces the **effective contribution of existing laboratory infrastructure** to the startup ecosystem. Even where equipment is physically available, it cannot serve as a **reliable foundation for experimentation, prototyping, and early technical validation** if it is **inconsistently operated, poorly staffed, or not managed as a shared service**. This lowers the **practical value of past infrastructure investments**, weakens the **commercialization potential of university-based research**, and makes **science-based startup development** more difficult and less predictable. As a result, the ecosystem loses one of its **key channels for converting technical knowledge and research capacity into viable ventures**.

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2.4.4.2 Innovation parks

Science parks in universities lacking a clear startup support role			
Gap type	**Impact**	**Urgency**	**Relevant SNS**

Policy	Medium	Low	SNS4 “Innovation in Regulation” (4.1)

Problem: Many Ukrainian universities lack a **clear strategic and operational model** for what **science parks** are supposed to achieve. In practice, science parks are often established without a defined **mandate, performance logic, governance model, or service offering** related to **startup incubation, technology transfer, industry collaboration, investment attraction, or prototype-to-market support**. Universities therefore tend to treat them as **formal institutional units** or **reputation-enhancing structures** rather than as **active instruments for commercialization and venture creation**. As a result, many science parks **exist legally, but not as functioning startup-support infrastructure**.

Context: The government is currently developing the **Science.City legal framework**, which offers **tax incentives, customs benefits, preferential access to state and municipal property for rent, and exemption from public procurement auctions** for science parks in order to foster their activity. This shows that the state itself sees the existing model as **underdefined and underperforming**. In **January 2025**, **BRDO and the Ministry** described Science.City as an effort to **connect science, business, and the state** and turn science parks into **modern platforms for innovation, startups, and investment**. Public reporting also shows how limited current performance remains, with **42 registered science parks**, of which only **5 were conducting innovation activity**[353]. The same sources identify the main barriers as **fiscal pressure, lengthy procurement, regulatory constraints, and weak private-capital participation**. At the same time, Ukraine still had **314 HEIs in 2023/24**, which underlines how **early and limited the current startup-infrastructure rollout remains relative to the size of the university system**[354].

Ecosystem impact: When universities do not understand what **science parks are expected to achieve**, they rarely become **effective bridges between research, startups, and business**. Instead of functioning as places where **ideas are validated, IP is commercialized, founders are supported, and industry partnerships are built**, they are often **operationally weak** and maintained for **symbolic reasons**. This reduces the **conversion of university research into startups**, weakens **applied collaboration with companies**, and limits the development of **durable regional innovation hubs**. In practice, the ecosystem loses one of its most important potential interfaces between **academic knowledge and market-oriented venture creation**, while **scarce public and institutional resources** are absorbed into structures that **exist formally but generate limited applied startup value**.

Back to the “Support Infrastructure (Hard)” summary ⬆️

[353] Інвестиції в українську економіку та робочі місця: KAI запускає науковий парк | BRDO

[354] Overview of the key reforms and priorities in Higher Education of Ukraine | Erasmus+ Office in Ukraine

2.4.5 Support infrastructure (soft)

SUMMARY TABLE

Gap name (clickable)	Type
Incubators and accelerators	
🔗 Lack of dedicated support programs for scale-ups	Policy
🔗 Lack of vertical specialization in support programs outside the defense track	Policy/Design
🔗 Lack of “opportunities to try” such as hackathons, ideathons, and similar practical formats	Policy/Operational
🔗 Lack of idea-stage support programs	Policy/Operational
🔗 Poor coordination and alignment between startup ecosystem builders	Policy/Market
🔗 Concentration of startup support in Kyiv leaving regional ecosystems underserved	Policy/Market
🔗 Lack of differentiation between “accelerators” and “incubators” due to the absence of defined terminology	Regulatory
🔗 Insufficient integration of IP literacy into startup support programs	Design
🔗 Unsustainable business models among accelerators	Design
University-linked programs	
🔗 Lack of incentives and operational frameworks for university spin-off creation	Policy/Regulatory/ Design
🔗 Shortage of business expertise in university-based startup programs	Operational

2.4.5.1 Incubators and accelerators

Lack of dedicated support programs for scale-ups			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy	Medium	Low	-

Problem: Structured support for startups at the **scaling stage is significantly underdeveloped**. The few initiatives offering practical scaling services, such as access to growth capital, enterprise sales channels, international expansion support, and corporate partnership facilitation, **remain limited in scope**. These programs **lack** the institutional capacity, international networks, and specialist expertise required **to serve scaling startups effectively**.

Context: **Scaleups have access to only a limited number of short-term, ad hoc programs,** such as **Startup Wise Guys Growth Ukraine**[355] (with the latest batch in 2024) and **Endeavor Ukraine**[356]. **Interview data** from Techosystem directly confirmed this gap, indicating that structured support for scaling startups remains underdeveloped, with few initiatives offering practical services such as access to growth capital, enterprise sales channels, or hands-on international expansion support. UMAEF similarly highlighted the **absence of EU and US market-access support** as a specific weakness at the scaling stage. The access to funding focus group confirmed that mature startups in Ukraine lack support at the scaling stage.

Ecosystem impact: The absence of scaling-stage support **slows growth** at precisely the stage where startups are most likely to generate significant economic value. Startups that have already reached the scaling stage but cannot access dedicated scale-up support are **more likely to stagnate, sell early at below-potential valuations, or relocate to ecosystems with stronger scaling resources**. This reduces the return on the ecosystem's aggregate investment in early-stage support and limits the development of a high-value scale-up pipeline.

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Lack of vertical specialization in support programs outside the defense track			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Design	High	Medium	-

[355] Growth Program: Ukraine | Startup Wise Guys
[356] Endeavor Ukraine

Problem: Most startup support programs in Ukraine remain **generalistic**: they serve all sectors with the same offering, **lacking the depth and specificity needed by verticals with distinctive characteristics** (deep tech, MedTech, edtech, climate tech, enterprise SaaS). Outside the defense track, which has attracted targeted support investment, dedicated structures for verticals remain insufficient, leaving many startups reliant on general support rather than programs tailored to the specifics of their industry.

Context: The clearest **evidence of the specialization gap is the contrast between the defense track and the rest of the ecosystem**. In defense, BRAVE1 has evolved into a **vertical support infrastructure** with clearly defined technology priorities, specialized grant instruments, testing and integration mechanisms, and a large portfolio of supported firms and products. Officially, **BRAVE1 now focuses on 70 technical areas across 9 categories**[357], while also offering networking, investment access, and soft-landing support. Outside this track, however, public ecosystem analysis still characterizes much of the civilian acceleration landscape as generic and episodic. Few notable accelerators with some extent of verticalization may be highlighted, including **Challenger 4.0**[358] for AI, EdTech, and HealthTech, **Global Cleantech Innovation Program (GCIP) Ukraine**[359] 2025 for cleantech innovators, and **GenerationH** for HealthTech[360]. A startup involved in the focus group on access to funding confirmed the need for more programs tailored to the industry specifics, particularly for relatively mature startups, for which generalist support is no longer effective. The survey data reveal that 23% of respondents cited programs being "too theoretical," 17% cited a lack of sales/market entry practice, and 18% cited insufficient international opportunities. These **gaps are structurally related to the generalist approach**: a program serving all verticals cannot provide deep domain expertise, market-specific go-to-market support, or specialized investor introductions. Interview data confirmed the absence of sector specialization as a key gap in the support landscape.

Ecosystem impact: Without programs focused on specific verticals, founders receive advice that is **too generic to address their main industry-specific bottlenecks**. This **reduces the value of support programs** for participants from more demanding verticals and **slows their progress** relative to startups in foreign ecosystems with more specialized support structures. The absence of dedicated vertical support also makes it **harder to build strong founder communities, mentor pools, and partner networks** around specific sectors, as has already happened in the defense track. As a result, the ecosystem becomes **less diversified and captures less value from startups** emerging outside the defense sector.

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[357] Ministry of Defense and Ministry of Digital Transformation establish a unified ecosystem to support Ukrainian arms manufacturers | Ministry of Defense of Ukraine
[358] Challenger 4.0 Launches Hunt for Ukraine's Top AI, EdTech, and HealthTech Startups | TechUkraine
[359] Fueling the Future: GCIP Ukraine 2025 Extends Call for Cleantech Innovators | TechUkraine
[360] Generation H 2.0: Mentorship Program | SET University

Lack of "opportunities to try" such as hackathons, ideathons, and similar practical formats			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Operational	Medium	High	SNS2 "Attracting and Retaining Talent" (2.2)

Problem: Ukraine **lacks sufficient structured opportunities** for students, researchers, and early-stage founders **to build innovation and entrepreneurial skills** through hackathons, ideathons, challenge-based programs, startup weekends, and similar practical formats. While formal education may provide theoretical knowledge, these short-cycle, team-based formats are **important for developing opportunity recognition, problem-solving, experimentation, pitching, validation, and early team formation**. In practice, such formats remain **uneven, project-based, institutionally weak, and poorly embedded** in the broader talent-development pipeline. As a result, many potential founders and innovation-oriented students **do not have repeated opportunities** to test ideas, work across disciplines, or translate technical knowledge into startup-relevant capability.

Context: Findings of the Evaluation Report point to the presence of hackathons and other challenge-based formats in the ecosystem, therefore suggesting that "opportunities to try" do exist in the ecosystem. However, they are delivered at **insufficient scale, remain fragmented, and do not cover the full ecosystem consistently**, especially for school and university students. Universities also organize such formats, but mostly on a **fragmented and irregular basis** rather than as part of a systematic educational pathway. At the same time, there is **no unified state-level framework** for the large-scale implementation of hackathons, ideathons, and similar practical formats across the education and innovation system. As a result, they do not yet function fully as a systematic and reliable early-stage experimentation pathway.

Ecosystem impact: This gap **weakens one of the earliest and most accessible entry points** into the startup pipeline. Without recurring practical formats for experimentation, team formation, and early idea validation, **fewer students, researchers, and young professionals develop not only entrepreneurial initiative**, but also the soft skills that are critical for startup work, including teamwork, communication, pitching, leadership, adaptability, and crisis management under uncertainty. In practice, **this reduces the number of people able to work effectively** in interdisciplinary teams, respond to setbacks, and move ideas forward in fast-changing conditions. It also limits t**he number of ideas reaching pre-acceleration or incubation** and narrows the pool of individuals able to translate technical knowledge into commercially relevant problem-solving. Over time, this **weakens the flow of first-time founders and innovation-oriented talent** entering the ecosystem.

Back to the "Support Infrastructure (Soft)" summary ⬆️

Lack of idea-stage support programs			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Operational	High	High	-

Problem: Ukraine has **very limited structured support for startups at the idea stage**, with incubation remaining particularly underdeveloped. Dedicated incubation programs are rare, and where early-stage support exists, it is often **small-scale, short-term**, or delivered through isolated donor-funded initiatives rather than built into the ecosystem as a stable support layer. As a result, founders at the earliest stage often **lack a clear entry point** for testing ideas, receiving basic entrepreneurial guidance, and developing initial concepts into projects ready for acceleration or investment. One of the core reasons is that incubation and similar idea-stage formats are **not commercially self-sustaining**, which makes their continued provision heavily dependent on **external funding.**

Context: The main evidence pointing to the gap at the pre-acceleration stage is the **lack of institutional support needed to drive these programs**, reflected in the near absence of stable providers beyond **donor-funded** initiatives. Typical examples include formats such as the Entrepreneurial University by YEP[361], which is integrated into conventional universities and works with students at the idea stage. These findings are also supported by interviews with a Techosystem representative, who confirmed that early-stage support formats are structurally non-commercial. The focus group on coordination in the startup ecosystem indicated that ecosystem actors, including those discussed in this section, face a lack of funding, while **donors are primarily focused on financing startups rather than supporting ecosystem players**.

Ecosystem impact: The main consequence of this gap is that many **startups do not receive support at the earliest stage of their journey**, when they are still testing the idea. Without structured idea-stage support, a **significant share of potential founders** are left without guidance, feedback, or basic entrepreneurial capacity-building and therefore **drop out** before reaching incubation, acceleration, or investment readiness. This **weakens the startup pipeline** at its entry point, resulting in fewer ventures progressing to later stages. Over time, this translates into a **smaller pool of startups**, lower demand for follow-on support instruments, fewer opportunities to retain entrepreneurial talent in the ecosystem, and ultimately fewer scale-ups and high-growth companies emerging from Ukraine.

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[361] Entrepreneurial University | YEP Incubator

Poor coordination and alignment between startup ecosystem builders			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Market	High	Medium	-

Problem: The Ukrainian startup ecosystem operates in a fragmented and weakly coordinated manner, with limited alignment between key support actors such as accelerators, funds, universities, and public institutions. Programs are often designed and delivered in isolation, leading to **duplication of efforts, gaps in support continuity, and inefficient use of resources**. There is **no systematic mechanism for coordinating activities, sharing information, or managing startup progression** across the support pipeline, resulting in a disjointed experience for founders.

Context: The Ukrainian startup ecosystem includes **hundreds of actors** involved in supporting startups, including **public institutions** such as ministries; **support organizations and programs** such as accelerators and incubators; **educational institutions**; as well as dozens of ecosystem builders, clusters, investment funds, donors, and organizations implementing donor-backed programs. **Without a coordination layer between them, overlaps in functions and gaps in support provision emerge.** For example, startups moving from university incubation or idea-stage support into acceleration, and then further into scaling or internationalization, typically face a fragmented pathway, with each program operating as a standalone intervention rather than as part of a connected support pipeline. Interviews also confirmed **weak coordination between government and ecosystem actors**, with collaboration often relying on personal connections rather than institutionalized mechanisms. Within the focus group on ecosystem coordination, participants agreed on the need for a dedicated **coordination layer**, composed of regular online check-ins, a shared communication space, and periodic in-person strategic sessions, which will enable continuous exchange of updates and alignment of future efforts.

Ecosystem impact: Fragmentation and weak coordination significantly **reduce the overall effectiveness of Ukraine's startup support ecosystem**. Resources are used inefficiently due to duplication of efforts and the lack of alignment between programs. The misalignment is further intensified by the competition, especially among private actors, and the lack of shared data, which limits the ability to scale effective approaches and phase out underperforming ones. As a result, the **ecosystem generates weaker outcomes than its resource base would allow**, with increased dropout between stages and reduced conversion of early-stage ideas into scalable ventures.

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Concentration of startup support in Kyiv leaving regional ecosystems underserved			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Market	Medium	Low	SNS7 "Social Inclusion, Diversity and Protecting Democratic Values" (7.1, 7.2)

Problem: Startup support in Ukraine is highly concentrated in Kyiv, with only limited spillover to a few secondary hubs such as Lviv, while **most regions remain structurally underserved**. The majority of programs, events, networks, and opportunities are anchored in the capital, **creating unequal access to support**. As a result, founders outside major cities face significantly fewer opportunities to engage with investors, mentors, and support initiatives, limiting their ability to develop and scale their ventures.

Context: The difference in the quality and volume of startup ecosystem activity across Ukrainian cities is clearly illustrated by the **Global Startup Ecosystem Index,** which ranks cities based on a composite of startup ecosystem metrics. Kyiv clearly leads the national landscape, with an ecosystem estimated to be 11 times stronger than that of Lviv, reflected in their global positions (#68 vs #404). The gap becomes even more pronounced further down the ranking: for example, Dnipro, ranked 5th nationally, is positioned around #1062 globally[362]. This stark disparity demonstrates **how strongly Ukraine's startup ecosystem is concentrated in Kyiv**, with other cities trailing significantly in both scale and performance. This observation was confirmed by the focus group on ecosystem coordination, which highlighted that the ecosystem remains highly centralized in Kyiv, while regional actors often lack information about available opportunities.

Ecosystem impact: Overconcentration of ecosystem activity in Kyiv creates **structural barriers for founders based in the regions in accessing startup support.** In practice, this leaves regional founders with only a few options: they can commute regularly to Kyiv, which requires considerable time and resources and still **does not provide the same quality of engagement**; they can relocate to Kyiv, which is **not always feasible**; they can participate online, which expands access but often **limits the depth of networking, mentoring, and informal ecosystem integration**; or they can rely on whatever opportunities are available locally, **if any.** The most critical consequence is the **lack of sufficient support at the pre-MVP stage, where ideas require early validation and structured guidance in order to develop into startups**. As a result, overconcentration not only slows the growth of existing regional startups but also causes many promising early-stage ideas to disappear before receiving the support needed to progress.

[362] The Startup Ecosystem of Ukraine | StartupBlink

Lack of differentiation between "accelerators" and "incubators" due to the absence of defined terminology			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulatory	Medium	Medium	SNS4 "Innovation in Regulation" (4.1)

Problem: Ukraine lacks clear and standardized terminology for key startup support concepts and formats. The current legislative framework **does not define key metrics associated with startup maturity stages**, such as startup vs scale-up distinction, Minimum Viable Product (MVP), Technology Readiness Levels (TRLs), or similar classification tools. This results in the absence of a common basis for differentiating startups by level of development. At the same time, **the roles and functional distinctions between business incubators and accelerators are not clearly defined in legislation**, leaving their purpose, scope, and entry points open to interpretation by individual institutions and programs. As a result, there is no unified understanding of how support formats should align with startup maturity, and the **value proposition of incubators and accelerators is often not consistently matched to the actual needs** of startups at different stages.

Context: Analysis of the innovation-focused legislation revealed that **the only related term defined in the current legislative framework is business incubator**. However, this **definition is misaligned with modern startup support practice**. In particular, the term "innovative business incubator," outlined in a 2010 act, provides, among other features, that such an organization should have at least 1,500 square meters of premises. When considered together with the rest of the requirements, it is clear that this **definition has little in common with the modern startup-focused business incubator**[363]. The absence of startup-specific terminology and its negative implications for the ecosystem were also highlighted during the focus group on ecosystem coordination. Participants noted that many startups keep circulating through the same support cycle, making minor changes to the product before re-entering incubation or acceleration programs.

Ecosystem impact: The absence of a shared terminology creates **persistent confusion** about the role of different startup support formats and **weakens the match** between startup needs and the services provided. Startups struggle to identify which support organization is most suitable for their level of maturity, while incubators and accelerators often operate with **overlapping or weakly differentiated value propositions**. This reduces specialization,

[363] МЕТОДИЧНІ РЕКОМЕНДАЦІЇ щодо створення та діяльності інноваційного бізнес-інкубатора | Верховна Рада України

fragments support provision, and leads to **inefficient use of ecosystem resources**. It also **distorts the ecosystem evidence base**: programs may be counted together under the same labels even when they differ significantly in function, intensity, or target stage. As a result, figures such as the total number of "accelerators" or "incubators" may **overstate** the real availability of structured support of a given type. This, in turn, **weakens the basis** for policymaking and donor programming, because stage-specific instruments, funding schemes, and support initiatives are designed based on categories that are not consistently defined or applied.

Back to the "Support Infrastructure (Soft)" summary ⬆️

Insufficient integration of IP literacy into startup support programs			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Medium	Low	SNS5 "Innovation in Procurement" (5.2, 5.3)

Problem: Startup teams typically **lack practical IP literacy**: the ability to distinguish between IP tools (patents, trademarks, copyright, trade secrets), select instruments aligned with their business model, and integrate IP strategy into fundraising, scaling, and partnership discussions. **IP is frequently treated as a formal registration step** rather than a strategic component, without a clear commercialization plan. **Existing accelerators and support programs do not consistently provide baseline, practice-oriented IP training**.

Context: The presence of an IP knowledge gap among Ukrainian startups is a recurring issue identified by the World Intellectual Property Organization (**WIPO**)[364]. Beyond recognizing the problem, WIPO has supported capacity-building activities through the **Ukrainian IP Office**, which has become one of the main channels for introducing IP-related issues to Ukrainian startups[365]. The interview with the IP Office representative confirmed two key points: first, IP remains a weak spot for Ukrainian startups compared with their EU peers,; second, existing startup capacity-building programs do not cover IP issues sufficiently, making the **IP Office's initiatives valuable but still insufficient to change the overall situation**. The survey results reinforce this diagnosis: **45** respondents reported having **no registered IP**, while the relatively **high perception of IP-related investment risk (average 3.0/5) suggests that uncertainty around IP remains widespread**.

Ecosystem impact: IP illiteracy among founders creates multiple downstream risks. Poorly protected IP **reduces investment attractiveness**, unclear IP ownership complicates team

[364] Assemblies of the Member States of WIPO | WIPO

[365] Ukrainian National Office for Intellectual Property and Innovations (UANIPIO)

dynamics and investor relations, and the absence of an IP strategy limits the development of defensible competitive advantages. Weak or absent IP protection also makes international **commercialization more difficult**, as products entering foreign markets may be more easily copied by competitors. In addition, it **restricts the use of licensing as a commercialization model**.

Back to the "Support Infrastructure (Soft)" summary ⬆️

Unsustainable business models among accelerators			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Design	Medium	Medium	-

Problem: Ukraine has dozens of acceleration initiatives, but **only a few of them** operate on a continuous basis. A key reason is that most accelerators **are not built as sustainable business ventures** with recurring revenue streams. Unlike in more developed startup ecosystems, where accelerators often combine equity stakes, corporate partnerships, sponsorships, success fees, or other revenue models, Ukrainian accelerators are usually **grant-funded**. This means they often exist only for as long as external funding is available — once a grant ends, and no new funding is secured, **the program typically stops operating**. As a result, many accelerators are launched as **temporary projects** rather than as long-term support structures, making the acceleration landscape fragmented, discontinuous, and heavily dependent on donor cycles. The large number of short-lived and one-off programs also makes it **difficult to systematically track outcomes, compare approaches, and distinguish effective program designs** from ineffective ones.

Context: The one-off nature of the acceleration landscape in Ukraine is evidenced by comparisons with neighboring startup ecosystems: Ukraine has **less than 1 active accelerator per million inhabitants**, while, for example, **Estonia and Lithuania**, leading startup ecosystems, have **12 and 9 respectively**[366]. Furthermore, active accelerators in Ukraine are almost exclusively reliant on donor funding. Examples of programs enabled by donor funding include, but are not limited to, **Challenger Accelerator**, supported by **ESTDEV**[367], **1991 Accelerator**, backed by **EBRD**[368], and **YEP**, which has been largely facilitated by **USAID**[369]. The focus group on ecosystem coordination confirmed that accelerators in Ukraine lack an established practice of taking equity in startups, both due to legal complexities and the difficulty of effectively communicating to founders the value of giving up a share of ownership in exchange for business development services. At the same

[366] Scaling Up: Accelerating Ukraine's Tech Sector | Civitta
[367] Challenger AI 3.0 | EstDev
[368] Introducing Bridge to Scale by 1991 Accelerator
[369] YEP! Інкубатор

time, accelerators face a shortage of funding, as donor support is primarily directed toward startups rather than ecosystem support organizations.

Ecosystem impact: Institutional weakness in the acceleration landscape **limits the overall productivity of Ukraine's startup support investment**. Fragmented and temporary programs fail to create a continuous support pipeline, meaning that startups often cannot access support at the moment it is most needed and instead must wait for suitable programs to be launched. At the same time, **one-off initiatives do not institutionalise support structures** or build strong communities of alumni, mentors, experts, and new participants, which weakens network effects and continuity within the ecosystem.

Back to the "Support Infrastructure (Soft)" summary ⬆️

2.4.5.2 University-linked programs

Lack of incentives and operational frameworks for university spin-off creation			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Regulatory/ Design	Medium	High	SNS4 "Innovation in Regulation" (4.1) SNS5 "Innovation in Procurement" (5.3, 5.4)

Problem: Ukrainian **universities generally lack clear incentives, internal knowledge, and standardized mechanisms for creating spin-offs** based on research results. Even where commercialization is formally supported, institutions often **do not have established procedures** for deciding when a spin-off should be created, how IP should be transferred or licensed, how equity or roles should be structured, and who is responsible for supporting the process. As a result, **spin-off creation remains rare, slow, and dependent on ad hoc decisions** rather than functioning as a repeatable commercialization pathway.

Context: Policy development around university entrepreneurship is advancing faster than institutional practice on spin-off creation. The Ministry of Education and Science (MoES) and USF have been actively **promoting the university-startup agenda** through a national network of startup schools, incubators, and accelerators; in December 2025, the Ministry stated that Ukraine already had 23 startup schools in 16 regions, of which 6 will receive

state funding[370]. A major part of this methodological push has come from YEP Accelerator: through its Entrepreneurial University initiative, YEP works with 96 universities and more than 9,000 students and, together with the Ministry and partners, has been developing **practical tools for startup support inside universities, including a two-year pilot of university startup studios**[371]. However, interview evidence suggests that **the core bottlenecks for spin-off creation remain unresolved in practice**. The IP Office highlighted **weak spin-off culture, the absence of standard licensing and spin-off models, unclear ownership of collaborative research results, and budget-law barriers** that complicate commercialization of publicly funded IP. The survey data make this gap more concrete from the user perspective: among startups with a university or research link (29 respondents), 65.5% reported that university **commercialization mechanisms either do not work or work only partly**. More specifically, 44.8% cited lengthy administrative procedures, 37.9% the absence of a clear contact point, 24.1% unfavorable terms for startups, and 17.2% uncertainty regarding rights to results.

Ecosystem impact: Weak spin-off frameworks and the lack of proper incentives **reduce the conversion of university research into startups,** preventing Ukraine from effectively translating its talent pool into commercial ventures. Fewer university spin-offs result in a weaker pipeline of science-based and deep-tech startups, diminishing the return on public investment in research. Over time, this reduces the role of universities in the broader startup ecosystem and weakens one of the main channels through which research contributes to economic growth. As a result, **the ecosystem loses potential high-value startups** that could otherwise emerge from university research if institutional pathways were clearer and more supportive.

Back to the “Support Infrastructure (Soft)” summary ⬆️

Shortage of business expertise in university-based startup programs			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Operational	Medium	Medium	SNS2 “Attracting and Retaining Talent” (2.2)

Problem: University-based startup programs in Ukraine often **lack sufficient business expertise** to support the transition from academic ideas to commercially viable ventures. These programs are typically led by **academic staff** with technical or research backgrounds

[370] Україна формує національну політику університетських інновацій | Міністерство Освіти і Науки України

[371] Entrepreneurial University | YEP Incubator

but **limited experience in startup creation, sales, fundraising, or market entry**. As a result, **startup programs**, while being relatively strong in technical development of the innovations, **lack practical business components** such as customer development, go-to-market strategy, and fundraising. **Limited access** to business **mentors**, **investors**, and **corporations** further constrains the ability of these programs to provide hands-on guidance.

Context: Insufficient development of the business and entrepreneurial component in university education and startup support was consistently confirmed during the interactions with ecosystem actors. **The focus group** on the commercialization of university innovations revealed that startup **teams often lack practical business knowledge and access to experienced external business professionals** needed to commercialize ideas successfully. Participants agreed that the problem lies not in the formal design of support programs, but in the **limited practical business expertise of those delivering them**. In many cases, program managers and university staff have not gone through the entrepreneurial journey themselves and therefore **can provide mostly theoretical guidance at best**. As a result, existing startup programs are often delivered weakly, while in some cases, universities do not attempt to launch such programs at all because they lack the expertise to run them effectively. The focus group on access to funding confirmed that many **founders remain focused on the product or technology while underdeveloping the business side**. Although some progress has recently been made through more practical business courses, interviews, and focus groups still pointed to the **weak entrepreneurial culture among scientists** (IP Office, WINWIN), poor quality of the business component in grant applications (WIN2EDIH), and the overall **limited capacity of universities to provide effective business training** (Eastern EDIH).

Ecosystem impact: Lack of business expertise in university-based startup support programs significantly **reduces the conversion of research and student ideas into viable startups**. As a result, universities contribute less effectively to the national startup pipeline, and the ecosystem **loses potential founders at a very early stage**, before they become visible to accelerators, investors, or support programs outside the university. The gap affects not only the quantity, but also the **quality**, of startups emerging from universities, as teams enter the ecosystem with **weaker business models, weaker market understanding, and lower fundraising readiness**. Consequently, even those startups that do emerge often **lack the business acumen needed to convert ideas into commercial success**. Overall, the lack of business expertise acts as a **key bottleneck preventing academia from serving as a strong source of the Ukrainian startup ecosystem pipeline**.

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2.4.6 Access to markets

SUMMARY TABLE

Gap name (clickable)	Type
🔗 Lack of structured market-access programs for startup internationalization	Policy/Operational
🔗 Limited international commercialization pathways for defense-tech solutions	Regulation
🔗 Lack of IP management and technology transfer capacity in universities and research institutions	Operational
🔗 Insufficient support for Ukrainian startups to participate in international exhibitions and trade fairs	Operational
🔗 Insufficient domestic demand for innovations	Market
🔗 Low international connectedness of the Ukrainian startup ecosystem constraining foreign market entry and scaling	Market

Lack of structured market-access programs for startup internationalization			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Policy/Operational	Medium	Medium	-

Problem: Ukrainian startups are largely oriented toward foreign markets, but the ecosystem lacks structured support for international market entry. **There are no sufficiently developed or consistently available instruments** such as study tours and soft-landing missions that would provide startups with a clear and sustained pathway from initial market exploration to commercial entry and scaling. Support for internationalization is **limited, ad hoc, and fragmented**, rather than organized as a coherent progression of activities. As a result, startups are often left to enter foreign markets **on their own** or piece together their own internationalization route from isolated opportunities, which increases the burden on founders and leaves many teams **without sustained support** for entering foreign markets.

Context: The limited scale and fragmented nature of market expansion programs is evidenced by the **challenges in international market entry** consistently reported by startups. A survey by Gradus Research conducted for Web Summit **2023** found that

searching for customers and new markets was one of the key challenges for Ukrainian startups, cited by **46%** of respondents[372]. These findings are reinforced by the startup survey conducted in early 2026: **47%** of respondents identified **finding clients and entering markets** as the second most acute issue. Market access emerges as nearly as acute a constraint as capital access, suggesting that **even well-funded startups face fundamental commercialization barriers**. The survey data on the **shortcomings of existing support programs** further reinforces this conclusion: 17% respondents reported a lack of practical support for sales and market entry, while 18% respondents highlighted insufficient opportunities for international market access as key gaps in the current ecosystem support infrastructure. The issue of insufficient support for international market expansion was also confirmed by stakeholders involved in the focus group on access to funding.

Ecosystem impact: Underperformance of international market expansion programs places a **higher burden on founder**s, who must navigate foreign markets and build local networks largely on their own, investing time and effort that could otherwise be allocated to product development and core business activities. As a result, market expansion, similarly to fundraising, often becomes a primary focus of founders, **increasing the overall cost of internationalization**. At the same time, startups are more likely to make **market-entry mistakes** due to the lack of structured guidance. Fragmented support further **reduces continuity**: startups may receive one-off support through delegations or events, but lack follow-on assistance for lead conversion, partnership development, or actual commercial entry. As a result, the **return on public and donor-funded internationalization support is reduced**, as isolated activities do not consistently translate into sustained market presence. The absence of structured market-access programs also **weakens the development of a predictable scale-up pipeline into foreign markets**, ultimately limiting the ecosystem's ability to systematically generate export-oriented growth, international partnerships, and foreign revenue across a broad base of startups.

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Limited international commercialization pathways for defense-tech solutions			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Regulation	High	High	SNS5 "Innovation in Procurement" (5.1, 5.2) SNS4 "Innovation in Regulation" (4.1)

[372] Як розвиваються стартапи в Україні в умовах війни? | Gradus Research

Problem: Even when Ukrainian defense-tech solutions are validated domestically, the pathway from battlefield-tested product to international showcase, partner engagement, export structuring, and commercial scale-up **remains underdeveloped**. As the export of military production is **practically prohibited by a state**, companies face **difficulty** taking real defense-tech products abroad, converting validation into trusted international demand, and building repeatable channels for foreign commercialization. This is especially problematic for **software and dual-use solutions**, where export and transfer rules remain less clear than for conventional hardware.

Context: In an interview, EIT Community Hub has noted that it is difficult to take defense-tech abroad to exhibitions and that companies often bring **mock-ups instead of real samples**, which weakens international demonstration and partner engagement. Farsight Vision added that export of dual-use software remains insufficiently regulated, **leaving software miltech companies in legal uncertainty** even where export is formally possible. This gap is compounded by the fact that exports of military products remained **effectively closed for most Ukrainian producers** throughout the full-scale war, and only in 2026 did Ukraine begin restoring a controlled export mechanism: in early 2026, the first export licenses were issued again after the resumption of the Interdepartmental Commission on Military-Technical Cooperation and Export Control, while the industry was still describing the regulatory pathway as **complex and difficult to navigate**, especially for smaller and newer firms [373]. The Ukrainian government is actively promoting Build in Ukraine / Build with Ukraine as a route to international industrial partnerships and overseas production cooperation, while public analysis notes that Ukraine is moving to open foreign markets and that defense companies now need to build real export readiness rather than rely only on battlefield credibility [374].

Ecosystem impact: This gap **weakens the commercial return** on defense-tech validation. Startups may prove that a product works in Ukraine, but still **struggle to convert that proof** into export contracts, strategic partnerships, foreign investment, or co-production opportunities. As a result, international scaling remains **literally nonexistent**, and more legally uncertain than it should be. This is particularly costly for a sector where foreign partnerships may be the **main route to long-term scale and capital gains.** Ukraine risks generating globally relevant defense innovations without **building an equally strong pathway** for international market transfer and value capture.

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Lack of IP management and technology transfer capacity in universities and research

[373] Ukrainian Companies Receive First Weapons Export Licenses | Militarnyi

[374] Build in Ukraine: An Initiative Driving the Localization of International Companies in Ukraine | Ministry of Defense of Ukraine

institutions			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Operational	Medium	Medium	SNS5 “Innovation in Procurement” (5.4)

Problem: Ukrainian universities and research institutions face a **significant shortage of professionals with IP management and technology transfer expertise**. In practice, IP management is still too often treated as an **administrative or legal formality** rather than as a strategic commercialization function, while academic salary levels and institutional incentives are **not sufficient to attract or retain professionals** with market-level expertise in licensing, valuation, deal structuring, and technology transfer.

Context: Interview data from the IP Office confirmed this gap, noting that universities and research institutions **lack the specialist capacity needed** to provide consistent support for licensing, spin-offs, and research commercialization. This is further reinforced by the perception that IP is a **formal legal barrier** rather than a monetizable business asset, leading universities to treat Technology Transfer Offices (TTOs) as a formality. WIN2EDIH added a practical institutional angle, noting that **patent maintenance itself creates an excessive financial burden** for universities, which discourages them from even keeping IP properly on their balance sheets. **Low salaries in the universities**, which drive portfolio employment and reduce the time available for structured IP management activities, compound the shortage. Survey patterns are consistent with this institutional weakness: the relatively **low rate of university-startup collaboration** (26% of respondents) and the **low IP registration rate** (35% of respondents) both point to limited commercialization capacity around university-linked innovation.

Ecosystem impact: Without IP management specialists, research outputs **cannot be systematically identified, protected, and commercialized**, creating a major blockage in the university-startup-market pipeline. Even when researchers develop commercially relevant technologies, the lack of support for **patenting strategy, licensing, ownership structuring, and spin-off formation** leaves commercialization dependent on **individual initiative rather than institutional capability**. This is particularly damaging for deep-tech and science-based ventures, where investability often **depends on a credible IP position** and clear transfer arrangements. As a result, universities generate fewer spin-offs and licensing deals, while investors face **higher transaction complexity and lower confidence** in university-origin technologies.

Back to the “Access to Markets” summary ⬆️

Insufficient support for Ukrainian startups to participate in international exhibitions and trade fairs

Gap type	Impact	Urgency	Relevant SNS
Operational	Medium	Medium	-

Problem: Ukrainian startups **struggle to finance participation** in international exhibitions and trade fairs. While the ecosystem does organize startup delegations to major international events, these efforts remain **limited in scale and coverage**. A key bottleneck is **insufficient funding**, which prevents such initiatives from expanding in line with growing demand from Ukrainian startups for international market entry. At the same time, the ecosystem lacks a **single umbrella mechanism** that would systematically organize and co-finance participation of early-stage startups in international exhibitions and trade fairs across industries.

Context: Participation entails multiple cost components that exceed the capacity of early-stage companies. Booth space and basic stand construction at European fairs typically range from €200 to €600 per square meter, meaning that even a modest 9 m² stand can cost €2,000–€5,000 for space alone, while the total package, including standard furnishings and graphics, frequently reaches €10,000–€20,000, not including travel and accommodation expenses for team members[375]. As a result, **many founders forgo participation** altogether, despite strong evidence that trade fairs significantly enhance lead generation, partnership building, and international visibility[376]. Although several national and EU-supported instruments partially address internationalization, **support for exhibition participation remains fragmented and limited in scale**. Initiatives such as the USF's international delegations, national pavilions organized by the Export Promotion Office and Diia.Business, and the Ukraine-Ready4EU program provide important but selective opportunities, often **covering only a portion of costs** or targeting specific sectors and calls.

Ecosystem impact: Limited participation in international exhibitions and structured market entry programs **weakens the direct engagement of Ukrainian startups with international innovation ecosystems**. As a result, Ukrainian founders **build fewer** cross-border partnerships, **attract lower** volumes of foreign investment than their potential would allow, and **generate fewer** international sales. This constraint is particularly significant given that foreign markets constitute **the primary growth vector for most Ukrainian startups**. Lack of funding opportunities also incentivizes Ukrainian founders to resort to alternative pathways, including applying to foreign accelerators that bundle market access with visa support or relying on personal savings to self-fund international exposure. In a nascent ecosystem such as Ukraine's, where internal revenues remain limited and private marketing budgets are scarce, the absence of financial support for exhibition participation **directly constrains internationalization and limits startups' ability to scale** beyond the domestic market.

[375] Trade Show Booth Costs: A Complete Guide | Lindsay Exhibits

[376] A Study on the Impact of Trade Shows on International Market Expansion | International Journal for Multidisciplinary Research

Back to the "Access to Markets" summary ⬆️

Insufficient domestic demand for innovations			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Market	High	Medium	-

Problem: Ukraine's domestic **market** is relatively **small and financially constrained**, so innovative products often find few buyers at home. Ongoing wartime disruption further suppresses corporate spending on new technologies, while many larger customers tend to **rely on established global providers rather than adopt solutions from local startups**. At the same time, **public procurement remains difficult for new entrants to access**, further limiting domestic demand. Ukraine's position outside the EU single market also makes the domestic market structurally **less open and less integrated than the EU markets**. As a result, Ukraine is often used as a space for **early testing**, **but not as a strong enough home market to support continued growth.**

Context: The limited capacity of the domestic market to support commercial expansion, and its primary role as a space for testing and validation, is reflected in the **strong orientation of Ukrainian startups toward foreign markets**, which becomes more pronounced as startups mature. This observation has been confirmed by numerous startup surveys in Ukraine. According to the PUSB 2023 survey of 161 Ukrainian startups, **3 out of 4 Ukrainian startups prioritize foreign markets** in their development strategy[377]. Our survey of mostly **early-stage** startups as of the beginning of 2026 confirms the same pattern. Although the share of startups oriented toward international markets is lower, this can be explained by the earlier-stage nature of the sample. In the survey, **71% of respondents listed Ukraine as their primary market**, but **37% listed the EU and 22% the USA**, indicating the strong international market orientation even at early stages. The market access barrier, cited by 47% of respondents, is consistent with the difficulty of navigating international markets without adequate support.

Ecosystem impact: Weak domestic demand **limits opportunities for local pilots, early sales, and product validation**, increasing pressure to **seek commercial traction abroad earlier** than many teams are ready for. This pressure often significantly **increases the risk of failure** in foreign markets, as products may not be sufficiently adapted or commercially tested. Startups that achieve early traction abroad increasingly **shift operations, partnerships, and strategic focus outside Ukraine**, reducing the share of value captured within the domestic ecosystem. At the same time, startups often **develop products primarily for foreign markets**, frequently bypassing the domestic market altogether, which limits the availability of innovative solutions for Ukrainian businesses, particularly large corporations.

[377] Startups and business ecosystem: Ukraine PUSB Report 2023 | Startup Bridge

The long-term result for the ecosystem is a **weaker domestic scale-up pipeline and lower diffusion of innovation** within the Ukrainian economy.
Back to the "Access to Markets" summary ⬆️

Low international connectedness of the Ukrainian startup ecosystem constraining foreign market entry and scaling			
Gap type	**Impact**	**Urgency**	**Relevant SNS**
Market	High	Medium	-

Problem: Despite the strong international orientation among founders, the Ukrainian startup **ecosystem remains weakly embedded in cross-border investor, corporate, and innovation networks**. The ecosystem itself is relatively **young and structurally constrained**, which limits the depth and scale of its connections with other international startup ecosystems. The resulting lack of connectivity limits startups' access to trusted contacts, market knowledge, commercial partners, and reputational channels needed to enter and scale in foreign markets.

Context: Ukraine's relatively low level of international connectedness, both with other economies in general and with startup ecosystems in particular, is confirmed by multiple studies. One of the most representative is the DHL **Global Connectedness Index**, which measures the depth and breadth of cross-border flows of trade, capital, information, and people. In this index, Ukraine ranks **56th**, placing it far from the cluster of highly connected leading tech economies and instead around the middle of the developing-country group[378]. This positioning points to limited integration into global innovation, investment, and business networks.

Ecosystem impact: Limited international connectedness significantly **increases the barriers startups face when entering foreign markets**, as the ecosystem does not equip them with sufficiently strong networks and connections to facilitate this process. As a result, international **expansion depends too heavily on individual founder effort**, personal contacts, or **relocation abroad** rather than on ecosystem-enabled pathways. This shortfall also **raises the cost of internationalization**, as founders must invest substantial time and resources in identifying, reaching, and developing relevant foreign contacts on their own.

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[378] Composite Indicators and Scoreboards: Ukraine | European Commission Joint Research Centre

3. RECOMMENDATIONS

3.1 INTRODUCTION TO THE RECOMMENDATION AGENDA

3.1.1 Purpose and structure of the recommendation agenda

The recommendations section represents the **final analytical step** in a sequence that began with the assessment of Ukraine's startup ecosystem and benchmarking against ESNA's Startup Nations Standards, and then moved into a structured diagnosis of the main barriers affecting the Ukrainian startup ecosystem. The earlier analytical sections established the baseline for examining Ukraine's startup ecosystem against ESNA's Startup Nations Standards and against the broader realities of startup creation, financing, talent, support infrastructure, and market access in wartime conditions. The gap analysis then translated that evidence into a set of validated problem statements and showed where constraints are regulatory, policy-related, operational, design-related, or market-driven. The purpose of this section is to **convert the diagnosis into a set of actionable recommendations** that can guide prioritisation, sequencing, and later implementation planning.

The recommendations draw on the same **evidence base** used throughout the analysis. That base combines: desk research; 11 key informant **interviews**; a startup **survey** of 110 respondents; and three thematic **focus groups** on access to finance, university commercialisation, and ecosystem coordination. These sources were used to distinguish individual complaints from recurrent, system-level constraints and form the evidentiary foundation for the recommendation agenda. The recommendations therefore emerge from a combination of documented patterns in the Ukrainian ecosystem, ESNA benchmarking, and validated examples of good practice.

Each recommendation is linked to a validated gap or to a group of closely related gaps. Many of the proposed actions also correspond to specific ESNA sub-standards, yet the recommendation agenda is not structured as a simple walk-through of SNS #1 to SNS #8. The architecture used in this section follows the ecosystem logic developed throughout the analysis and, at the same time, preserves ESNA links within the recommendation tables.

The recommendations section is organised around **five main parts**. The **introduction** explains the purpose of the recommendation agenda and its place within the overall analytical logic of the report. The **methodology and recommendation architecture** section sets out the logic used to structure, classify, and prioritise the recommendations. The **priority recommendations package** then presents the shortlist as the core set of recommendations selected for deeper analysis, followed by detailed descriptions of each shortlisted recommendation across

governance and regulation, access to finance, access to talent, support infrastructure, and access to markets.

The section then provides a **roadmap for shortlisted recommendations**, organizing them across short-, medium-, and long-term implementation horizons. Finally, the **recommendations longlist** presents the full recommendation portfolio across the same ecosystem dimensions, capturing the broader set of measures identified through the assessment, gap analysis, stakeholder consultations, and best-practice review.

3.1.2 Methodology and recommendation architecture

The recommendation architecture **follows directly from the analytical structure established in the preceding sections.** The analysis relied on two connected lenses: examining Ukraine's position under the ESNA framework and looking more broadly at how the ecosystem functions across its main interfaces with startups: governance and regulation, finance, talent, support infrastructure, and markets. Because ESNA benchmarking captures primarily the maturity of the formal policy environment, the dual approach allows for capturing frictions that are highly consequential for founders but not always visible in the benchmark itself. The gap analysis converted this framework into structured diagnosis. It classified constraints by type, assessed them by impact and urgency, and located them within a comparative gap matrix. The recommendation agenda builds on those **validated gaps** and follows **the same ecosystem map, the same typology, and the same evidentiary base**.

The recommendations are presented across **five interconnected ecosystem dimensions**:

- Governance and regulation;
- Access to finance;
- Access to talent;
- Support infrastructure (soft support infrastructure and hard support infrastructure);
- Access to markets.

The recommendation logic rests on two **core rules**. Each recommendation names a single concrete, narrow reform object or programmatic action (the "one action per initiative" principle) and corresponds either to one validated gap or to a closely related group of gaps where several gaps point to the same bottleneck that a single policy action could address in a coherent way.

The recommendations are structured into a **longlist** and a **shortlist**. **The longlist** captures the full reform agenda emerging from the gaps assessment. It is broad by design and includes measures whose timing, complexity, or institutional pathway differ substantially. **The shortlist narrows** the broad agenda to the recommendations that are most strategic, most realistic for the next phase of policy discussion, and most relevant for implementation planning. The relationship between the two lists is sequential: the longlist gives the full field of reform needed, whereas the shortlist identifies where near-term attention can be concentrated first.

3.1.3 Typology and categorization used in the recommendation tables

Longlist. The categories used in the longlist include:

- **Recommendation title** — identifies the reform action in its shortest useful form.
- **Ecosystem dimension and sub-category** — locate the recommendation within the overall architecture of the report. The dimension identifies the part of the startup ecosystem where the recommendation sits, whereas the sub-category narrows that location into a coherent reform cluster. The main dimensions used in the materials are the five ecosystem dimensions discussed above (governance and regulation, access to finance, access to talent, soft support infrastructure, hard support infrastructure, and access to markets). Within them, the sub-categories identify the practical policy area, for instance, strategic governance, angel investments, startup pipeline support, university commercialization, access and operating models for infrastructure, international market entry support, etc.
- **Gaps addressed** — indicates which gap(-s) the recommendation answers.
- **Ease of implementation** — provides an estimate of reform difficulty via three parameters:
    - ***High (Easy)*** refers to measures with relatively straightforward delivery conditions, limited legal complexity, or manageable coordination requirements;
    - ***Medium*** refers to measures that are feasible but need more than one actor, more design work, or more sustained resourcing;
    - ***Low (Hard)*** refers to measures that involve legislative change, politically difficult choices, substantial institutional coordination, or more demanding financing and implementation conditions.
- **Impact** — refers to the significance of the recommendation for the ecosystem if implemented successfully:
    - ***High*** indicates reforms with system-wide effects, reforms that unlock several downstream changes, or reforms that address one of the core bottlenecks identified in the gap analysis;

- ***Medium*** refers to reforms with narrower or more bounded effects, even if they remain important for a specific stage of the startup lifecycle or a specific reform cluster;

- ***Low*** refers to recommendations that are more incremental in nature. At the same time, the report relies mainly on High and Medium parameters.

- **SNS impact** — records the relationship between the recommendation and the ESNA benchmark. For some recommendations, the connection is direct and tied to a named sub-standard. For others the effect is indirect: the recommendation improves the conditions under which an SNS-related policy area can function, but the relevant change would not be captured by one scored indicator. Such recommendations carry the "No direct SNS indicator impact" labeling, accompanied by the analytical explanation of how they would enhance the ecosystem performance in ways that ESNA does not score directly.

- **Driven by** — identifies the dominant implementation logic and actors:

  - ***State-driven*** recommendations depend primarily on legislation, secondary regulation, Cabinet of Ministers decisions, or action by public institutions;

  - ***Donor-driven*** and/or ***private-driven*** recommendations are more likely to emerge through donor support, ecosystem intermediaries, investor groups, universities, or private operators;

  - ***State- and donor-driven*** recommendations combine public ownership with donor financing, technical assistance, or co-delivery.

Shortlist. Another set of assessment fields is applied across the shortlisted recommendations' portfolio:

- **Time horizon** — indicates the place of the recommendation in the likely sequencing of reform and sets the prediction of completion dates, taking into account institutional readiness, legal dependencies, fiscal feasibility, and the time needed for implementation to become meaningful in practice:

  - ***Short-term (0-12 months)*** is used for recommendations that can be initiated within the current policy cycle, usually because the reform route is already visible, the institutional entry point is known, or much of the required groundwork is already in place;

- ***Medium-term (1-3 years)*** is used where implementation depends on prior enabling steps that are unlikely to be completed within the immediate cycle. These may include adoption of framework legislation, preparation of secondary regulation, budget alignment, institutional capacity-building, technical design work, or coordination across several actors. In such cases, preparatory work may begin earlier, but meaningful rollout is expected only after that initial groundwork;

- ***Long-term (3+ years)*** is used for recommendations whose implementation horizon is shaped by deeper structural constraints. This includes reforms that depend on substantial capital investment, multi-year institutional transformation, gradual market maturation, or a sequence of earlier reforms before they can generate meaningful results. These recommendations remain strategically important, but their implementation logic extends beyond the immediate and medium-term reform cycles.

- **Expected outcomes** — describes the practical changes the recommendation is intended to produce, such as clearer legal categories, more predictable commercialization pathways, a more credible early-stage funding ladder, better coordination, or more structured internationalization support.

- **Lead actors** — names the institutions or actor groups that would need to move the recommendation forward;

- **Best practice reference** — identifies a relevant comparative example that helps situate the recommendation within existing international practice. The reference may point to a policy instrument, institutional model, legal mechanism, funding scheme, or delivery format that has already been used in another ecosystem and is relevant for the recommendation at hand. Its purpose is to show that the proposed action is grounded in an identifiable practice, to clarify possible design options, and to support later adaptation to the Ukrainian context.

3.2 PRIORITY RECOMMENDATIONS (THE SHORTLIST)

SUMMARY TABLE

Recommendation name (clickable)
GOVERNANCE AND REGULATION
Strategic governance
🔗 Refine, adopt, and enact Draft Law No. 13715 as the flagship legal framework for startup policy, with a complete startup-specific legal vocabulary in primary law
🔗 Continue WINWIN as Ukraine's umbrella innovation framework and integrate a clearer startup-policy layer into the next iteration of its operational plan
Institutional architecture and capacity
🔗 Enhance the institutional capacity of USF to act as a central ecosystem coordinating body with clearly defined responsibilities and sufficient operational resources
🔗 Establish a public startup data and monitoring system under USF, with a standardized methodology, regular publication, and technical contributions from ecosystem partners
Legal and regulatory reforms
🔗 Formalize the AI/blockchain sandbox pilot into a permanent regulatory experimentation mechanism and expand it to new sectors
IP and research commercialization
🔗 Support the rapid adoption of the Science City law as an enabling framework for science parks combining targeted incentives and a basis for collaboration instruments
🔗 Amend the Public Procurement Law to introduce an innovation partnership procedure and a startup-eligible supplier category with adapted thresholds
ACCESS TO FINANCE
Angel investments
🔗 Launch an annual Angel Investor Academy for Ukrainian HNWIs
Venture capital market
🔗 Launch a matching grants facility for startups that secure private investment
🔗 Establish a state-backed co-investment facility to crowd in private capital into Ukrainian startups

Grant funding architecture
🔗 Introduce a USF-managed smart grant support anchor program with differentiated funding tracks by development stage (pre-seed / seed) and by industry focus aligned with WINWIN strategy priorities
ACCESS TO TALENT
Education and startup readiness
🔗 Strengthen and expand the national network of university-based startup schools, incubators, accelerators through a common quality framework, upgraded methodologies, and a dedicated capacity building program
🔗 Develop a national future skills strategy for priority innovation sectors, aligning university education with the talent needs of Ukraine's strategic technology areas
🔗 Raise national awareness of entrepreneurship by launching a media-broadcast startup acceleration and competition show, culminating in nationwide public voting to select the winner
SUPPORT INFRASTRUCTURE (SOFT)
Startup pipeline support
🔗 Launch a continuous country-wide "Idea-to-Startup" incubation program
🔗 Launch sector-specific acceleration programs in priority civilian sectors identified in the WINWIN strategy
🔗 Strengthen startup support in the regions through enhancing local startup hubs
Ecosystem coordination
🔗 Create dedicated Centers of Excellence to drive innovations in strategic industries
SUPPORT INFRASTRUCTURE (HARD)
Infrastructure modernization
🔗 Scale a national network of regional startup-oriented prototyping labs
ACCESS TO MARKETS
International market entry support
🔗 Launch ecosystem bridge programs with new partner countries based on the UA-UK TechBridge model

🔗 Introduce a training program dedicated to internationalization with market entry follow-on vouchers for advisory services
Defense innovation commercialization
🔗 Develop and publish a defense-tech export step-by-step guide and establish a defense-tech export facilitation desk

3.2.1 Governance and regulation

Refine, adopt, and enact Draft Law No. 13715 as the flagship legal framework for startup policy, with a complete startup-specific legal vocabulary in primary law	
Horizon	**Relevant SNS**
Short-term	SNS4 “Innovation in Regulation” (4.1, 4.2) SNS5 “Innovation in Procurement” (5.1)

Background: Ukraine’s startup-policy environment still operates without a sufficiently stable legal vocabulary. The legislation lacks a formal definition of “startup” and codified categories for startup stages and support formats, which means that public instruments, support programs, and policy actors continue to rely on inconsistent eligibility logic and improvised proxy criteria. **Draft Law No. 13715 "On Support and Development of Innovation Activity"** offers a timely opportunity to address this gap through a single, coherent legislative framework for the innovation economy. The draft law, already adopted in first reading by the Verkhovna Rada, provides a strong foundation for establishing a startup-specific legal framework in Ukraine; before it proceeds to second reading, there is an opportunity to make it more complete and more durable as the **flagship legal framework for startup policy**, and then to adopt and enact it in that strengthened form.

Design: The purpose of this recommendation is to ensure that the final text contains the full set of core categories that other public instruments will need to rely on directly. In practical terms, the law should codify a more complete and internally coherent startup-policy vocabulary at the level of primary law. At a minimum, this includes a **clearer and more stable definition of “startup,”** an **explicit definition of “scale-up,”** a **cleaner distinction between startup stages** expressed also in functional alongside investor-round terms, and **clearer functional definitions of support formats such as “incubators” and “accelerators.”** The **relation between “startup,” “innovative enterprise,” and broader SME categories** should also be clarified so that future public instruments can apply these terms consistently across funding, procurement, data collection, and support measures. This approach would allow Draft Law No. 13715 to function as a genuine flagship framework rather than as a partial law that later requires multiple secondary acts to reconstruct its core concepts.

Secondary legislation would still be needed, but its role would remain technical and implementation-oriented. Once the draft law is adopted, the implementation package should therefore be launched through a Cabinet-level implementation instruction or action plan immediately after adoption of Draft Law No. 13715. This instruction should identify the startup-relevant secondary acts, responsible institutions and deadlines, and should go beyond the narrow alignment of existing technopark and innovation-project regulations. The central follow-on act should be a Cabinet of Ministers resolution **approving the procedure for recognition or confirmation of startup and scale-up status** and, if a registry model is

chosen, the procedure for forming and maintaining a **startup register.** This procedure should define the competent body or operator, the digital application channel, the data and evidence to be submitted, automatic verification through state registers and information systems where possible, grounds for return or refusal, appeal mechanisms, change-notification duties, validity and renewal rules, cessation or annulment of status, issuance of a certificate, and public registry fields with safeguards for commercially sensitive data.

A second layer of secondary acts should adapt state-support and ecosystem instruments to the new startup-policy categories. This should include Cabinet-level rules or amendments to existing procedures on **innovation grants, innovation vouchers, preferential lending, guarantees, innovation partnerships and procurement pilots**, so that startup and scale-up status can be used consistently for eligibility, prioritization, reporting and monitoring.

Gaps addressed:

- GR-01: No startup terminology in legislation (High/High);
- AF-18: Traditional bank lending criteria block startups in part because the legal framework does not recognize startups as a distinct category (Medium/Low).

Expected outcomes:

- Improved operability of SNS4-related reforms by giving the state a formal startup-policy subject;
- A more complete and internally coherent startup-specific legal vocabulary in legislation;
- Clearer distinctions between startup, scale-up, startup stages, and startup support formats;
- Reduced need to recreate core concepts later through fragmented bylaws, program rules, and institution-specific definitions;
- A stronger legal basis for startup-specific measures in finance, procurement, ecosystem support, and data collection.

Lead actors: Ministry of Digital Transformation (policy development lead), Verkhovna Rada Committee on Digital Transformation, Ministry of Economy, Ministry of Education and Science, Ministry of Finance, Ukrainian Startup Fund (technical ecosystem input).

Best practices: Relevant comparators show that core startup categories are usually fixed in primary law, while recognition, certification, and administrative procedures are left to secondary regulation. **Portugal's** Law No. 21/2023[379] defines both startups and scale-ups in primary legislation, while Order No. 401/2023[380] operationalizes recognition through Startup Portugal and an electronic procedure. **Spain** follows a similar logic: Law 28/2022[381] on the promotion of the ecosystem of emerging companies defines the legal category of "empresa

[379] Law No. 21/2023, of May 25

[380] Order No. 401/2023, of December 4

[381] Law 28/2022, of December 21, on the promotion of the ecosystem of emerging companies.

emergente" and statutory eligibility criteria, while the National Innovation Company (ENISA) certification and Order PCM/825/2023[382] specify the accreditation process. **Italy's** Decree-Law No. 179/2012[383] is also relevant because it places innovative startups and certified incubators/accelerators within a dedicated legal architecture and distinguishes them from innovative SMEs. A horizontal reference is the **EU General Block Exemption Regulation** (Commission Regulation (EU) No. 651/2014)[384], Article 2(80), which defines "innovative enterprise" through expert assessment and R&D-intensity criteria. The Ukrainian draft follows this logic in its core structure: its definition of "innovative enterprise" closely reflects both criteria. At the same time, the draft includes a further criterion of its own, linked to the actual development and implementation of at least one new or substantially improved product, process, or other innovation during the statistical observation period.

Together, these examples support the Ukrainian approach of fixing the core concepts of "startup," "scale-up," "innovative enterprise," and adjacent SME categories in law, while leaving technical recognition and administration to bylaws; at the same time, Ukraine still requires a clearer and more explicit delineation between the three categories to make the approach more efficient.

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Continue WINWIN as Ukraine's umbrella innovation framework and integrate a clearer startup-policy layer into the next iteration of its operational plan

Horizon	Relevant SNS
Short-term	SNS8 "Digital First" (8.1.3)

Background: The WINWIN Strategy is already an important policy anchor for innovation and digital development in Ukraine. It sets the broader direction, identifies priority sectors, addresses coordination weaknesses, and includes startups in several parts of the strategy and operational plan. At the same time, **startup policy within WINWIN remains dispersed across wider innovation, research, infrastructure, and sectoral priorities**. The current framework does not yet present startups as a sufficiently distinct policy layer with its own delivery logic, measurable targets, and cross-government implementation architecture. At the same time, the current legal framework already requires preparation of the next iteration operational plan for the next 2028-2030 cycle, which creates a practical entry point for this work without reopening the existing strategy now.

[382] Order PCM/825/2023, of July 20, which regulates the criteria and procedure for the certification of emerging companies

[383] Decree no. 179/2012 introduces measures aimed at promoting the creation and development of startup companies

[384] Commission Regulation (EU) No 651/2014 of 17 June 2014

Design: The recommendation is therefore that **the next planning iteration of WINWIN should retain the strategy as the umbrella framework and make startup policy more visible within it.** The new operational plan should translate that layer into a practical delivery matrix with named institutional owners, startup-specific actions, and measurable targets. In practical terms, the next iteration should add a small but clear set of startup-specific priorities that are currently underdeveloped or too diffuse in WINWIN. These should include, at a minimum: a **startup-policy delivery matrix** across the main responsible institutions; **startup-specific KPIs** and monitoring indicators; a clearer treatment of **startup finance across stages**; a more explicit **pathway from startup creation to scale-up and internationalization**; the role of **startup-relevant public procurement and regulatory experimentation**; **startup ecosystem data** and reporting; and a clearer place for **startup support infrastructure**, including incubators, accelerators, university commercialization pathways, and regional startup development. The objective is not to turn WINWIN operational plan into a startup-only document, but to ensure that startups are no longer treated only as one element scattered across broader sectoral and innovation measures.

Gaps addressed:

- GR-15: Fragmented innovation governance (High/Medium).

Expected outcomes:

- Continuity of WINWIN as the main innovation policy framework without creating a parallel startup strategy.
- A clearer startup-policy layer within the next WINWIN operational planning cycle.
- Better alignment between legal definitions, support instruments, sector priorities, and implementation responsibilities.
- A more visible and more manageable startup-policy architecture across government.

Lead actors: Cabinet of Ministers of Ukraine, Ministry of Digital Transformation, Ministry of Education and Science, Ministry of Economy, Ministry of Finance, Ukrainian Startup Fund, with support from ecosystem experts and development partners

Best practices: Spain and Japan demonstrate how startups can be embedded in broader national strategies while still receiving a distinct implementation layer. **Spain's** Estrategia España Nación Emprendedora (Spain Entrepreneurial Nation Strategy)[385] treats startup development as a whole-of-government priority and connects it with entrepreneurship education, talent, investment attraction, regulatory improvement, public-sector tools, and territorial development. **Japan's** 2022 Five-Year Startup Development Plan[386] places startups within a wider growth and competitiveness agenda, but translates that priority into a dedicated multi-year plan with clear ambition-level targets, including expansion of startup investment. For Ukraine, both examples support keeping WINWIN as the umbrella innovation framework while adding a more explicit startup-policy layer in the next

[385] Spain Entrepreneurial Nation Strategy

[386] Section10. Startup Development Five-year Plan

operational plan, with named institutional owners, measurable targets, and time-bound implementation logic.

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Enhance the institutional capacity of USF to act as a central ecosystem coordinating body	
Horizon	**Relevant SNS**
Long-term	No direct SNS indicator impact

Background: Ukrainian Startup Fund is a Ukrainian public institution with direct ecosystem credibility, accumulated experience in early-stage startup support, and a recognizable interface with founders, donors, accelerators, and international partners. **Before the full-scale invasion, USF served as the primary public grant instrument for early-stage startups**, awarding 571 grants totaling over USD 11 million. **In ESNA-related analysis, Ukraine's strong performance on access to finance has also been linked to USF's role** in the national innovation-financing architecture. Since 2022, however, USF's operating environment and functional role have changed substantially. **The Fund's classic civilian grant program was suspended, while a significant part of its funding and delivery capacity shifted toward dual-use and defense innovation**, including support to BRAVE1-related instruments. At the same time, civilian startup support has become more dependent on co-funded donor programs and project-based opportunities rather than on a permanent nationally owned grant architecture. This creates **a risk that Ukraine's civilian early-stage startup pipeline remains under-supported between sporadic donor calls, defense-oriented instruments, and later-stage financing tools.** The institutional landscape is also becoming more complex. BRAVE1 has emerged as a central coordination platform for defense and dual-use innovation, but it is not institutionally separate from the USF architecture: it operates within the Innovation Development Fund umbrella, where USF also operates and functions as BRAVE1's funding partner. At the same time, the future National Development Institution is expected to operate as a second-tier financial institution focused on long-term recovery financing, MSME finance, infrastructure, guarantees, loans, and equity participation. These instruments are important, but they do not replace the **need for a dedicated early-stage civilian startup institution** that can coordinate ecosystem development, manage grant and pre-seed instruments, collect startup data, support partner communication, and maintain continuity across donor and state-funded programs.

Design: The recommendation calls for a clear functional mandate for USF, sufficient operational resources, and an institutional development strategy that defines what USF does, how it works with other public instruments, and what capacities it needs to deliver Ukraine's civilian startup-policy agenda. This should be implemented as a structured institutional strengthening package for USF, covering four components:

- **Clarify USF's functional mandate within the broader innovation-policy**

architecture. Define USF as the central civilian startup-support and ecosystem-coordination institution, responsible for early-stage grant and pre-seed instruments, donor and partner coordination in the civilian startup segment, startup portfolio monitoring, founder-facing support, market-access coordination, and analytical input into startup-policy design. The same exercise should clarify interfaces with BRAVE1, the National Development Institution, MoES, MinEconomy, and sectoral ministries.

- **Develop and approve a USF multi-year institutional development strategy.** The strategy should define USF's mission, target startup segments, priority functions, organizational structure, partner model, program portfolio, data-management role, internationalization role, KPIs, staffing needs, and funding model. It should also explain how USF will contribute to the implementation of WINWIN and priority civilian technology bets.
- **USF should receive a realistic operational resource plan.** The current model cannot be expected to deliver multiple national programs, donor coordination, ecosystem monitoring, international promotion, and portfolio management with a very small core team. The resource plan should therefore identify the minimum operating team needed for grant management, program design, data analytics, donor and partner relations, monitoring and evaluation, legal/compliance support, communications, and internationalization.

Gaps addressed:

- AF-09: Structural shortage of pre-seed capital (High/High);
- AF-15: Lack of idea-stage microfunding (Medium/Medium);
- AF-16: No permanent anchor grant program (High/Medium).

Expected outcomes:

- A clearly defined civilian startup-support mandate for USF within Ukraine's innovation-policy architecture;
- Reduced institutional ambiguity between USF, BRAVE1, NDI, and other public instruments, without forcing a politically premature institutional split;
- A multi-year USF institutional development strategy with defined functions, KPIs, staffing needs, platform needs, and partner model;
- Stronger operational capacity of USF to design, manage, monitor, and scale startup-support programs;
- Stronger continuity of civilian early-stage startup support, reducing dependence on fragmented donor calls and ensuring that early-stage founders have a visible institutional entry point;

Lead actors: Ministry of Digital Transformation, Ukrainian Startup Fund, Cabinet of Ministers of Ukraine.

Best practices: International comparators show that startup ecosystems benefit from a clearly identifiable public or semi-public institution that combines program delivery,

ecosystem coordination, data, and partner-facing functions. **Startup Estonia** operates as a governmental initiative within Enterprise Estonia and works with different stakeholders to connect sectors with the startup community. Its public interface also links ecosystem services, startup visa information, events, and the Dealroom database, showing how a small ecosystem can use a central public-facing platform to combine ecosystem visibility, data, and founder-facing navigation. **Startup Portugal** is relevant for the combination of startup recognition, programs, ecosystem mapping, and one-stop-shop functions. Its public platform brings together programs such as Startup Visa, Tech Visa, vouchers for startups, vouchers for incubators and accelerators, an ecosystem mapping platform, and a One Stop Shop that provides information for entrepreneurs and investors setting up operations in Portugal. **Enterprise Ireland** is a useful example of a well-resourced state agency that combines funding, capability development, and international growth support for high-potential startups. It supports High Potential Start-Up companies with innovative products or services for international markets, and its startup funding offer includes support for product or technology development, overseas growth, and funding of up to EUR 1.2 million. For Ukraine, these examples support strengthening USF not only as a grant administrator, but as a visible and sufficiently resourced ecosystem institution with a clear mandate, digital platform, and partner-coordination role.

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Establish a public startup data and monitoring system under USF, with a standardized methodology, regular publication, and technical contributions from ecosystem partners

Horizon	Relevant SNS
Short-term	No direct SNS indicator impact

Background: Ukraine lacks a **consolidated, methodologically consistent startup ecosystem data** infrastructure. Existing sources provide fragmented and sometimes conflicting signals on the number of active startups, accelerators, VC funds, support organizations, financing activity, sector distribution, regional distribution, survival, and follow-on growth. This **weakens evidence-based policymaking**, makes it **harder to assess** the real effects of public and donor-funded programs, and limits Ukraine's ability to **communicate ecosystem progress** credibly to partners and investors. At the same time, **USF already holds significant portfolio and program-level information**, but much of this data is collected manually and is not yet accumulated into a systematic public monitoring layer.

Design: The system should be developed as a **public startup data and monitoring function** under USF. Given USF's limited operational capacity, the system should be built in phases and should not start as a heavy new registry or fully fledged analytical platform. **The first phase should focus on a minimum viable data framework:** a standard methodology, a limited set of core indicators, a baseline dataset, and a simple publication format. The

methodology should define who is counted as a startup, scale-up, investor, accelerator, incubator, innovation hub, corporate innovation actor, and public or donor support program. The **initial indicator set** should remain manageable and focus on the most policy-relevant variables: number of startups, sector, region, stage, legal form, team size band, funding raised, grant or program participation, survival status, export orientation, and follow-on investment where available. **USF should act as the custodian and coordinator of the system, but not as the sole data producer.** Data collection should rely on a **mixed and partner-fed model**: USF portfolio data, voluntary startup profiles, structured submissions from accelerators and investors, donor and public program data, and selected market-intelligence sources such as Dealroom, StartupBlink, AVentures DealBook, DOU, BRDO, and other ecosystem datasets. To reduce administrative burden, partner inputs should use simple templates and a common taxonomy rather than complex reporting obligations. At the first stage, the system should publish **aggregated statistics**, a short methodology note, and a baseline ecosystem data brief. More advanced outputs, such as a public dashboard, deeper trend reports, or more frequent updates, should be introduced only after the methodology, partner data flows, and USF's internal data capacity are stabilized. Commercially sensitive company-level data should remain protected, and the system should avoid duplicating existing private or donor-led datasets.

Gaps addressed:

- GR-16: No consolidated startup data infrastructure (High/High).

Expected outcomes:

- A common methodology for measuring Ukraine's startup ecosystem;
- A baseline public dataset on startups, support organizations, funding, sectors, stages, and regional distribution;
- A more credible evidence base for startup-policy design, donor coordination, and USF programming;
- Reduced reliance on manually assembled and inconsistent ecosystem data;
- Improved ability to demonstrate the results of USF-supported and partner-supported programs;
- A foundation for a future public dashboard or more advanced startup observatory once USF's capacity and partner data flows are strengthened.

Lead actors: Ukrainian Startup Fund, Ministry of Digital Transformation, ecosystem data partners, accelerators and incubators, VC and angel-investor associations, donor programs, BRAVE1 where dual-use or defense-tech data is concerned, State Statistics Service and other public bodies where official data integration is feasible.

Best practices: **Startup Estonia** is a useful reference because its public interface connects ecosystem services, startup visa information, events, and the Dealroom database, showing how a small ecosystem can use a central platform to combine ecosystem visibility, data, and founder-facing navigation. **Startup Portugal** is relevant because its platform combines startup programs, ecosystem mapping, and one-stop-shop functions for entrepreneurs and

investors. **Vestbee** is a useful functional reference for the platform layer: it connects startups, investors, accelerators, angels, and corporates, supports deal-flow visibility and startup-investor matchmaking, and allows accelerators to promote and manage programs through a shared ecosystem interface. For Ukraine, the key lesson is not to immediately replicate a fully developed national startup platform, but to give USF a realistic data-custodian role supported by a common methodology, partner-fed data, and gradual digitalization.

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Formalize the AI/blockchain sandbox pilot into a permanent regulatory experimentation mechanism and expand it to new sectors	
Horizon	**Relevant SNS**
Medium-term	SNS4 “Innovation in Regulation” (4.3)

Background: Ukraine has already launched a sandbox-type experimental project for AI and blockchain solutions. The current model is an important first step because it gives startups access to information support, consulting, technical assistance, and expert review of high-tech tools using AI and blockchain. It also creates a channel for identifying legal, safety, IP, standards, and market-readiness issues in innovative products. However, the **current mechanism remains time-limited and technology-specific.** It does not yet provide a reusable legal structure for supervised testing in regulated sectors, does not clearly involve sector regulators as sandbox owners, and does not define the legal effect of participation in cases where startups need temporary regulatory relief or modified compliance expectations. As a result, **Ukraine still lacks a predictable mechanism through which startups can test innovative products** in legally uncertain or regulated environments under clear supervisory rules, safeguards, and exit procedures.

Design: The reform should convert the current AI/Blockchain Sandbox pilot from a time-limited experimental project into a permanent regulatory experimentation framework. This new framework should preserve the useful advisory and technical-review function of the current pilot, but **add a clearer regulatory layer:** defined roles for MoDT, USF, sector regulators and other competent authorities; transparent eligibility criteria; application and selection rules; testing-plan requirements; safeguards; testing duration; reporting; exit procedures; and rules on how sandbox results feed into future regulatory amendments. The framework should distinguish between **three levels of sandbox support:**

- The first level should cover advisory support, including legal, technical, IP, standards, safety, and market-readiness review.
- The second level should cover supervised testing under a formal sandbox plan agreed with the relevant authority, with clear objectives, duration, risks, safeguards, user or consumer protection measures, data rules, and expected outputs.

- The third level should cover regulatory relief, such as temporary waivers, modified compliance requirements, restricted authorization, or no-enforcement comfort, but only where the relevant authority has a clear legal basis to grant it.

Expansion beyond AI and blockchain should be **gradual** and **based on a regulatory-readiness assessment**. New sandbox windows should be opened only where there is sufficient startup demand, material legal uncertainty or disproportionate compliance barriers, a competent authority ready to supervise testing, and manageable risks to users, consumers, personal data, cybersecurity, public safety, or national security. **Potential future areas could include** MedTech, GovTech, energy, fintech, cyber, public procurement, and selected dual-use applications, but only where the relevant regulator or public authority is prepared to co-own the sandbox window.

Each sandbox window should generate **practical regulatory learning**: whether the tested solution can operate under existing rules, whether guidance is sufficient, or whether amendments to laws, bylaws, standards, or administrative practice are needed. This would turn the sandbox from a one-off support service for selected startups into a structured feedback mechanism between innovation practice and regulatory reform.

Gaps addressed:

- GR-14: Lack of operational regulatory sandboxes (Medium/High).

Expected outcomes:

- Stronger alignment with EU AI Act sandbox logic and ESNA SNS4;
- A permanent and reusable legal mechanism for regulatory experimentation;
- A clearer pathway for startups to test innovative products in legally uncertain or regulated sectors;
- A stronger connection between startup experimentation, sector-regulator learning, and future regulatory amendments;
- A gradual increase in the number of operational sandbox windows and startups participating in sandbox-type testing.

Lead actors: Ministry of Digital Transformation, Cabinet of Ministers of Ukraine, Ukrainian Startup Fund, relevant sector regulators and line ministries.

Best practices: International practice demonstrates that regulatory sandboxes work best when they are legally structured testing environments, not only advisory programs. The **EU AI Act**[387] requires Member States to establish AI regulatory sandboxes as controlled environments where providers can develop, test, and validate innovative AI systems under competent-authority supervision and a specific sandbox plan. It also requires transparent eligibility criteria, simple procedures, monitoring, exit rules, exit reports, and broad access for SMEs and startups. **Spain's AI sandbox** shows how a sector-specific sandbox can be used to

[387] Regulation (EU) 2024/1689

generate evidence-based guidance for implementing new regulatory requirements, especially for high-risk AI systems and SMEs. The **UK FCA model** demonstrates the value of a defined set of regulatory tools, including individual guidance, waivers or modifications, and no-enforcement-action letters, while clearly limiting such relief to the authority's legal powers. **Lithuania's Bank of Lithuania sandbox** is particularly useful for Ukraine because it combines a formal sandbox framework, proportionality in regulatory interpretation, no-enforcement protection where appropriate, testing plans, monitoring, exit reports, and periodic review. For Ukraine, these examples support converting the current AI/blockchain pilot into a permanent framework that combines startup support with regulatory learning, sector-regulator ownership, risk safeguards, and gradual expansion based on regulatory readiness.

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Support the rapid adoption of the Science City law as an enabling framework for science parks combining targeted incentives and a basis for collaboration instruments	
Horizon	**Relevant SNS**
Short-term	SNS5 "Innovation in Procurement" (5.4)

Background: Ukraine's science parks have the potential to become one of the main interfaces between universities, research institutions, startups, and industry, but in practice many remain formal structures rather than active commercialization platforms. The gap analysis found that **science parks are often established without a clear mandate, performance logic, governance model, or service offering** related to startup incubation, technology transfer, industry collaboration, investment attraction, or prototype-to-market support. This weakens one of the ecosystem's most important potential channels for turning research capacity into viable ventures. The emerging **Science City legislative package** is therefore important because it aims to make science parks more operational by addressing legal, fiscal, property, procurement, and administrative barriers. The draft materials already move in this direction by introducing a clearer register-based model for science parks, linking access to benefits to registration, requiring public information and reporting through the National Electronic Scientific Information System, and allowing science park projects that need state support to be notified and reviewed through that system. The draft also contains an IP- and spin-off-adjacent element by addressing participation of state universities and research institutions in companies through contributions of IP rights. However, Science City should not be treated as a complete solution to university IP commercialization on its own. The law can create the enabling infrastructure and incentive layer, but it should be complemented by practical instruments for IP ownership, licensing, spin-off formation, revenue sharing, conflict-of-interest management, and co-funded company-research collaboration.

Design: The reform should be implemented as a three-layer package. The first layer is the

rapid finalization, submission, adoption, and implementation of the Science City law as the enabling framework for more functional science parks. This layer should preserve the core logic of the current draft: clear eligibility, mandatory university or research-institution participation, registration in the science park register, access to targeted benefits, simplified use of relevant infrastructure, and public reporting. The second layer should **make those benefits conditional on real commercialization activity.** Continued access to Science City benefits should be linked to startup- and commercialization-oriented performance indicators, not only formal legal status. These indicators should remain practical and measurable, for instance, number of active science park projects, startup or spin-off projects supported, industry contracts, licensing agreements, company-research collaboration projects, private co-funding attracted, use of shared infrastructure by startups or companies, and participation in innovation or procurement pilots. The third layer should be a **practical commercialization toolkit developed alongside the law**. This toolkit should include model IP ownership clauses, licensing templates, spin-off formation procedures, revenue-sharing principles, conflict-of-interest safeguards, and model agreements for co-funded R&D collaboration between companies, universities, research institutions, and science parks. These instruments do not all need to be embedded in the Science City law itself. They can be adopted through secondary regulation, MoES and UANIPIO guidance, model documents, and donor-supported templates. The objective is to ensure that Science City does not become only a benefits regime for registered science parks, but a commercialization framework that helps universities and research institutions convert research results into startups, licenses, spin-offs, and company-backed innovation projects.

Gaps addressed:

- GR-07: Unclear IP ownership in joint R&D (High/High);
- GR-08: Weak commercialization of publicly funded IP (Medium/Medium).

Expected outcomes:

- A more operational legal framework for science parks as commercialization and startup-support platforms;
- Better targeting of fiscal, customs, property, procurement, and operational benefits toward active science park projects;
- Stronger accountability for science parks through practical commercialization-oriented performance indicators;
- Clearer pathways for universities and research institutions to participate in startup and spin-off creation;
- Reduced legal uncertainty around IP ownership, licensing, and company-research collaboration;
- More university-linked startups, spin-offs, licensing deals, industry contracts, and co-funded R&D projects.

Lead actors: Ministry of Education and Science, Ministry of Digital Transformation, UANIPIO / IP Office, universities and research institutions, science parks, donor and technical-assistance

partners.

Best practices: International experience demonstrates that science- and university-based innovation policy works best when infrastructure benefits are combined with clear commercialization rules, model agreements, and measurable knowledge-transfer outputs. **Ireland's National IP Protocol** is a useful reference because it provides a national framework for research-industry engagement, access to IP from state-funded research, spin-out formation, and model agreements. The **UK Lambert Toolkit** is relevant because it offers model university-business collaboration agreements with different options for ownership and exploitation of IP, reducing negotiation time and legal uncertainty. The **UK HEIF/KEF model** is also useful because it links knowledge-exchange support to performance evidence, accountability statements, partnerships, and monitoring. The **Netherlands' Thematic Technology Transfer model** adds a useful spin-off reference by supporting researchers in validating research ideas and launching spin-offs through cooperation between universities, research organizations, and venture partners. For Ukraine, these examples support treating Science City as the enabling infrastructure and incentive layer, while adding a practical commercialization toolkit that helps science parks convert research capacity into startups, licenses, spin-offs, and company-research projects.

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Amend the Public Procurement Law to introduce an innovation partnership procedure and a startup-eligible supplier category with adapted thresholds	
Horizon	**Relevant SNS**
Short-term	SNS5 "Innovation in Procurement" (5.1, 5.2)

Background: Ukraine's public procurement framework has made major progress in transparency and digitalization, but it **remains primarily designed for standardized procurement of goods, works, and services.** This makes it less adapted to situations where a public buyer needs an innovative solution that is not yet available on the market and where development, testing, adaptation, or piloting may be required before full procurement. The current Law on Public Procurement defines competitive procurement procedures as open tenders, restricted tenders, and competitive dialogue, but **does not include an innovation partnership procedure.** As a result, public buyers do not yet have a clear legal route to co-develop a solution with one or several innovative suppliers and then purchase the resulting product or service if it meets agreed requirements. This gap is particularly relevant for startups and young innovative companies. They may have strong technical solutions but limited prior public-sector contracts, operating history, turnover, financial capacity, or guarantees. **Standard qualification requirements can therefore be disproportionate for innovation-oriented procurements**, even when the startup is capable of delivering a pilot, prototype, or specialized technological solution. Earlier project survey evidence also shows unmet interest from startups in selling to the government, while barriers include complex

procedures, prior experience requirements, financial-capacity thresholds, price-dominant evaluation, guarantees, and unclear IP terms.

Design: The reform should therefore introduce two connected changes: a formal innovation partnership procedure and a startup-eligible supplier category with adapted qualification and evaluation rules for innovation-oriented procurements. The Public Procurement Law should be amended to introduce an **innovation partnership procedure aligned with EU procurement logic**. The procedure should apply where a public need cannot be met by solutions already available on the market and where the contracting authority needs to support development, testing, or adaptation of an innovative product, service, or work before procurement. It should allow one or several suppliers to be selected, development to proceed in stages, intermediate targets and payments to be defined, and the resulting solution to be purchased if it meets agreed performance levels and maximum costs. The same reform should introduce a **startup-eligible supplier category for innovation-oriented procurements.** This should not be designed as a closed reservation of contracts only for startups. Instead, it should operate as an adapted qualification track for startups, scale-ups, and innovative SMEs where standard supplier criteria would be disproportionate. Under this track, contracting authorities should be able to accept alternative evidence of capacity, such as prototype readiness, prior pilots, grant awards, accelerator participation, IP ownership or licensing rights, test results, technical team capacity, user traction, investor backing, or relevant founder experience, instead of relying mainly on prior analogous public contracts, years of operation, large turnover, or conventional financial-capacity thresholds. **Adapted thresholds** should be introduced for innovation partnerships, pilots, and prototype lots. For innovation partnerships, evaluation should place sufficient weight on quality, technical feasibility, innovation potential, public value, scalability, cybersecurity, life-cycle cost, and implementation capacity, rather than relying predominantly on lowest price. Additionally, the reform can also be supported by **model tender documentation**, standard IP clauses, guidance for public buyers, and Prozorro templates for innovation partnerships and startup-eligible procurement windows. This will help reduce audit risk and make the new procedure usable in practice, not only available on paper.

Gaps addressed:

- GR-17: Public procurement favors established suppliers (Medium/Medium).

Expected outcomes:

- Stronger alignment with EU innovation-procurement practice and ESNA SNS5;
- A clear legal route for public buyers to co-develop and purchase innovative solutions;
- More proportionate participation conditions for startups, scale-ups, and innovative SMEs in innovation-oriented procurements;
- More pilot, prototype, and first-customer opportunities for Ukrainian startups;
- Stronger use of quality, innovation, public value, and life-cycle criteria in relevant procurements;
- Greater flexibility for public buyers to assess startup capacity through

innovation-relevant evidence rather than only prior public-sector contract history;
- Better conversion of public-sector needs into startup-relevant challenge statements and procurement opportunities.

Lead actors: Ministry of Economy, Verkhovna Rada, Prozorro, Ministry of Digital Transformation.

Best practices: EU procurement acquis provides the strongest reference point. **Directive 2014/24/EU**[388] introduced the innovation partnership procedure for cases where a contracting authority needs an innovative product, service, or work and the subsequent purchase of the resulting solution cannot be met by products or services already available on the market. The procedure is structured in successive phases, following the research and innovation process, with intermediate targets and staged payments, and allows the contracting authority to buy the resulting solution if agreed performance levels and maximum costs are met. The **European Commission's guidance on innovation procurement**[389] also emphasizes opening procurement to smaller innovators by reducing administrative burden, adjusting selection criteria, using lots, applying quality-based award criteria, and managing IPR clearly. The **Netherlands' Startup in Residence model** adds a practical startup-facing reference: public bodies define real challenges, startups co-develop solutions with government users, and successful pilots can move toward follow-up contracts. For Ukraine, these examples support a two-part reform: introduce innovation partnership as a formal procedure, and create a startup-eligible qualification track that lets young innovative firms prove capacity through innovation-relevant evidence rather than legacy procurement history.

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[388] Directive 2014/24/EU
[389] Guidance on Innovation Procurement

3.2.2 Access to finance

Launch an annual Angel Investor Academy for Ukrainian HNWIs	
Horizon	**Relevant SNS**
Medium-term	No direct SNS indicator impact

Background: Although Ukraine has a substantial pool of high-net-worth individuals (**HNWIs**), the **number of active angel investors remains significantly lower** than in neighboring startup ecosystems. Wealth is still directed primarily into traditional asset classes such as land and real estate, rather than early-stage companies. This reflects not only a **weak angel investment culture**, but also a **practical knowledge gap**: many potential investors do not understand how startup investing works, how to assess early-stage risk, how to build a portfolio approach, or how to engage with founders beyond capital provision. As a result, a meaningful share of private wealth is channeled into lower-impact sectors instead of supporting the growth of high-potential Ukrainian startups.

Design: The program should be designed as an annual **cohort-based** Angel Investor Academy coordinated by **USF** and targeted at Ukrainian HNWIs and successful business owners with the interest and financial capacity to begin angel investing. It should combine structured **training on** startup finance, portfolio logic, term sheets, due diligence, valuation, and post-investment engagement with practical exposure to real startup cases and founder pitches. A **mentored deal pathway** should be built into the program by pairing participants with experienced angel investors, syndicate leads, or VC practitioners who can guide them through screening, evaluation, and execution of an initial investment. The Academy may and should be implemented in **collaboration with existing angel-investor communities** in Ukraine, including **iClub, Toloka.vc, and UAngel**, to build on existing networks rather than create a parallel structure.
Delivery should rely on **donor and private support**, with implementation partners responsible for training delivery, mentorship, and investor engagement, and **USF acting as the coordinating institution**. The Academy should also include **structured startup exposure**, for example through curated pitch sessions, links with incubators and accelerators, demo days, or deal-flow meetings, so that participants can apply the training to real startup cases and identify potential investment opportunities. **Post-program support** should include an alumni network, follow-on learning sessions, and periodic deal-sharing to help participants become active and repeat early-stage investors rather than one-time attendees.

Gaps addressed:

- AF-04: Lack of skills and training programs for angel investors (Medium/High);
- AF-02: Weak angel investment culture (Medium/Medium).

Expected outcomes:

- A higher number of first-time angel investors
- Stronger links between newly trained angel investors and existing angel-investor communities
- Improved availability of smart early-stage capital, combining funding with mentoring from seasoned business experts

Lead actors: USF (coordination lead), iClub, Toloka.vc, UAngel, selected implementation partners, experienced angel investors, donor organizations and private-sector partners (program funding and support).

Best practices: International practice shows that angel-investor education works best when it combines structured training, peer learning, experienced-investor mentorship, and practical exposure to startups. **Business Angel Leaders / Angel School (Baltic Sandbox)** is a useful regional reference: its Business Angel Leadership Program has run multiple editions, trained more than 150 angels since 2020, and reports alumni investments of over EUR 3 million, including participants syndicating with other angels or leading their first deals. The **UK Business Angels Association's Venture Into Investing** model is relevant because it moves beyond classroom learning and gives new investors the opportunity to learn from, and potentially invest alongside, experienced angel investors in real transactions. **Business Angels Europe** provides a strong European reference for ecosystems where angel investing is still developing, combining training, online learning, mentoring by experienced angels, and matchmaking with startups in countries such as Bulgaria, Croatia, Czechia, Hungary, Poland, and Romania. The **Angel Capital Association's Angel University (US)** is also useful as a curriculum benchmark, with modules covering angel-investing fundamentals, risk, returns, portfolio strategy, due diligence, term sheets, valuation, boards, exits, angel group formation, and cap tables. For Ukraine, these examples support designing the Angel Investor Academy as a recurring investor-conversion pathway that helps HNWIs move from awareness to a mentored first deal and then into an active angel-investor community.

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Launch a matching grants facility for startups that secure private investment	
Horizon	**Relevant SNS**
Medium-term	SNS6 "Access to Finance" (6.2.1)

Background: Ukraine's early-stage financing market remains too shallow to provide a stable flow of pre-seed capital. While some private investors and angel groups are active, **the volume of first-check capital remains limited**, and many startups that secure investor interest still raise too little to progress. The problem is not only a shortage of capital, but also the **absence of instruments that can crowd in private investment and reduce the risk of early participation**. As a result, public support in the form of grants and private capital in the form of investments operate separately from one another, instead of reinforcing each

other and creating a multiplier in the ecosystem. The matching grant scheme will **amplify private investments and improve the risk-return profile of early-stage startup financing**, covering the gap between grant-based support and fully market-based finance.

Design: The facility should be established as a **matching grants instrument providing non-dilutive grant co-funding to startups** that have secured qualified private investment at the pre-seed stage, operating on a **continuous rolling basis**. International practice suggests **two main operating models**: **post-investment matching**, where public funding is provided after a startup has secured qualified private investment, and **conditional pre-approval**, where the state first issues a grant commitment that becomes payable once the startup closes a qualified investment round.

In the case of the first model, access to the grant is **conditioned on investment from an accredited investor**. The implementing agency should maintain a **public register of qualifying investors** based on defined criteria: a minimum track record of prior early-stage investments, confirmed legal and tax compliance, and no affiliation with the applicant founders. Registered angel networks and licensed venture funds should qualify automatically; individual investors should apply for accreditation separately. Investor accreditation alone should not serve as the only filter. The implementing agency should conduct a **lightweight technical review** of each application to confirm that the startup's proposed use of funds is coherent with its development stage and the investor's thesis — a fraud-detection and coherence check.

Another model is **conditional matching commitment**, where USF first verifies the startup and issues a conditional approval stating that the grant will be provided if qualified private investment is secured within a defined period. This would create a **public trust signal for investors**, reduce perceived risk, and increase the likelihood that the investment round closes, while protecting public funds by disbursing the grant only after private investment is confirmed.

The grant should match confirmed private investment at a **ratio of 50–60% (according to international practice, however there is a practice of 1:1 matching)**. Disbursement should occur in two tranches, with the second conditional on a verified development milestone. Grant funds should be restricted to MVP development, product validation, pilot preparation, and early customer testing.

The facility should be implemented by **USF** given its existing mandate, operational infrastructure, and established relationships with the early-stage investor community. Financing should draw primarily on **donor funding, with private co-financing as a complementary source**, reducing dependence on state budget transfers and making the instrument more resilient to fiscal volatility.

If the pre-seed track demonstrates strong leverage performance, the facility **may be extended to cover seed-stage rounds** as a second phase, with adjusted matching ratios.

Gaps addressed:

- AF-05: No co-investment and matching mechanisms (High/Medium);
- AF-09: Structural shortage of pre-seed capital (High/High).

Expected outcomes:

- Higher volume of private capital mobilized into the pre-seed segment
- Stronger leverage of public funding by linking grant allocation to investor-backed startup selection

Lead actors: Ministry of Digital Transformation (policy oversight and institutional assignment), USF (implementation), donors and private actors (financing).

Best practices: The **Israel Innovation Authority's Startup Fund** provides the most directly applicable model: the Authority co-funds investment rounds **from pre-seed up to Series A with a grant covering up to 60% (pre-seed)** of the confirmed round amount, while simultaneously running its own technology due diligence through a team of sector experts. **Singapore's Startup SG Founder** program adds a relevant **delivery mechanism**: applications are routed through Accredited Mentor Partners, registered incubators and accelerators that perform initial screening before recommending to Enterprise Singapore, reducing the verification burden on the implementing agency. The **UK Seed Enterprise Investment Scheme (SEIS)** offers a different model: instead of direct grants, it provides investors with 50% income tax relief on qualifying early-stage investments.

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Establish a state-backed co-investment facility to crowd in private capital into Ukrainian startups	
Horizon	**Relevant SNS**
Long-term	SNS6 “Access to Finance” (6.2.1)

Background: Ukraine’s financing architecture remains weak when it comes to instruments that **share risk with private investors and financial institutions**. Both local and foreign investors, as well as banks, often view Ukrainian startups as **prohibitively risky** and see few incentives to provide funding. This is compounded by the general perception of Ukraine as a **high-risk market**, which raises the threshold for private participation even where commercial potential is strong. As a result, startups often face a discontinuity between small grant-based support and larger investment rounds. Ukraine lacks a **permanent state-backed mechanism that could act as an anchor participant in startup co-investment** and de-risk ventures for other investors, thereby increasing the leverage of public funding compared to conventional grants.

Design: The facility should operate as a permanent **co-investment instrument** investing alongside qualified private investors in Ukrainian startups. It should target startups beyond the earliest grant-supported stage, primarily from **seed to Series A**, where ventures require larger rounds for commercialization, growth, and follow-on investment. Public participation

should be contingent on **confirmed private co-investment**, with private capital serving as the primary market-validation filter. The facility should be structured to **crowd in, not crowd out, private capital**: it should not lead investment rounds and should normally provide no more than 50% of the total round size. Investments may be structured as **equity or quasi-equity**, with the facility retaining follow-on rights where appropriate. The facility should define **clear eligibility criteria** for startups, qualified co-investors, and eligible transaction structures. It should also include **predefined exit routes**, such as buyout options for private co-investors, secondary sales, or fund-life-based exits, to avoid indefinite accumulation of illiquid public positions and to make public participation attractive for private investors. Investment decision-making, portfolio management, and monitoring should follow **transparent procedures**, with annual reporting on private capital mobilized, portfolio performance, and stage distribution of supported companies.

The instrument should be **coordinated with the proposed matching grants facility**. Together, the two mechanisms would create a clearer public financing continuum: matching grants would support pre-seed startups that have attracted private capital, while the co-investment facility would provide a follow-on pathway for seed and early growth-stage companies requiring larger rounds.

NDI is the **most suitable implementing institution** given its mandate and positioning as a public investment vehicle. Financing should combine state capitalization with contributions from **international financial institutions**, with IFC, EBRD, and the European Investment Fund as potential partners given their role in Ukrainian and regional investment markets.

Gaps addressed:

- AF-05: No co-investment and matching mechanisms (High/Medium);

Expected outcomes:

- Higher volume of private capital mobilized into seed and early growth-stage startup financing
- Stronger investor confidence and motivation to invest in Ukrainian startups through shared risk
- Higher probability that promising startups remain in the Ukrainian financing pipeline instead of moving fundraising fully abroad
- More efficient use of public capital by leveraging private investment rather than replacing it with standalone grants

Lead actors: National Development Institution (lead implementing institution), Ministry of Digital Transformation (policy oversight), Ministry of Economy and Ministry of Finance (capitalization and policy oversight), IFIs such as IFC, EBRD, and EIF (capitalization and design support).

Best practices: The **Venture to Future Fund (Slovakia)** is the most contextually comparable model: a public-backed equity and quasi-equity investment vehicle under Slovak Investment Holding that provides growth capital to startups and innovative SMEs in segments where private venture financing is limited, capitalized with **EIB participation** at €40.4 million

and operating through equity stakes and convertible structures. **Wallonie Entreprendre (Belgium)** adds a relevant design element: its dedicated Digital and Deep Tech vehicle **invests from seed to growth while explicitly combining capital with strategic operational support** such as go-to-market and governance, and actively co-investing alongside specialized private partners rather than acting as a passive financial participant.

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Introduce a USF-managed smart grant support anchor program with differentiated funding tracks by development stage (pre-seed / seed) and by industry focus aligned with WINWIN strategy priorities

Horizon	Relevant SNS
Medium-term	No direct SNS indicator impact

Background: Ukraine's grant support architecture for civilian startups is **fragmented, donor-dependent, and operates without a permanent institutional anchor**. Prior to the full-scale invasion, USF served as that anchor: it was responsible for approximately **50% of all early-stage deals**, had invested over $6.4M in more than 250 startups, and provided standardized pre-seed and seed grants of $25,000 and $50,000. Since 2022, USF suspended its own civilian grant program and redirected resources toward defense and dual-use innovation through the BRAVE1 cluster. This shift was **strategically justified given** Ukraine's security context and the need to concentrate resources on defense-related technological development. At the same time, it left the civilian startup segment without a **stable anchor grant pipeline** comparable to the one USF had previously provided. As a result, civilian startup grant support has become more **fragmented and dependent on donor cycles, partnership programs, and irregular calls**. This creates discontinuity for early-stage teams, particularly because grants remain the main early-stage financing source for Ukrainian startups. The current landscape is also insufficiently differentiated by maturity and sector logic: startups often compete under similar formats despite having different financing needs, validation timelines, and commercialization pathways.

Design: The program should be established as a **USF-managed anchor smart grants instrument** for **priority civilian sectors** and designed as a **permanent funding mechanism**. Its core purpose should be to **restore a stable civilian grant pipeline**, while **upgrading the model** through differentiated tracks, stronger non-financial support, and better alignment with national innovation priorities.
The program should include **three core stage-based tracks**: a **Micro & Pre-seed tier (€5–25K)**, a **Seed tier (€50–150K)**, and **a Deep-Tech tier (€200–500K)**. Each track should have its own eligibility criteria, funding ceiling, expected use of funds, and evaluation logic, instead of applying one uniform assessment model across all applicants.

In parallel, the program should include **industry tracks** aligned with WINWIN and other national innovation priorities. These tracks should cover priority areas such as biotech, medtech, green energy, semiconductors, robotics, AI, climate-tech, and other deep-tech or R&D-intensive fields. Special attention should be dedicated to **DeepTech startups** as these startups typically face longer development cycles, higher prototyping and testing costs, certification requirements, and greater technical-validation needs, the relevant tracks should allow **larger grants and longer implementation periods** compared to other tracks.

Both tiers should be designed as **smart grants combining financial support with non-financial components**, such as mentoring, expert consultations, and referrals to follow-on instruments, so that grantees receive targeted support relevant to their development stage and not only capital. As the program matures, **the instrument mix can be broadened** to include vouchers, advisory support packages, and pilot-readiness preparation for more advanced cohorts.

USF is the most suitable implementing institution given its mandate, existing infrastructure, and relationships with the startup ecosystem. Financing should **combine state budget contributions and donor co-funding**, with a deliberate trajectory toward increasing the domestic financing share over time to reduce structural dependence on external cycles. The inclusion of industry-specific tracks should also make the program **more attractive for donor co-financing**, as funding can be linked to clearly defined strategic priorities rather than a broad, general-purpose startup support envelope.

Gaps addressed:

- AF-17: Grant architecture misaligned with startup needs (High/High);
- AF-16: No permanent anchor grant program (High/Medium);
- AF-15: Lack of idea-stage microfunding (Medium/Medium).

Expected outcomes:

- Restoration of USF's role as a stable civilian early-stage funding anchor
- A stable and continuous civilian grant pipeline operating throughout the year
- More predictable financing pathway for startups moving from idea validation to pre-seed and seed-stage development
- Better alignment of grant funding with startup maturity, technical complexity, and sector-specific development logic
- Reduced dependence on donor funding cycles as the primary source of early-stage civilian support

Lead actors: USF (lead implementing and coordinating institution), Ministry of Digital Transformation (policy oversight and priority-setting), Ministry of Economy, Ministry of Finance, donor organizations and development partners (non-funding support), sectoral ministries and relevant public institutions in priority civilian sectors (sectoral input and alignment).

Best practices: **America's Seed Fund**, operated by the U.S. National Science Foundation under the SBIR/STTR program, is the most instructive long-term reference for a permanent,

institutionally anchored grant program. **Active since 1977**, it focuses on deep technologies based on discoveries in fundamental science and engineering, assessing applications on the basis of innovativeness, commercial potential, and societal impact. Its **two-phase structure** is directly relevant: Phase I provides up to $256,000 for feasibility testing over 6–12 months, while Phase II provides up to $1 million for prototype development and commercialization over up to 24 months — a **staged progression logic** that prevents misallocation of large grants to ventures that have not yet validated basic assumptions. **Vinnova, Sweden's national innovation agency**, adds a relevant reference for the **micro and pre-seed tier**: its Innovation Grants provide up to SEK 500,000 for projects of up to nine months focused specifically on confirming market demand, validating value propositions, and testing business models before private investment or larger grant support becomes relevant. **EIC Accelerator** adds a useful reference for combining grant funding with non-financial support 'Business Acceleration Services': it targets high-risk, market-creating startups and SMEs and provides grant support alongside coaching, mentoring, investor and corporate connections, and other Business Acceleration Services.

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3.2.3 Access to talent

Strengthen and expand the national network of university-based startup schools, incubators, accelerators through a common quality framework, upgraded methodologies, and a dedicated capacity building program	
Horizon	**Relevant SNS**
Medium-term	No direct SNS indicator impact

Background: In 2025, Ukraine launched **'The national network of startup schools – incubators – accelerators'** as a new initiative to strengthen university-based startup support across the country. In a short period of time, **what began as a small pilot has grown into 23 programs operating across 16 regions** as of December 2025, with the Ministry of Education and Science designating university-based startup support as a strategic pillar of the higher education innovation track and committing state funding to selected institutions. The **model has demonstrated strong demand** and institutional buy-in across the university system. As the network continues to grow, the **priority now is not only expanding the number of schools, incubators, and accelerators but also deepening their quality and equipping their leaders with the capabilities** needed to maximize outcomes for the student teams and early-stage founders they support.

Design: The core instrument is a structured **capacity-building program** for leaders and senior staff of university startup programs, developed and coordinated by MoDT and MoES in partnership with qualified ecosystem operators. The program should be delivered in a **cohort format** with an initial intake covering current program leaders and a recurring stream for incoming ones, and organized around the **core competencies of effective startup support**: program and curriculum design, mentor and investor network development, founder support through validation and early commercial development, startup selection and evaluation methodology, and outcome tracking. Where resources allow, the program can be strengthened with organized **study visits to international university entrepreneurship programs**, allowing Ukrainian leaders to observe international practices directly, exchange experience with peers from other ecosystems, and bring new formats and approaches back to their own programs. As a complementary measure, MoDT and MoES also could commission a practical **curriculum guidance document**, a startup schools, incubators, and accelerators **Play Book**, co-developed with leading practitioners and experienced program leaders (from both within and beyond the network).
The program can be delivered through a competitive **grant call** under which MoDT or MoES selects a qualified operator, an ecosystem organization, training provider, or consortium, to design and run the training. Donor co-financing is the realistic primary funding source in the short term, with state budget participation growing as the program matures.

Gaps addressed:

- SI-16: Shortage of business expertise in university-based startup programs (Medium/Medium)
- TA-05: Weak entrepreneurship education integration across the education system (Medium/Low)

Expected outcomes:

- Trained university program leaders with stronger practical competence in startup support delivery across the network
- Improved quality of support introduced by programs following capacity-building and informed by the curriculum guidance document
- Better-prepared teams emerging from university programs and entering the broader ecosystem
- An active peer-learning culture among university startup program leaders, sustained beyond the initial training cohort

Lead actors: Ministry of Digital Transformation and Ministry of Education and Science (policy co-leads); donor organizations and development partners (financing / co-financing); experienced private ecosystem practitioners (implementors).

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Develop a national future skills strategy for priority innovation sectors, aligning university education with the talent needs of Ukraine's strategic technology areas	
Horizon	**Relevant SNS**
Short-term	No direct SNS indicator impact

Background: Ukraine's university **curricula** in technology and business disciplines remain largely **disconnected from the skills that priority innovation sectors actually need**. Programs are structured around **theoretical** content and slow to update, while employers consistently report that graduates require significant **additional training** before they are productive in startup or innovation-driven environments. At the same time, Ukraine lacks a structured, forward-looking **view of how talent demand across its priority sectors**, defined in the WINWIN strategy, is evolving and where the most critical mismatches with university provision lie.

Design: The recommendation has **two connected components**. The first is a **national skills foresight exercise** covering Ukraine's priority innovation sectors as defined in the WINWIN strategy. Through employer consultations, labor market data analysis, and structured expert input from companies and research organizations, it should produce a public document **mapping evolving competency demand** across these sectors. The mapping should cover **three competency layers**: sector-specific technical skills required in each priority field;

transversal skills applicable across sectors; and entrepreneurial and commercial capabilities specific to venture creation and growth. The **entrepreneurial layer** is particularly relevant in Ukraine's context, where technically strong graduates frequently lack the commercial capabilities needed to create or contribute effectively to early-stage ventures. The resulting document should serve as a regularly updated public reference for all levels and types of education, from schools to adult learning programs, as well as for accelerators, training providers, donors, and companies designing their own programs.

The second component **translates the foresight findings into practical curriculum recommendations** specifically for higher education, where the misalignment between graduate profiles and sector needs is most structurally embedded and hardest to address without external analytical input. These recommendations should identify the most significant **gaps between current university provision and mapped demand**, and set out concrete **adaptation priorities** — recommended competency frameworks, module proposals, and pedagogical approaches. They should be developed in collaboration with universities to ensure practical uptake, and structured so that MoES can reference them in accreditation guidance. A periodic review cycle should be built into the design from the outset.

Delivery can be organized through a competitive **selection of a qualified research or consulting team**, financed through **donor-supported technical assistance**.

Gaps addressed:

- TA-04: Academic education has limited practical relevance (High/High)
- TA-05: Weak entrepreneurship education integration (Medium/Low)

Expected outcomes:

- A national competency demand map across priority innovation sectors, covering technical, transversal, and entrepreneurial skills, available as a public reference across all levels of education and for ecosystem actors
- A set of practical, evidence-based curriculum recommendations for higher education institutions, informing both institutional program updates and MoES accreditation guidance
- A stronger and more consistent foundation for education reform across the university system, reducing reliance on fragmented and ad hoc curriculum decisions

Lead actors: Ministry of Digital Transformation and Ministry of Education and Science (policy co-leads or financing); donor organizations and development partners (financing); private research organization (implementation).

Best practices: An OECD analysis of 26 national skills strategies across **EU Member States** found them **consistently effective in aligning education and training systems with labor market demand** and creating the shared analytical foundation needed to drive curriculum reform. The instrument is well-established in practice. The **Netherlands** provides the most directly comparable model: each of its designated **priority sectors** — including high tech, energy, agri-food, and chemicals — operates a dedicated **Human Capital Agenda**, co-developed by employers, knowledge institutions, education providers, and government, that maps sector competency needs and directly informs the design of training programs at

both vocational and higher education level. **Ireland's Expert Group on Future Skills Needs** has been conducting sector-specific competency analyses and producing agreed action plans for higher education and training providers since 1997, combining research, employer input, and horizon-scanning to identify emerging skill requirements, with **findings feeding directly into university provision and government policy**. The **UK established Skills England in 2024** as the single authoritative national voice on current and future skills needs, publishing detailed competency assessments for ten priority sectors aligned with its Industrial Strategy and translating findings into guidance for education and training providers. Another example is **Singapore's SkillsFuture Skills Frameworks** that explicitly categorizes skills demand into immediate, near-term, and future needs, built through employer and expert input and continuously updated using job posting and labor market data, with universities progressively incorporating the frameworks into their curricula.

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Raise national awareness of entrepreneurship by launching a media-broadcast startup acceleration and competition show, culminating in nationwide public voting to select the winner

Horizon	Relevant SNS
Medium-term	No direct SNS indicator impact

Background: Ukraine has strong startup success stories, but **startup entrepreneurship is still not sufficiently embedded in the broader public information environment**. **Public awareness** of innovative business creation remains **narrow**, and many young people still encounter entrepreneurship mainly through traditional business, self-employment, or employment-oriented career narratives. **Startup logic also remains poorly understood** by the general public and is often perceived as something distant, exceptional, or more achievable abroad than in Ukraine. As a result, the **culture and popularity of entrepreneurship**, especially innovation-driven entrepreneurship, **remain underdeveloped compared with more mature startup ecosystems**. This **weakens aspiration among potential founders**, limits the visibility of entrepreneurial role models, and slows the broader cultural shift needed to make startup creation a more natural and socially recognized career path for the next generation.

Design: The initiative should be established as a national **startup acceleration and competition platform** that combines founder discovery, structured support and public visibility, while broadcasting to the general public **what startup development actually looks like** – an ambitious, demanding, but exciting and achievable path for building innovative companies. It should **run annually** and start with a broad **open call for early-stage startup teams**, supported by active outreach through universities, startup hubs, startup communities, business associations, and media partners.

Selected teams should primarily complete a structured **acceleration program** before entering the public competition stage. The curriculum should cover business model development, customer validation, product positioning, pitch preparation, investor readiness, and founder storytelling. The **media component should be built into the program rather than added only at the end**. Selected teams could be followed through an evening TV show format, with short episodes, interviews, and other public-facing content distributed, for example through national TV, YouTube, or streaming platforms (Megogo, Sweet TV, etc). This would help explain how startups are built in practice and make founders more visible as **role models for younger audiences**.

The **final stage** should be organized as a **high-visibility national event** combining live pitching, jury evaluation, public engagement, and broad media coverage (as in the case of the national **Eurovision** contest). The main winners should be selected by a professional **jury** composed of founders, investors, ecosystem builders, corporate representatives, and public-sector partners. **Public voting through Diia** could be used as an additional engagement mechanism, for example to select an **"audience choice"** winner. Prizes should combine **financial and non-financial support**, including cash grants, mentoring packages, investor introductions, access to incubation or acceleration programs, participation in international events, and advisory support.

The program should also include a clear **follow-on pathway,** connecting the strongest teams to grants, investor-readiness programs, sector-specific accelerators, market-access support, or corporate pilot opportunities.

Delivery should follow a **public-private-media partnership model**, with the **Ministry of Digital Transformation and USF** acting as the **main coordinators**, **donor** organizations providing program **financing** where relevant, and **implementation** driven by **private ecosystem and media partners** selected through a competitive process. Public institutions would provide coordination and legitimacy, private ecosystem operators would deliver the acceleration component, media partners would produce and distribute public-facing content, and investors or corporates would contribute mentorship, jury participation, and follow-on opportunities.

Gaps addressed:

- SI-08: Lack of "opportunities to try" (Medium/High)
- TA-05: Weak entrepreneurship education integration (Medium/Low)

Expected outcomes:

- Increased popularity of startup entrepreneurship among Ukrainian youth and early-career professionals
- Expanded participation of regional, student, and first-time founder teams in national startup support instruments
- Creation of a visible annual flagship event within Ukraine's startup ecosystem calendar

Lead actors: Ministry of Digital Transformation and USF (coordination), donor organizations (financing), selected ecosystem operators and media partners (delivery and broadcasting), investors, corporates, and founders (mentorship, jury, and follow-on support).

Best practices: Estonia is widely recognized as one of Europe's strongest startup ecosystems, with a high density of startups and a deeply embedded entrepreneurship culture. One element supporting this culture has been the visibility of startup creation through formats such as **Ajujaht**, best known in Estonia as a **startup competition TV show**. Initiated by Enterprise Estonia in **2007**, Ajujaht has **evolved from a national business idea competition into Estonia's best-known startup accelerator and TV competition**, selecting promising early-stage teams, supporting them through a development process, and giving the strongest teams national visibility through public pitching and media coverage. The program has operated for **more than 15 years, has attracted nearly 5,000 submitted business ideas**, and is associated with several Estonian startup success stories, including **Bolt**. Bolt, then Taxify, did not win the main competition, but the TV format made the company visible to investors and helped it gain public attention. Beyond direct support to participating startups, Ajujaht has played an important role in **making startup creation part of Estonia's mainstream public culture**, turning entrepreneurship into something closer to a "national sport" and giving future founders and investors visible examples to grow up with. For Ukraine, the key lesson is that the **impact of a conventional startup acceleration program can be multiplied when it is combined with national media exposure and a recurring format** that makes the startup-building process visible and aspirational for the wider public.

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3.2.4 Support infrastructure (Soft)

Launch a continuous country-wide "Idea-to-Startup" incubation program	
Horizon	**Relevant SNS**
Medium-term	No direct SNS indicator impact

Background: Idea-stage remains one of the weakest points in the Ukrainian startup ecosystem. Existing **incubation support is too limited in scale, too irregular, and too fragmented** to provide a reliable nationwide entry point, and this is further constrained by limited idea-stage capital. Access to incubation often depends on **one-off donor-funded initiatives**, local ecosystem **actors**, or **temporary programs** rather than on a continuous national mechanism. As a result, **many ideas do not convert into startups**, and the overall pipeline into acceleration, investment, and later-stage support remains narrower than it should be.

Design: The program should be established as a **continuous nationwide incubation mechanism operated through USF** to serve as the main national entry point for idea-stage teams that are not yet ready for acceleration, investment, or larger grant support. It should target **very early-stage founders and teams with raw ideas**, early problem-solution concepts, or first prototype intentions, including first-time founders. The core curriculum should cover problem validation, customer discovery, team formation, business model development, prototype design, and pitch preparation, delivered through a combination of structured workshops, individual and group mentoring from experienced practitioners, and peer learning among cohort participants. Ideally, the **incubation support should be combined with follow-on small-scale idea-stage funding** so that teams can cover basic early development needs while participating in the program, if resources allow.

Delivery should run **through recurring cohorts or rolling entry windows,** ensuring continuous access throughout the year. **USF should coordinate** delivery nationally, while **delegating implementation to regional and local partners** such as incubators, universities, startup support organizations, and other ecosystem actors. The design should ensure **territorial coverage beyond Kyiv** by enabling participation from teams across different regions, including through **hybrid or online delivery formats** where needed.

The program should include a clear **progression logic**, allowing the strongest teams to move into follow-on support such as pre-seed grants, sector-specific acceleration, or investor-readiness programs. USF should define a common quality standard and core methodology for all **delivery partners** so that the program remains consistent nationwide while allowing some local flexibility in implementation. Monitoring should track not only participation numbers but also **conversion outcomes**, such as teams formed, prototypes developed, ventures registered, and startups progressing into next-stage support.

The program can be financed through a **mixed model** combining state budget contributions and donor co-financing, with USF as the institutional anchor.

Gaps addressed:

- SI-09: Lack of idea-stage support programs (High/High);
- AF-15: Lack of idea-stage microfunding (Medium/Medium).

Expected outcomes:

- A stable, continuous national entry point for idea-stage founders operating throughout the year across multiple regions
- Higher conversion of early-stage ideas into structured startup projects progressing to acceleration, grants, or investment readiness
- Reduced dependence on one-off donor-funded initiatives as the primary source of idea-stage support
- A measurable increase in the volume and geographic diversity of teams entering the national startup pipeline

Lead actors: USF (lead implementing and coordinating institution), Ministry of Digital Transformation (policy oversight), donor organizations and development partners (co-funding support), regional and local incubators, universities, startup support organizations, and other qualified delivery partners (program implementation).

Best practices: **Poland's Eastern Poland Startup Platforms**, managed by PARP, provide the most directly comparable model: a government-operated program targeting individuals with innovative ideas that provides **customized incubation plans** developed by regional operators, taking founders from raw ideas to a professionally developed and verified business model. The program runs a 4–6 month incubation sprint bringing ideas to MVP level, combining training, workshops, and corporate partner support, with a clear **follow-on pathway to non-repayable grants** of up to PLN 600,000. The architecture – a national agency setting standards and selecting operators, with regional platforms delivering, is directly relevant to Ukrainian design. **Estonia** operates a complementary model through its **STARTER programs**: STARTERtallinn, STARTERtartu, and regional equivalents are recurring three-month pre-incubation programs taking founders from idea to tested business model through structured training sessions, workshops, and mentoring, running continuously across multiple cities. **Denmark's Innofounder**, operated by the Danish Innovation Fund, adds a relevant design element: combining structured incubation with a monthly stipend and one-time development grant allows idea-stage founders to work full-time on their venture during the program.

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Launch sector-specific acceleration programs in priority civilian sectors identified in the WINWIN strategy	
Horizon	**Relevant SNS**

Medium-term	No direct SNS indicator impact

Background: Ukraine's acceleration landscape remains largely **horizontal**. Existing programs often apply the **same support logic across very different types of startups**, despite major differences in product cycles, regulatory pathways, customer structures, capital needs, and commercialization models across sectors. This one-size-fits-all approach underperforms in terms of startup outcomes relative to the resources spent on programs. It also leaves relatively mature, high-potential startups in specific sectors without the specialized support needed to help them reach scale. The defense track has demonstrated what targeted, sector-specific acceleration can produce in terms of startup outcomes and pipeline quality. Outside defense, this model has not been extended to civilian priority sectors, despite their strategic relevance in the WINWIN framework and the growing number of startups active in them.

Design: The program should be organized around **dedicated sector-specific acceleration tracks** for priority civilian sectors identified in WINWIN, starting with two or three sectors and **expanding gradually** based on demonstrated demand, program performance, and strategic relevance. Sector selection should focus on areas where Ukraine has sufficient startup density and strategic interest to justify dedicated programming — candidates include biotech, green energy, agritech, and advanced manufacturing, among others defined through the WINWIN prioritization process.

Each track should run as a structured cohort program delivered by a **qualified private operator** — a specialized accelerator, ecosystem organization, or industry consortium selected by USF and the donor through a competitive open call. The program should combine structured workshops, individual and group mentoring from practitioners with direct sector experience, peer learning among cohort participants, and regular events connecting startups to sector-relevant actors. A defining feature of each track should be structured access to industry-specific partners — potential customers, pilot hosts, regulators, and investors active in the vertical — so that the program produces tangible commercial connections, not only knowledge and skills. **The curriculum should combine a core acceleration module** covering business model development, go-to-market strategy, fundraising, and investor readiness **with sector-specific content** tailored to the realities of that industry: regulatory navigation and certification pathways, pilot design and procurement, and corporate engagement models. A clear follow-on pathway should connect graduating startups to the USF smart grants program, co-investment facilities, and market access instruments (if implemented).

USF should act as the strategic coordinator – defining sector priorities, contributing to the selection of private operators through competitive open calls, setting quality standards, and monitoring performance across the portfolio. Program delivery should be **fully delegated to the selected operators**, who bring the sector expertise, networks, and practitioner credibility that USF is not structured to build internally. The program should run on a recurring annual basis. Financing should primarily come from donor support, with USF providing coordination infrastructure.

Gaps addressed:

- SI-07: Lack of vertical specialization in support programs outside the defense track (High/Medium).

Expected outcomes:

- Two to three operational sector-specific acceleration tracks covering WINWIN priority civilian sectors, running on a recurring annual basis with qualified private operators
- A higher-quality pipeline of startups progressing from sector-specific acceleration toward commercialization, pilot launches, and follow-on investment
- Stronger connections between startups and sector-relevant partners within each priority vertical
- A replicable sector acceleration model that can be extended to additional sectors as the program matures and evidence of impact accumulates

Lead actors: USF (strategic coordination, operator selection, and quality monitoring), Ministry of Digital Transformation (policy oversight and strategic alignment with WINWIN), sectoral ministries and relevant public agencies (sector input and co-financing where applicable), private accelerators, ecosystem organizations, and industry consortia (program delivery as selected operators), donor organizations (primary financing).

Best practices: Data from the Global Accelerator Learning Initiative shows that 46% of accelerators worldwide focused on a particular sector or set of sectors as of 2020–2021 (based on the analysis of 300 startups globally; newer data is not available). Vertical programs provide startups with access to sector-relevant mentors, direct connections to potential customers and pilot partners, and investors who understand the industry's commercialization logic and target specific industries — support that generalist programs structurally cannot replicate. The model has **proven effective** both at the level of individual operators and at the level of public programs. **Startupbootcamp**, ranked Europe's number one startup accelerator by the Financial Times and Statista, built its positioning entirely on sector-specific programming across energy, food, health, fintech, and deeptech. The **EIT Knowledge and Innovation Communities (KIC)** show how this can be structured at national and regional scale with a public body as coordinator: each KIC organizes programs around a specific sector and delivers them through networks of businesses, research institutions, and universities, with EIT Climate-KIC alone incubating over 2,100 companies and attracting over €2 billion in capital.

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Strengthen startup support in the regions through enhancing local startup hubs	
Horizon	**Relevant SNS**

Medium-term	No direct SNS indicator impact

Background: Startup support in Ukraine remains highly concentrated in Kyiv and, to a lesser extent, Lviv. This creates unequal access to information, mentoring, investor networks, program opportunities, and early-stage guidance for founders based in other regions. Regional founders often have to rely on online formats, commute to larger cities, relocate, or use limited local opportunities, which is especially damaging at the pre-MVP and idea-validation stage when teams need accessible, practical support to move from an idea to a viable startup.

Design: The recommendation implies the **establishment of a network of local startup support hubs** that would function as **regional first-stop shops** for founders, student teams, researchers, and early-stage entrepreneurs seeking to enter the national startup ecosystem. The hubs should **not duplicate accelerators, grant programs, or existing national initiatives**. Their role should be to provide a **clear local access point** where potential founders can receive **initial orientation**, understand relevant support opportunities, and be referred to the right national or regional instrument.

The model should build on **existing local capacity** instead of creating a new public institution in each region. Host organizations should be selected through an **open call or accreditation process** among capable regional actors, such as innovation and IT clusters, universities, Diia.Business offices, regional development agencies, business associations, NGOs, or other organizations already embedded in the local ecosystem. Selection should prioritize actors with proven **local reach, operational capacity, founder-facing experience**, and links with universities, municipalities, businesses, and national support providers.

Each hub should provide a **minimum service package** focused on navigation and early pipeline development, which may include: startup-readiness diagnostics, basic guidance on idea validation and startup formation, information on grants and support programs, founder meetups, practical workshops, first-line mentoring, and referral to follow-on instruments such as USF programs, incubators, accelerators, investor-readiness support, prototyping infrastructure, university programs, and internationalization initiatives.

USF and MoDT should define the **national operating framework**, including the hub mandate, service standards, referral logic, branding, and reporting requirements. Local hosts would manage **day-to-day delivery, outreach, community building**, and cooperation with local partners. The model should begin with a **pilot in selected regions** where strong host organizations already exist, then expand gradually based on demand and implementation quality. The hubs should also be linked to the broader **national ecosystem coordination platform**, ensuring they operate as part of one **national startup support architecture** rather than as isolated local initiatives.

Gaps addressed:

- SI-11: Concentration of startup support in Kyiv leaving regional ecosystems underserved (Medium/Low)
- SI-10: Poor coordination and alignment between startup ecosystem builders

(High/Medium)
- Indirectly supports SI-09: Lack of idea-stage support programs (High/High)
- Indirectly supports TA-02: Talent concentrated in major hubs (Low/Low)

Expected outcomes:
- Stronger regional startup pipeline, with more early-stage teams progressing from local ideation to structured national support
- More balanced territorial distribution of startup ecosystem activity and reduced concentration of opportunities in a few major hubs
- Better integration of regional actors into the national startup support architecture
- Greater visibility of regional startup potential for national policymakers, ecosystem builders, investors, and support providers

Lead actors: Ministry of Digital Transformation and USF (policy coordination and national framework), selected regional host organizations (local implementation), donor organizations and development partners (co-financing and technical support).

Best practices: The proposed model can draw on international examples where regional hubs act as front doors into a wider ecosystem. **Ireland's Local Enterprise Offices** provide the clearest first-stop-shop reference: the network includes 31 local teams embedded in local authorities, offering advice on starting and growing a business, training and mentoring, support in accessing feasibility and business development grants, guidance on start-up loans, and referrals to other state supports. **France's French Tech Capitals and Communities** provide a stronger ecosystem-governance reference. They are mainly private local associations accredited every three years by the French Tech Mission to represent French Tech in their territories. Their role is to bring together startups, support structures, public services, funders, large companies, and research centers, while remaining integrated into the strategic priorities of the national French Tech Mission. Another example are **EIT Community RIS Hubs**, which operate as one-stop shops for local stakeholders, helping them access EIT Knowledge and Innovation Community support, identify synergies with local actors, strengthen entrepreneurship, and build bridges between local and EU innovation networks.

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Create dedicated Centers of Excellence to drive innovations in strategic industries	
Horizon	**Relevant SNS**
Medium-term	No direct SNS indicator impact

Background: Ukraine has **limited** fiscal, donor, institutional, and expert **resources available** to support innovation-driven sectors, which means that startup **support cannot be spread evenly across all areas without becoming too diluted**. At the same time, the future of the global economy is increasingly shaped by a limited number of **fast-developing technology**

domains, such as AI, robotics, semiconductors, biotech, green energy, and advanced manufacturing. Ukraine therefore needs to **allocate available resources more strategically toward industries with the highest potential to become engines of the future innovation economy**. However, prioritization alone is not sufficient. Startups in these sectors require highly **tailored support**, as their development cycles, technical risks, infrastructure needs, regulatory pathways, customer structures, and capital requirements differ significantly among the industries. **Dedicated institutions in priority sectors are needed** to coordinate concentrated resources, expertise, infrastructure, research links, and industry partnerships, while enabling more verticalized support adapted to the specific needs of startups in each domain.

Design: Building on the **WINWIN EdTech Center of Excellence (CoE),** the first sector-focused CoE established under WINWIN, Ukraine should expand and scale the Excellence Center model to new priority strategic industries. The first **pilot Centers** could focus on **MedTech/Biotech, Space AI, and Semiconductors**, as sectors with strategic relevance, strong technology intensity, and alignment with Ukraine's future innovation priorities. Each Center should act as a **sector orchestrator** responsible for developing the startup and innovation ecosystem around one priority industry by connecting startups, researchers, universities, corporates, investors, regulators, donors, and relevant public institutions into a niche ecosystem inside a broader one.

The **first task** of each Center should be to **map the sector's** startup pipeline, research capabilities, corporate demand, investor interest, regulatory constraints, funding needs, and international partnership opportunities. **Based on this mapping**, each Center should develop a **sector support agenda** identifying priority startup segments, key support needs, relevant partners, potential customers, pilot opportunities, and suitable financing instruments. The Centers, while aligned with USF and MinDigital, should then **coordinate the design and delivery of vertical support instruments**, such as sector-specific incubation and acceleration programs, grant calls, challenge programs, investor-readiness tracks, corporate-startup pilot programs, regulatory guidance, and international market-access activities.

The implementation model should remain lean and flexible. Centers could be created as dedicated **units within an existing public institution, or as separate donor-funded sector units** hosted by qualified ecosystem organizations, universities, science parks, or industry consortia. A small core team should coordinate each sector, while practical services should be **delivered through selected partners**, including accelerators, expert pools, corporate partners, consultants, universities, and investor networks. Each Center should operate under a clear mandate, annual work plan, KPIs, and reporting framework, tracking outputs such as startups supported, pilots launched, research-to-startup projects created, investment raised, grants deployed, corporate partnerships formed, and international partnerships activated. The model should begin with **three pilot Centers** and expand only where clear demand, strategic relevance, and measurable startup outcomes are demonstrated.

Gaps addressed:

- SI-07: Lack of vertical specialization outside defense (High/Medium);

- GR-15: Fragmented innovation governance (High/Medium).

Expected outcomes:

- Clear sector-level startup support agendas developed for each priority vertical
- Increased number of startups progressing toward pilots, corporate partnerships, investment, and market entry in selected verticals
- More efficient use of public and donor resources through concentration on selected high-potential technology domains

Lead actors: Ministry of Digital Transformation (policy ownership and sector prioritization), USF (coordination), donor organizations and development partners (financing and technical support), selected ecosystem organizations, universities, science parks, industry associations, and private-sector partners (hosting and implementation).

Best practices: The UK Innovate UK Catapult Network provides a strong reference for a long-standing sector-specific innovation orchestration model. Established by Innovate UK in 2011, the network was designed to bridge the gap between research and commercial deployment by connecting research organizations, startups and SMEs, corporates, investors, and government around selected **strategic technology domains**. It currently includes **nine independent, not-for-profit technology and innovation centers** focused on Cell and Gene Therapy, Compound Semiconductor Applications, Connected Places, Digital, Energy Systems, High Value Manufacturing, Medicines Discovery, Offshore Renewable Energy, and Satellite Applications. The Catapults **support commercialization** by providing sector-specific expertise, collaboration-building, business support, and access to capabilities that are not readily available in the market, while also helping remove industry-wide barriers to innovation. For example, Digital Catapult supports the adoption of advanced digital technologies such as AI, VR/AR, 5G/6G, blockchain, IoT, and quantum, while the Compound Semiconductor Applications Catapult helps commercialize semiconductor technologies across healthcare, digital economy, energy, transport, defense, and security. The project relies on **a mixed funding structure**, commonly described as a **"one-third / one-third / one-third" funding model** combining government **grant** funding, **industry contributions**, and **revenue from collaborative R&D**. During its first decade of operation, the Catapult Network **directed over £2.5 billion of public and private investment into the industries**, established more than 2,000 academic collaborations and 14,750 industry collaborations, and supported over 8,000 SMEs.

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3.2.5 Support infrastructure (Hard)

Scale a national network of regional startup-oriented prototyping labs	
Horizon	**Relevant SNS**
Long-term	No direct SNS indicator impact

Background: Ukraine's prototyping **infrastructure remains insufficiently available for startup use**, especially outside the main innovation centers. Universities and research institutions hold relevant laboratory assets, but these are often oriented toward academic research or teaching and are **not organized as accessible product-development facilities for external teams**. This creates a practical bottleneck for hardware, robotics, industrial-tech, medtech, agritech, climate-tech, and other engineering-intensive ventures that require equipment, workspace, and technical support to develop functional prototypes. The constraint is reinforced by **outdated or incomplete equipment, unclear access procedures, and weak operational management of shared facilities**. Without dedicated staff and a clear service model, even publicly or donor-funded equipment risks remaining **underused**. As a result, promising student, research, and founder teams face avoidable delays in moving from idea validation or research results to MVP development, weakening the pipeline of hardware and deep-tech startups.

Design: The recommendation focuses on the **scaling of a national network of regional startup-oriented prototyping labs** that provide startups, student teams, researchers, and early-stage innovators with practical access to workspace, equipment, and technical support for prototype development.

Labs should be established through a **recurring competitive selection process** open to universities and research institutions across Ukraine's regions. Host institutions should be selected based on **existing technical capacity, available space, regional demand, links to local industry or startup activity, and the quality of the proposed operating model**. This would help avoid one-off equipment procurement and prioritize institutions able to operate labs as accessible, service-oriented prototyping infrastructure.

Each selected lab should have a clear **startup-facing operating model**, including a service catalogue, transparent access rules, booking procedures, safety onboarding, equipment training, basic technical assistance, and maintenance arrangements. Depending on local specialization, labs could focus on robotics, electronics, 3D printing and scanning, mechatronics, mechanical assembly, CAD/design software, testing, or small-batch experimental work.

A dedicated **full-time lab manager** should be assigned to each facility. This is a critical design element, as public or donor-funded equipment often remains underused when no one is responsible for access management, maintenance, outreach, user support, and cooperation with external teams.

If the **Science City law** is adopted, it could strengthen the institutional basis for this

recommendation. Science parks could become natural anchors for some of the labs, offering a clearer framework for university-business collaboration, external access to infrastructure, commercialization-oriented services, and partnerships with private companies.
The model should apply **public-private-donor partnerships** in lab creation and operation. The recently opened **RoboLab at Kyiv National University of Construction and Architecture** is a vivid domestic example: it combines a university base, initiative from the Ministry of Digital Transformation, partnership with the Ministry of Education and Science, implementation by the Association of Robotics and Automated Systems, and support from the Ukraine-Moldova American Enterprise Fund, Ajax Systems, and Deus Robotics.
The cost per lab ranges from several hundred thousand to several million euros depending on renovation scale and equipment specification. Operational financing must be planned from the outset since prototyping labs are structurally loss-making and require ongoing state or donor support, or a dedicated internal fundraising function, to remain sustainable.

Gaps addressed:

- Insufficient financing for modernization of research and prototyping infrastructure (High/Medium)
- Limited availability of startup-oriented equipment in prototyping labs (Medium/Medium)
- Institutional barriers to open-access operation of university laboratory infrastructure (Medium/Medium)
- Lack of operational capacity for lab infrastructure management (High/Medium)

Expected outcomes:

- A national network of regionally distributed, sector-focused prototyping labs operating on an open-access basis
- Improved regional capacity for hardware, robotics, deep-tech, and engineering-intensive startup development
- Faster conversion of student, research, and founder ideas into functional prototypes and MVPs
- More active use of university and research infrastructure for commercialization-oriented activity

Lead actors: Ministry of Education and Science and Ministry of Digital Transformation (policy lead, competitive selection, network coordination); private companies and/or donor organizations (co-financing); universities and research institutions (host institutions).

Best practices: The **UK Catapult Network** is the closest large-scale reference: it consists of nine technology and innovation centers, each focused on a strategic technology area, with a wider national footprint across more than **65 locations**, providing businesses with access to specialist facilities, equipment, expertise, testing, prototyping, and scale-up support. The High Value Manufacturing Catapult alone has supported over **18,000 businesses and 1,000 concept-to-commercialization projects**, with independent evaluation confirming its effectiveness in bridging the gap between research and commercial exploitation. **Italy's**

National Competence Centers for Industry 4.0, comprising eight centers hosted by universities and research organizations across Italian regions, provide a complementary university-anchored model, supporting firms through technical advice, pilot testing, co-financed innovation projects, prototyping, and validation within a nationally coordinated framework.

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3.2.6 Access to markets

Launch ecosystem bridge programs with new partner countries based on the UA-UK TechBridge model	
Horizon	**Relevant SNS**
Medium-term	No direct SNS indicator impact

Background: Most Ukrainian startups are oriented toward foreign markets, but the ecosystem offers limited structured support for getting there. **Internationalization support is fragmented and ad hoc** — isolated delegations, one-off events, and occasional soft-landing opportunities that do not add up to a coherent pathway from first market exploration to commercial entry. Survey evidence confirms the scale of the problem: 47% of startups identified finding clients and entering markets as their most acute challenge, and 18% specifically cited insufficient international market access opportunities as a gap in existing support. Without structured programs, **founders navigate foreign markets largely on their own**, investing time and resources that could otherwise go to product development, and making avoidable market-entry mistakes.

Design: The recommendation proposes to develop a **set of ecosystem bridge programs connecting Ukrainian startups to investors, mentors, and corporate partners in priority foreign markets**. The UK-Ukraine TechBridge, a government-to-government initiative launched in 2023 that has supported 39 Ukrainian startups and helped them collectively raise over $14 million, provides the foundational model from which new bridges should be developed.

Each bridge should be organized around a specific partner country and delivered with a **credible local ecosystem partner**, an accelerator, VC platform, innovation agency, startup hub, business association, or corporate innovation network, selected through a competitive open call. Each bridge should combine **three core elements**: pre-market preparation, structured in-market engagement, and follow-up support. Preparation should cover market positioning, investor and partner materials, target-customer segmentation, and contact mapping, including market-specific content on regulatory environment, buyer behavior, and investor expectations. The in-market phase should focus on curated meetings with investors, corporate partners, mentors, sector experts, and potential customers — ideally timed around major local tech or industry events. Follow-up should actively support the conversion of contacts into pilots, partnerships, investment discussions, or concrete market-entry steps, as one-off exposure without follow-through rarely translates into sustained market presence.

The bridges should be coordinated through a **common national framework** covering startup and partner selection criteria, minimum program standards, reporting requirements, and a shared alumni and partner database, while each country bridge is adapted to the structure and strengths of the target ecosystem. **Initial priority markets could include Sweden, France, and Estonia**, given their relevance for European ecosystem integration, strong

startup support infrastructure, current connections to the Ukrainian ecosystem, and potential fit with Ukrainian technology companies. **Over time, the model could be extended** to more distant or sector-specific markets, including Azerbaijan and Japan, where implementation would require stronger institutional preparation, clearer sector focus, and carefully selected local partners.

This recommendation is designed to **work in tandem with the internationalization training program and market entry vouchers recommendation**. That program prepares startups for international expansion, building the commercial, legal, and market-entry capabilities needed before engaging foreign markets. The bridge programs are where that preparation is put to use.

MoDT and USF should coordinate the overall portfolio and track outcomes. Financing should primarily come from donor support and partner-country government co-financing.

Gaps addressed:

- Lack of structured market-access programs for startup internationalization (Medium/Medium)
- Low international connectedness of the Ukrainian startup ecosystem constraining foreign market entry and scaling (High/Medium)

Expected outcomes:

- More systematic international expansion pathways for Ukrainian startups beyond one-off missions and event participation
- Stronger integration of Ukrainian startups into foreign investor, corporate, mentor, and innovation networks
- Increased conversion of foreign ecosystem contacts into pilots, partnerships, investment discussions, and market-entry opportunities
- Greater visibility and credibility of Ukrainian startups in selected priority markets

Lead actors: MoDT and USF (coordination); Ministry of Foreign Affairs and economic diplomacy network (partner-country engagement); selected foreign ecosystem operators (local delivery and market access); donor organizations and private partners (co-financing and expert support).

Best practices: **Nordic Innovation House** is a useful reference for a permanent bridge presence abroad: it operates in Silicon Valley, Singapore, and Tokyo and gives Nordic startups, scale-ups, and companies access to local communities, ecosystem connections, workspace, and acceleration support. Its value is the standing market presence, not a single mission format. **La French Tech** provides a complementary community-network model: the French Tech Mission supports the French startup ecosystem in France and internationally, while French Tech international communities act as locally embedded gateways for French and Francophile entrepreneurs across foreign markets. **Enterprise Ireland** adds the export-development layer: its advisors in 40 international offices provide market knowledge and direct introductions to potential customers and partners, making foreign-market access a continuous service rather than an event-based activity.

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Introduce a training program dedicated to internationalization with market entry follow-on vouchers for advisory services	
Horizon	**Relevant SNS**
Medium-term	No direct SNS indicator impact

Background: Ukrainian startups are strongly oriented toward **foreign markets**, but many teams still **lack the practical capabilities** needed to select the right target market, understand customer and regulatory requirements, build local partner pipelines, and convert early international interest into actual sales or pilots. The gap analysis identifies the absence of structured market-access programs as a recurring constraint, with internationalization support still fragmented and often limited to isolated events, delegations, or temporary donor-funded opportunities. This creates a sequencing problem: **startups may receive exposure to international ecosystems before they are ready to use it effectively**. Without stronger market-entry preparation, participation in missions, fairs, or partner meetings can generate visibility but limited commercial follow-through.

Design: The recommendation implies introduction of a **practical internationalization training program** for startups preparing to enter foreign markets. The program should focus on applied market-entry capabilities rather than general export promotion. Core modules should cover **target-market selection**, customer segmentation, competitive positioning, pricing and channel strategy, regulatory and certification readiness, sales materials, partner search, investor and corporate outreach, and preparation of a concrete market-entry action plan.

The voucher component should be designed as a **follow-on instrument**, not as a standalone grant. Startups should first complete the training and develop a credible market-entry plan. Vouchers could then be provided either as an optional second-stage support measure or only to the strongest-performing teams, depending on available funding. This sequencing is important: the program should teach startups how to approach internationalization before financing external advisory services, rather than distributing funding without sufficient preparation.

Vouchers should finance specialized services that help startups move from planning to execution. Eligible uses could include but are not limited to market research, regulatory or certification advice, legal and tax consultations for market entry, partner and distributor search, localization support, sales process design, IP or data-compliance advice, etc. Ideally, the program could also rely on an **approved pool of advisors or a matchmaking mechanism** connecting startups with qualified experts in priority markets.

USF or MoDT should coordinate the overall instrument, while delivery can be delegated to an experienced ecosystem operator or consortium.

Gaps addressed:

- Lack of structured market-access programs for startup internationalization (Medium/Medium)
- Low international connectedness of the Ukrainian startup ecosystem constraining foreign market entry and scaling (High/Medium)

Expected outcomes:

- Stronger market-entry readiness among startups preparing to expand internationally
- Better conversion of internationalization support into concrete market-entry actions, rather than one-off exposure
- Increased number of startups entering foreign markets with clearer positioning, partner pipelines, and regulatory preparation

Lead actors: USF (program coordination and selection framework), selected ecosystem operator or training consortium (program delivery), donor organizations and private partners (co-financing and expert support).

Best practices: **Innosuisse Market Entry Camps** provide a relevant reference for the training side of the recommendation. They function as **acceleration programs** focused specifically **on international expansion**, helping **Swiss** startups with international potential explore and validate foreign markets, refine their market-entry approach, and build a local foothold with support from Swissnex teams in target ecosystems. Innosuisse also offers **trade-fair support under its Start-ups GoGlobal framework**, which makes the model particularly relevant for startups preparing to move from market learning to concrete international exposure. **Business Finland's Market Explorer** provides a complementary reference for the voucher component. It allows companies to purchase external expertise and market information needed to progress in a new international market, including inputs such as internationalization planning, market surveys, localization needs, competitive analysis, and partner or distributor mapping.

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Develop and publish a defense-tech export step-by-step guide and establish a defense-tech export facilitation desk	
Horizon	**Relevant SNS**
Short-term	No direct SNS indicator impact

Background: During the full-scale war, Ukraine has developed an **exceptionally dynamic defense-tech sector**, setting new benchmarks for rapid product iteration, battlefield validation, and adaptation to modern warfare. Beyond expanding domestic R&D and production capacity, Ukraine has also **deepened cooperation with leading international**

defense companies and launched initiatives allowing foreign partners to test technologies in real operational conditions and receive direct feedback from military users. This has made Ukraine one of the most important live innovation environments for defense technologies globally. Ukrainian defense-tech products are also becoming increasingly recognized and sought after abroad, but **producers have so far had limited ability to export** them and generate international revenue from this demand. As a response, Ukraine is gradually moving toward **reopening defense exports after most such exports were restricted during wartime**. As of April 2026, the President of Ukraine announced that the procedure for exporting military products had been approved by the relevant institutions and that the process was moving toward practical launch. However, the **export process is projected to be legally, procedurally, and commercially complex**, reducing the potential of many Ukrainian companies on the global stage.

Design: The proposed initiative includes **two connected components**: a practical defense-tech export **guide** and a dedicated export facilitation **desk** for defense-tech startups and SMEs.

The **guide** should **explain the export process step by step**, from initial product classification and export-readiness assessment to documentation, licensing procedures, engagement with foreign customers, shipment, and post-export compliance. It should **distinguish between different types of defense-tech products**, as each may require a different compliance pathway. The guide should also clarify which **authorities are involved** at each stage, what **documents** are required, what typical **timelines** may look like, and which **risks** companies need to consider before engaging foreign partners. Practical tools should be included, such as product-classification **checklists**, **required-document lists, internal compliance checklists, end-user documentation guidance, and export-readiness templates**.

The **facilitation desk** should serve as a **first-line navigation and coordination point** for companies, without replacing the competent licensing or export-control authorities. Its role should be to provide structured **consultations**, help companies understand the applicable export pathway, identify the responsible authorities, review basic documentation readiness, and refer companies to the correct public bodies or expert support where needed. The desk should be accessible through a **digital entry point** where companies can find the guide, submit inquiries, access templates, and book consultations. It should apply strict confidentiality safeguards, given the sensitivity of defense technologies, IP, customer information, and export discussions. The service should be designed **specifically for startups and SMEs**, which usually lack internal export-control, legal, and government-relations capacity. It should be updated regularly as export rules, security restrictions, priority markets, and institutional procedures evolve. The desk should also collect anonymized information on recurring procedural bottlenecks and use it to inform further improvements to the export pathway. The model could start as a **pilot focused on the most export-ready defense-tech categories and then expand** as demand, institutional capacity, and export-opening mechanisms mature.

Gaps addressed:

- MA-02: Limited global defense-tech commercialization (High/High);

Expected outcomes:

- Accelerated international sales by Ukrainian defense-tech SMEs through clearer export navigation and practical market-entry support

Lead actors: BRAVE1 (lead coordination), Ministry of Defense, Ministry of Digital Transformation, State Service of Export Control, Ministry of Economy.

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3.3 ROADMAP FOR SHORTLISTED RECOMMENDATIONS

[G&R] – Governance and Regulation; [AF] – Access to Finance; [AT] – Access to Talent; [SI-S] – Soft Support Infrastructure; [SI-H] – Hard Support Infrastructure; [AM] – Access to Markets.

Category	Time frame	Description	Recommendations
Short-term	**0–12 months**	Enabling actions that **can start within the current policy cycle** where the reform route or institutional entry point is already visible, creating the policy, coordination, monitoring, and early-capacity foundations for later measures.	**[G&R]** Adopt Draft Law No. 13715 as Ukraine's startup policy framework **[G&R]** Strengthen WINWIN with a dedicated startup-policy layer **[G&R]** Establish a startup data and monitoring system under USF **[G&R]** Adopt the Science City law as a framework for science parks **[G&R]** Introduce startup-friendly innovation procurement rules **[AT]** Develop a future skills strategy for priority innovation sectors **[AM]** Establish defense-tech export guidance and support desk
Medium-term	**1–3 years**	Measures that **require prior design, ownership, capacity-building, budget alignment, or regulatory preparation**, but can be launched through pilots or targeted programs before full system-wide scale-up.	**[AF]** Launch an Angel Investor Academy **[AF]** Establish staged smart grant tracks under USF **[AF]** Create a matching grant facility for startup investment **[G&R]** Institutionalize regulatory sandboxes across priority sectors **[AT]** Upgrade university startup schools and incubators **[AT]** Launch a national media-based startup competition show **[SI-S]** Launch a national idea-to-startup incubation program **[SI-S]** Launch sector-specific acceleration programs **[SI-S]** Strengthen regional startup hubs **[SI-S]** Establish Centers of Excellence for strategic industries **[AM]** Expand ecosystem bridge programs to new countries **[AM]** Launch internationalization training with market-entry vouchers
Long-term	**3+ years**	System-level measures **requiring sustained financing, deeper institutionalization, major infrastructure development, market maturation, or long-term coordination** across government, academia, industry, and investors.	**[AF]** Establish a state-backed startup co-investment facility **[G&R]** Strengthen USF as the central ecosystem coordinator **[SI-H]** Scale regional startup prototyping labs

3.4 RECOMMENDATIONS LONGLIST

3.4.1 Governance and regulation

Recommendation	Gaps Addressed	Ease of Impl.	Impact	SNS Impact	Driven By
Strategic governance					
Adopt and enact Draft Law No. 13715 as the flagship legal framework for startup policy, with a complete startup-specific legal vocabulary in primary law	GR-01 (H/H) No startup terminology in legislation AF-18 (M/L) Traditional bank lending criteria block startups	Low (Hard)	High	SNS4 (4.1.1 — "Think Small First" principle implementation level, **0%**) SNS4 (4.2.1 — Existence of compliance exemptions/alternatives for startups, **50%**) SNS1 (1.2.1 — Existence of an online service to set up a company, **75%**) SNS5 (5.1.1 — Existence of administrative impediments to startup participation in procurements, **100%**; improved from 0% in 2024) SNS5 (5.1.2 — Existence of incentives for public buyers and procurement services to procure innovation from startups, **50%**; improved from 0% in 2024)	State-driven (MoDT / VRU / MinEco / MinFin / CMU / USF)
Continue WINWIN as Ukraine's umbrella innovation framework and integrate a clearer startup-policy layer into the next iteration of its operational plan	GR-15 (H/M) Fragmented innovation governance	Medium	High	SNS8 (8.1.3 — National digitalization strategy implementation, **100%**; improved from 50% in 2024)	State- (CMU / MoDT / MinEco / MinFin / MoES) and donor-driven
Institutional architecture and capacity					
Enhance the institutional capacity of USF to act as a central ecosystem coordinating body	AF-09 (H/H) Structural shortage of pre-seed capital AF-15 (M/M)Lack of idea-stage microfunding AF-16 (H/M) No permanent anchor grant program	Medium	High	No direct SNS indicator impact. Strengthens ecosystem coordination, improves continuity of startup support delivery, and reinforces USF's ability to anchor civilian, idea-stage, and pre-seed support instruments.	State-driven (MoDT / USF / CMU)

Establish a public startup data and monitoring system under USF, with a standardized methodology, regular publication, and technical contributions from ecosystem partners	GR-16 (H/H) No consolidated startup data infrastructure	Medium	High	No direct SNS indicator impact. Strengthens the ecosystem's data infrastructure, enabling more consistent monitoring, better policy design, and clearer coordination across startup support actors.	State- (MoDT / USF) and donor-driven
Specify the role of the CDTO network as 'innovation brokers' responsible for coordinating sectoral innovation demand, including needs identification, structured engagement with ecosystem operators, and implementation support	GR-15 (H/M) Fragmented innovation governance	Medium	Medium	No direct SNS indicator impact. Improves cross-government coordination, creates a clearer demand-side interface between line ministries and startup-support operators, and strengthens the practical implementation capacity of startup and innovation policy across sectors.	State-driven (CMU / MoDT / CDTOs / relevant line ministries / USF)
Legal and regulatory reforms					
Improve Ukraine's accessibility as a startup jurisdiction, expanding uResidency country coverage, and aligning core business-entry and company-setup services for non-resident founders with those available to residents	GR-03 (M/L) Limited cross-border e-ID usability GR-04 (L/L) Paper-based cross-border establishment GR-13 (M/M) Limited founder visa and e-residency pathways	Low (Hard)	Medium	SNS2 (2.1.1 — Time to complete visa applications for founders, **50%**; declined from 100% in 2024) SNS2 (2.1.2 — Time to complete visa applications for experienced workers, **50%**) SNS1 (1.2.1 — Existence of an online service to set up a company, **75%**) SNS1 (1.2.3 — Existence of a virtual helpdesk for regulatory issues for startups and scale-ups, **100%**; improved from 50% in 2024) SNS1 (1.3.2 — Utilization of legal documents from other EU countries for startup establishment or expansion within the single market, **100%**)	State-driven (MoDT / State Migration Service / MFA)
Formalize the AI/blockchain sandbox pilot into a permanent regulatory experimentation mechanism and expand it to new sectors	GR-14 (M/H) Lack of operational regulatory sandboxes	Medium	Medium	SNS4 (4.3.1 — Existence of regulatory sandboxes, **100%**; improved from 50% in 2024) SNS4 (4.3.2 — Number of established regulatory sandboxes, **1%**; improved from 0% in 2024) SNS4 (4.3.3 — Number of startups involved in regulatory sandboxes, **4%**; improved from 0% in 2024)	State- (MoDT / CMU / sector regulators) and donor-driven
Amend the M-Test / regulatory impact assessment methodology to incorporate startup impact screening	GR-02 (H/M) No ex ante startup impact screening	Medium	High	SNS4 (4.1.1 — "Think Small First" principle implementation level, **0%**; directly addresses a core unresolved SNS4 gap)	State-driven (CMU / MoDT / State Regulatory Service / VRU apparatus)
IP and research commercialization					

Support the operational launch of the specialized High IP Court as a priority innovation and investment reform	GR-06 (H/H) High IP Court still non-operational	Medium	High	No direct SNS indicator impact. Facilitates IP dispute resolution, improves legal certainty for innovators and investors, and reinforces the enforceability of investment arrangements.	State-driven (HCJ / HQCJ / MinJust)
Support the rapid adoption of the Science City law as an enabling framework for science parks combining targeted incentives and a basis for collaboration instruments	GR-07 (H/H) Unclear IP ownership in joint R&D GR-08 (M/M) Weak commercialization of publicly funded IP	Medium	High	SNS5 (5.4.1 — Existence of policies for smooth tech transfer, **100%**; improved from 50% in 2024)	State- (MoES / UANIPIO / MoDT) and donor-driven
Establish a national university spin-off regime by amending the higher education, science, and technology-transfer framework to define researcher IP-sharing, transfer and licensing pathways for university-generated inventions, and common procedures, KPIs, and incentives	GR-08 (M/M) Limited pathways for researchers and startups to obtain ownership of university-generated IP SI-S-10 (M/H) Lack of incentives and operational frameworks for university spin-off creation	Low (Hard)	High	SNS5 (5.4.1 — Existence of policies for smooth tech transfer, **100%**; improved from 50% in 2024) SNS5 (5.2.1 — Possibility of ownership of IPR for startups in innovation procurement, **100%**)	State-driven (MoES / UANIPIO / MinEco / MoDT)
Complete UANIPIO (IP Office) process reform to streamline IP assets registration timelines and introduce startup-oriented support services	GR-09 (H/M) Slow / cumbersome IP registration for startups	Medium	High	SNS4 (4.2.1 — Existence of compliance exemptions/alternatives for startups, **50%**; indirect contribution through reduced administrative burden for IP-related compliance)	State-driven (UANIPIO / MinEco)
Amend the Public Procurement Law to introduce an innovation partnership procedure and a startup-eligible supplier category with adapted thresholds	GR-17 (M/M) Public procurement favors established suppliers	Low (Hard)	High	SNS5 (5.1.1 — Existence of administrative impediments to startup participation, **100%**; improved from 0% in 2024) SNS5 (5.1.2 — Existence of incentives for public buyers and procurement services to procure innovation from startups, **50%**; improved from 0% in 2024) SNS5 (5.2.1 — Possibility of ownership of IPR for startups in innovation procurement, **100%**; recommendation strengthens practical operability of this framework)	State-driven (MinEco / VRU / Prozorro / MoDT)
Diia.City regulation framework					
Amend the Tax Code, the Law on Limited and Additional Liability Companies, and related civil-law rules to make employee stock options workable outside Diia.City and publish model option documentation for non-Diia.City startups	GR-05 (M/M) ESOPs remain hard to use	Low (Hard)	Medium	SNS3 (3.1.1 — Stock Options taxed only as capital gains, **0%,** decreased from 100% in 2024) SNS3 (3.3.1 — Existence of a country-specific stock options scheme, **100%;** recommendation broadens practical usability beyond Diia.City)	State-driven (MinFin / MinJust / MoDT)

Defense innovation procurement					
Issue standard IP allocation, licensing, and confidentiality rules for defense-tech R&D, testing, and procurement	GR-10 (M/H) Weak IP protection in defense tech	Medium	High	SNS5 (5.2.1 — Possibility of ownership of IPR for startups in innovation procurement, **100%**; recommendation strengthens practical clarity of IP allocation rules) SNS5 (5.2.3 — Existence of exceptions for public sector IPR ownership based on overriding public interests, **0%**, decreased from 100% in 2024)	State-driven (MoD / MinJust / UANIPIO / CMU)
Establish a dedicated defense software procurement category and standard contract templates for defense-tech software solutions	GR-18 (H/H) Limited procurement entry pathways for defense tech startups	Medium	Medium	SNS5 (5.1.1 — Existence of administrative impediments to startup participation, **100%**; recommendation reduces software-specific procurement barriers in the defense segment) SNS5 (5.1.2 — Existence of incentives for public buyers and procurement services to procure innovation from startups, **50%**; recommendation strengthens procurement usability for defense-tech software solutions)	State-driven (MoD / Defense Procurement Agency / BRAVE1 Secretariat / MoDT / USF)

3.4.2 Access to finance

Recommendation	Gaps Addressed	Ease of Impl.	Impact	SNS Impact	Driven By
Angel investments					
Establish a national business angel association as a formal membership community building angel investor culture through peer exchange, educational programs, networking events, and annual deal activity publication	AF-02 (M/M) Weak angel investment culture AF-03 (M/L) Lack of skills and training programs for angel investors	High (Easy)	Medium	No direct SNS indicator impact. Strengthens the business angel ecosystem by creating a structured platform for angel engagement and network development.	Donor- and private-driven
Launch an annual Angel Investor Academy for Ukrainian HNWIs	AF-04 (M/H) Lack of skills and training programs for angel investors AF-02 (M/M) Weak angel investment culture	High (Easy)	Medium	No direct SNS indicator impact. Builds angel investor capability and supports the development of a more active and better-prepared early-stage investor base.	Donor- and private-driven
Venture capital market					
Establish a state-backed co-investment facility to crowd in private capital into Ukrainian startups	AF-05 (H/M) No co-investment and matching mechanisms AF-09 (H/H) Structural shortage of pre-seed capital	Medium	High	SNS6 (6.2.1 — Initiatives to diversify private capital for high-growth startup co-investment, **100%**; recommendation operationalizes this area through a concrete early-stage co-investment instrument)	State-driven (MoDT / NDI)
Launch a matching grants facility for startups that secure private investment	AF-05 (H/M) No co-investment and matching mechanisms AF-09 (H/H) Structural shortage of pre-seed capital	Medium	High	SNS6 (6.2.1 — Initiatives to diversify private capital for high-growth startup co-investment, **100%**; recommendation operationalizes this area through an early-stage matching grants instrument)	State-driven (MoDT / USF)
Establish and capitalize the Ukrainian venture capital Fund of Funds with state budget commitment and co-anchor investors, targeting capital injection in domestic VC funds	AF-06 (M/M) No anchor capital or fund-of-funds	Low (Hard)	High	SNS6 (6.1.3 — Utilization of EIB, promotional banks and dedicated vehicles distributing funds to established/professional VC, **0%**; directly supports creation of a dedicated VC-capitalization mechanism)	State-driven (MoDT / USF)

Grant funding architecture					
Introduce a USF-managed smart grant support anchor program with differentiated funding tracks by development stage (pre-seed / seed) and by industry focus aligned with WINWIN strategy priorities	AF-17 (H/H) Grant architecture misaligned with startup needs AF-16 (H/M) No permanent anchor grant program AF-15 (M/M)Lack of idea-stage microfunding	Medium	High	No direct SNS indicator impact. Improves the grant funding architecture for civilian startups by introducing a staged support pathway that better matches the needs of idea-stage, seed, and deep-tech ventures.	State- and donor-driven
Launch a "Corporate Innovation Partnership" grant program requiring startup-business or business-research institution collaboration as an eligibility criterion	AF-17 (H/H) Grant architecture misaligned with startup needs MA-03 (M/M) Weak university IP and tech transfer capacity	Medium	Medium	No direct SNS indicator impact. Strengthens collaborative innovation by incentivizing partnerships between startups, businesses, and research institutions, while improving commercialization pathways and applied innovation uptake.	State- and donor-driven
Introduce a venture fellowship program that provides scholarship-based support to researchers and future founders to focus full-time on startup creation	AF-16 (H/M) No permanent anchor grant program AF-15 (M/M) Lack of idea-stage microfunding	Low (Hard)	Medium	No direct SNS indicator impact. Builds founder capacity and supports early-stage company formation by reducing the financial barriers for researchers and future founders.	State- and donor-driven
Encourage regional startup voucher and grant programs to support startup formation and early growth	AF-09 (H/H) Structural shortage of pre-seed capital SI-11 (M/L) Startup support too concentrated in Kyiv	Medium	Medium	No direct SNS indicator impact. Expands the grant and funding landscape available to startups at the regional level, helping to reduce geographic concentration of support and improve access for founders outside major hubs.	State- and donor-driven
Establish a startup voucher scheme to co-finance external expert support for the preparation of applications to international support programs (Horizon Europe (incl. EIC), Digital Europe, LIFE, EDF, EDIP)	MA-01 (M/M) No structured market-access programs for internationalization AF-09 (H/H) Structural shortage of pre-seed capital	Medium	Medium	No direct SNS indicator impact. Improves startups' access to large-scale international funding programs by reducing the advisory and application cost barrier, increasing the probability of successful participation.	State- and donor-driven
USF-led civilian challenge-based funding program for startups	AF-17 (H/H) Grant architecture misaligned with startup needs	Medium	Medium	No direct SNS indicator impact.	State- and donor-driven

	AF-16 (H/M) No permanent anchor grant program				
Alternative and debt financing instruments					
Establish a clear legal framework for alternative financing mechanisms (crowdfunding, peer-to-peer lending, and venture debt financing) with standardized contract templates published by NSSMC	AF-19 (M/H) No legal framework for alternative startup financing	Low (Hard)	Medium	No direct SNS indicator impact. Expands the financing architecture available to startups by enabling regulated alternative funding channels and reducing reliance on the currently narrow mix of grants, angel investment, and conventional bank finance.	State-driven (MoDT / USF)
Design and introduce blended finance products for startups, combining loans with grant support and using startup-adapted risk assessment criteria	AF-18 (M/L) Traditional bank lending criteria block startups	Low (Hard)	Medium	No direct SNS indicator impact. Improves startups' access to debt financing by introducing banking products and eligibility approaches better aligned with startup specifics.	State-driven (MoDT / NBU)
Diia.City regulation framework					
Introduce a comprehensive national incentive framework for angel investors beyond Diia.City, introducing tax benefits and a simplified procedure for the creation of a joint investment vehicle	AF-01 (M/L) Weak angel investment incentives	Low (Hard)	Medium	SNS6 (6.3.1 — Existence of tax relief for BAs, **100%**; recommendation strengthens practical usability and coverage of the current framework)	State-driven (MoDT / USF / MinFin)
Introduce future equity agreements (SAFE/KISS Equivalents) as a legal instrument in Ukrainian Corporate Law, explicitly available outside Diia.City	AF-07 (M/H) No regulatory framework for SAFE/KISS instruments AF-14 (H/M) Legal and regulatory constraints driving foreign holding structures	Low (Hard)	High	No direct SNS indicator impact. Removes a major legal constraint in domestic startup financing, reducing the need for founders to rely on foreign holding structures.	State-driven (MoDT / USF)

3.4.3 Access to talent

Recommendation	Gaps Addressed	Ease of Impl.	Impact	SNS Impact	Driven By
Education and startup readiness					
Strengthen the national network of university-based startup schools, incubators, and accelerators through a common quality framework, upgraded methodologies, and a dedicated training program	TA-05 (M/L) Weak entrepreneurship education integration SI-16 (M/M) Shortage of business expertise in university-based startup programs	Medium	High	No direct SNS indicator impact. Improves the long-term conversion of ideas, skills, and technical knowledge into commercially viable ventures.	State-driven (MoES)
Integrate entrepreneurship education systematically across school education	TA-05 (M/L) Weak entrepreneurship education integration	Medium	High	No direct SNS indicator impact. Improves the long-term conversion of ideas, skills, and technical knowledge into commercially viable ventures.	State-driven (MoES)
Integrate entrepreneurship education into vocational education and training	TA-05 (M/L) Weak entrepreneurship education integration	Medium	High	No direct SNS indicator impact. Extends entrepreneurship learning pathways into vocational settings, improving the long-term conversion of technical skills into startup formation and entrepreneurial activity.	State-driven (MoES)
Strengthen the role of entrepreneurship education in higher education	TA-05 (M/L) Weak entrepreneurship education integration TA-04 (H/H) Academic education has limited practical relevance	Medium	High	No direct SNS indicator impact. Improves the long-term conversion of university-level knowledge and research into commercially viable ventures.	State-driven (MoES)
Promote lifelong entrepreneurship learning and adult upskilling	TA-05 (M/L) Weak entrepreneurship education integration	Medium	Medium	No direct SNS indicator impact. Expands the entrepreneurship pipeline beyond formal education to working adults, career changers, and non-traditional founders.	State-driven (MoES)
Develop a national future skills strategy for priority innovation sectors, aligning university education with the talent needs of Ukraine's strategic technology areas	TA-04 (H/H) Academic education has limited practical relevance TA-05 (M/L) Weak entrepreneurship education integration	Medium	High	No direct SNS indicator impact. Strengthens the long-term talent pipeline for priority innovation sectors where future demand is expected to be strongest.	State-driven (MoES)

Raise national awareness of entrepreneurship by launching a media-broadcast startup acceleration and competition show, culminating in nationwide public voting to select the winner	SI-08 (M/H) Lack of "opportunities to try" TA-05 (M/L) Weak entrepreneurship education integration	**Medium**	**Medium**	No direct SNS indicator impact.	State- and donor/private-driven
Introduce a university–industry collaboration track that connects student projects and theses to real business needs submitted by real companies	TA-04 (H/H) Academic education has limited practical relevance	**Medium**	**Medium**	No direct SNS indicator impact. Facilitates collaboration between business and academia and strengthens the practical orientation of education.	State-driven (MoES)
Launch an "Expert-to-Teacher" qualification program enabling professionals to move into teaching roles across the education system without full-time commitment	TA-06 (H/M) Shortage of qualified STEM educators	**Medium**	**Medium**	No direct SNS indicator impact. Improves the long-term supply of technically capable founders and startup employees by strengthening the quality of STEM teaching and mentorship.	Donor- and private-driven
Continue and scale a national awareness campaign to promote STEM careers among girls and women, including role model spotlights, school outreach events, and partnerships with tech companies	TA-03 (M/M) Gender imbalance in STEM education	**Medium**	**Medium**	No direct SNS indicator impact. Expands and diversifies the future STEM talent pipeline, improving the long-term availability of technical talent for startup formation and growth.	State-driven (MoES)
Establish an internship and traineeship program that connects students with startups	TA-05 (M/L) Weak entrepreneurship education integration	**Medium**	**Medium**	No direct SNS indicator impact. Creates earlier pathways into startup and innovation careers by giving students practical exposure to work environments.	State-driven (MoES)
Produce a video course on startup readiness featuring successful founders and support its rollout in schools and universities	TA-05 (M/L) Weak entrepreneurship education integration	**High (Easy)**	**Medium**	No direct SNS indicator impact. Creates earlier pathways into startup and innovation careers by giving students practical exposure to work environments.	State-driven (MoES)
Introduce a veteran reskilling program aimed at creating and developing tech startups	TA-05 (M/L) Weak entrepreneurship education integration	**Low (Hard)**	**Medium**	No direct SNS indicator impact. Creates earlier pathways into startup and innovation careers by giving students practical exposure to work environments.	State-driven (MoES)
Talent attraction and diaspora engagement					
Develop a national strategy for attracting and retaining high-skilled talent in Ukraine to serve as an umbrella framework coordinating existing and future state initiatives on return incentives, diaspora engagement, and foreign specialist attraction	TA-01 (H/H) Weak talent retention and attraction measures	**Medium**	**High**	SNS2 (2.2.1 — Existence of return of tech diaspora programs, **100%**; improved from 50% in 2024)	State- and donor-driven

Create a structured diaspora engagement platform to connect Ukrainian startups with diaspora expertise, networks, and early-stage investors	TA-08 (L/L) Scarcity of scale-up experienced professionals MA-06 (H/M) Low international ecosystem connectedness	Low (Hard)	Medium	No direct SNS indicator impact. Connects Ukrainian startups with diaspora expertise, networks, and investment.	State- and donor-driven
Establish a diaspora innovation ambassador network in key tech hubs in leading national ecosystems	TA-01 (H/H) Lack of talent retention and attraction measures MA-06 (H/M) Low international ecosystem connectedness	Low (Hard)	Medium	No direct SNS indicator impact. Connects Ukrainian startups with diaspora expertise, networks, and investment.	State- and donor-driven

3.4.4 Support infrastructure (Soft)

Recommendation	Gaps Addressed	Ease of Impl.	Impact	SNS Impact	Driven By
Startup pipeline support					
Launch a continuous country-wide "Idea-to-Startup" incubation program	SI-09 (H/H) Lack of idea-stage support programs AF-15 (M/M) Lack of idea-stage microfunding	Medium	High	No direct SNS indicator impact. Expands the number of structured entry points through which early ideas can be tested, developed, and converted into startup projects.	State- and donor/ private-driven
Launch a national vertical hackathon program: industry-specific, real problem-led hackathons per year with micro-grant prizes and fast-track entry to incubation for the selected teams	SI-08 (M/H) Lack of “opportunities to try”	High (Easy)	Medium	No direct SNS indicator impact. Creates more structured opportunities for teams to test ideas against real market problems and move the strongest concepts into follow-on startup support (e.g., incubators and accelerators).	State- and donor-driven
Launch sector-specific acceleration programs in priority civilian sectors identified in the WINWIN strategy	SI-07 (H/M) Lack of vertical specialization outside defense	Medium	High	No direct SNS indicator impact. Improves the relevance and effectiveness of startup support by aligning acceleration services with the specific needs of priority civilian sectors.	State(USF)- and donor/ private-driven
Launch a national scale-up support program with a focus on mentoring, peer exchange, and international exposure	SI-06 (M/L) Lack of dedicated scale-up support programs	High (Easy)	Medium	No direct SNS indicator impact. Channels diaspora and other external scale-up experience back into the domestic ecosystem, strengthening support for startups moving beyond the early stage.	Donor- and private-driven
Provide targeted incubation / acceleration / mentorship support for women-led tech startups	TA-03 (M/M) Gender imbalance in STEM education	Medium	Medium	No direct SNS indicator impact. Expands the startup pipeline by increasing the participation of women in technology entrepreneurship.	State- and donor-driven
Strengthen startup support in the regions through enhancing local startup hubs	TA-02 (L/L) Talent concentrated in major hubs SI-11 (M/L) Startup support too concentrated in Kyiv	Medium	High	No direct SNS indicator impact. Helps retain and activate local talent by creating more accessible entry points into startup and innovation pathways outside the main ecosystem centers.	State-driven (MoDT)

Establish the innovation vouchers program for professional services combined with a matchmaking mechanism and catalogue with pre-qualified service providers	AF-15 (M/M) Lack of idea-stage microfunding	Medium	Medium	No direct SNS indicator impact.	State- and donor-driven
Create dedicated Centers of Excellence to drive innovations in strategic industries	SI-07 (H/M) Lack of vertical specialization outside defense GR-15 (H/M) Fragmented innovation governance	Medium	Medium	No direct SNS indicator impact. Strengthens the vertical depth of the innovation ecosystem by creating sector-specific nodes with concentrated expertise, facilities, and coordination capacity.	State- and donor-driven
Establish a dedicated investment readiness and investor matchmaking program for startups in priority technology sectors	AF-09 (H/H) Structural shortage of pre-seed capital	Medium	Medium	No direct SNS indicator impact. Strengthens the early-stage financing pipeline by improving startup investment readiness and creating more structured connections between startups and investors.	State- and donor-driven
Ecosystem coordination and support provider sustainability					
Develop and launch a capacity-building program to support Ukrainian accelerators in moving towards commercially sustainable operating models	SI-14 (M/M) Unsustainable accelerator business models	High (Easy)	Medium	No direct SNS indicator impact. Strengthens the continuity and resilience of startup support.	Donor- and private-driven
Introduce a voucher scheme for established incubators and accelerators to invest in their human and technological development to better support their startups	SI-14 (M/M) Unsustainable accelerator business models	Medium	Medium	No direct SNS indicator impact. Strengthens the continuity and quality of startup support.	Donor- and private-driven
University commercialization					
Enhance the institutional and professional capacity for technology transfer through stronger technology transfer offices, dedicated expertise, and practical commercialization support	MA-03 (M/M) Weak IP management and tech transfer capacity	Medium	High	No direct SNS indicator impact. Helps more research-based ideas become startups and reach commercial success by improving IP ownership arrangements.	State- and donor-driven
Introduce a national spin-off awareness and capacity-building program combining practical guidance, explanatory materials, peer learning, and study visits for universities and research organizations	SI-15 (M/H) Weak frameworks for university spin-offs GR-08 (M/M) Weak commercialization of publicly funded IP	Medium	High	SNS5 (5.4.1 — Existence of policies for smooth tech transfer, **100%**; improved from 50% in 2024) Related to SNS5 IP indicators, especially through clearer commercialization pathways for university-generated IP	State-driven (MoES / MoDT / USF)

	GR-07 (H/H) Unclear IP ownership in joint R&D				
Introduce an entrepreneur-in-residence position in universities for engagement with the student-led startups	SI-16 (M/M) Shortage of business expertise in university programs	**High (Easy)**	**Medium**	No direct SNS indicator impact. Improves the quality of university-based support programs by adding practical entrepreneurial expertise, thereby strengthening the quality of startup-relevant talent development.	State and private/ donor-driven

3.4.5 Support infrastructure (Hard)

Recommendation	Gaps Addressed	Ease of Impl.	Impact	SNS Impact	Driven By
Infrastructure modernization					
Establish a laboratory modernization fund that distributes funding based on actual equipment usage by startups and other non-student users	SI-01 (H/M) Underfunded lab modernization SI-02 (M/M) Limited startup-oriented prototyping equipment	Low (Hard)	Medium	No direct SNS indicator impact. Improves the effectiveness of infrastructure investment by directing limited resources toward laboratory upgrades with verified startup demand and stronger prospects for regular use.	State-driven
Scale a national network of regional startup-oriented prototyping labs	SI-02 (M/M) Limited startup-oriented prototyping equipment	Low (Hard)	High	No direct SNS indicator impact. Creates more regional opportunities for hardware prototyping and product iteration.	State- (MoDT / MoES) and donor-driven
Access and operating models for infrastructure					
Create a legal framework allowing universities to provide commercial services, e.g. access to laboratory infrastructure, research services, for startups, companies, and other external users	SI-03 (M/M) Institutional barriers to open-access operation of university laboratory infrastructure	Low (Hard)	Medium	No direct SNS indicator impact. Encourages universities to open infrastructure on a commercial basis, expanding startup access to early validation services and creating an additional source of institutional revenue.	State-driven
Establish a national shared research equipment network, an online platform cataloging available equipment across all universities and research institutes	SI-02 (M/M) Limited startup-oriented prototyping equipment	High (Easy)	Medium	No direct SNS indicator impact. Improves visibility of available research infrastructure, reducing information asymmetry and helping align existing equipment with the demand from startups and other innovators.	State- (MoDT / MoES) and donor-driven

3.4.6 Access to markets

Recommendation	Gaps Addressed	Ease of Impl.	Impact	SNS Impact	Driven By
International market entry support					
Launch ecosystem bridge programs with new partner countries based on the UA-UK TechBridge model	MA-01 (M/M) No structured market-access programs for internationalization	Medium	Medium	No direct SNS indicator impact. Facilitates more structured international market-entry pathways for Ukrainian startups and improves their connectivity to foreign ecosystems.	State-driven (MoDT)
Introduce a training program dedicated to internationalization with market entry follow-on vouchers for advisory services	MA-01 (M/M) No structured market-access programs for internationalization	Medium	Medium	No direct SNS indicator impact. Strengthens startups' internationalization capacity by pairing training with practical follow-on support for market entry.	State-driven (MoDT / USF)
Organize annual structured soft-landing missions to priority foreign markets	MA-01 (M/M) No structured market-access programs for internationalization MA-06 (H/M) Low international ecosystem connectedness	High (Easy)	Medium	No direct SNS indicator impact. Improves startups' ability to enter priority foreign markets by reducing information and network barriers.	State- and donor/ private-driven
Establish a USF-coordinated grant scheme for startup participation in international events	MA-04 (M/M) Weak support for trade fairs and exhibitions	Medium	Medium	No direct SNS indicator impact. Expands startup participation in strategic international events, increasing the likelihood of stronger sales, partnership opportunities, and investment inflows into Ukrainian startups.	State- and donor-driven
Commercialization and demand pathways					
Facilitate a startup-corporate engagement program covering 2-4 verticals with a focus on piloting with corporate partners as the target mandatory outcome	MA-05 (H/M) Weak domestic demand for innovation	Medium	High	SNS5 (5.1.2 — Existence of incentives for public buyers and procurement services to procure innovation from startups, **50%**; indirect relevance through stronger demand-side pathways for startup piloting)	Donor- and private-driven
Scale the annual IDF awards into a large event that combines a flagship public program with partner-led events across the ecosystem and	MA-06 (H/M) Low international ecosystem connectedness	Medium	Medium	SNS7 (7.1.1 — Existence of national awards / public recognition for startup role models, **50%**, decreased from 100% in 2024))	State- and donor/ private-driven

ecosystem awards, potentially to be integrated into the WINWIN Summit					
Defense innovation commercialization					
Develop and publish a defense-tech export step-by-step guide and establish a defense-tech export facilitation desk	MA-02 (H/H) Limited global defense tech commercialization	**High (Easy)**	**Medium**	No direct SNS indicator impact.	State-driven
Establish a defense-to-civilian transfer program within BRAVE1/USF, combining IP advisory, startup incubation/acceleration, mentoring, and civilian market entry support	MA-02 (H/H) Limited global defense tech commercialization	**Medium**	**High**	No direct SNS indicator impact. Creates a clearer pathway for defense technologies to be adapted for civilian use and commercialized in wider markets.	State- and donor-driven
Introduce BRAVE1-administered commercialization vouchers for defense-tech teams	MA-02 (H/H) Limited global defense tech commercialization	**Medium**	**Medium**	No direct SNS indicator impact. Strengthens the commercialization pathway by embedding market-facing expertise into technically strong teams.	State- and donor-driven

ANNEXES

Annex 1. Stakeholder Interviews

#	Organisation / Company	Contact person / Position	Date
1	**Techosystem**	Oleksandr Yatsenko / Chairman of the Board	January 15
2	**EIT**	Ihor Markevych / Community Officer	January 12
3	**Eastern Ukraine EDIH**	Olga Shapoval / Executive Director	January 14
4	**WIN2EDIH**	Larysa Antoniuk / Consortium Coordinator	January 21
5	**UMAEF**	Anton Waschuk / Director for Innovation, Education, and Entrepreneurship	January 16
6	**Chernihiv Polytechnique (Peremoha center)**	Serhii Bezborodko / Head of the Startup Creation and Development Center	January 15
7	**YEP**	Andrii Zaikin / Founder and CEO	January 27
8	**WINWIN**	Natalia Petrova / Team Lead	January 14
9	**IP office**	Anastasiia Yarmoliuk / Deputy Head of the Innovations Development Department	January 14
10	**FarsightVision**	Viktoriia Yaremchuk / CEO	January 30
11	**Haiqu**	Mykola Maksymenko / Co-founder, CTO	January 27

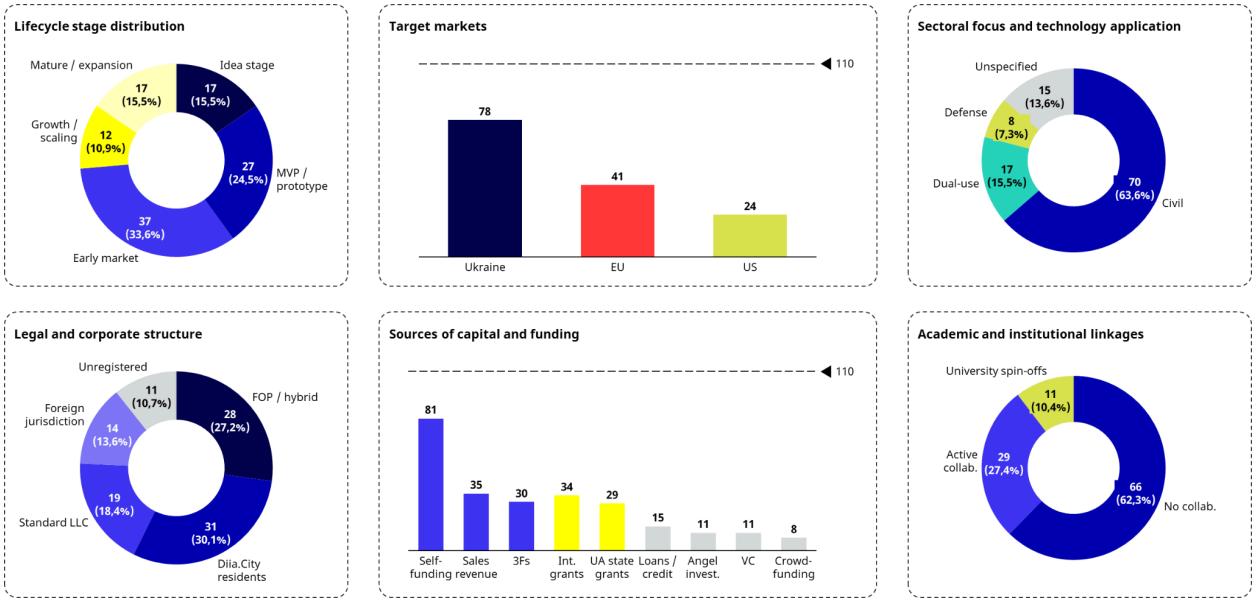
Annex 2. Startup survey

The survey covers **110 startup respondents** and specifically targets core decision-makers, including founders, co-founders, and C-level executives, in order to capture insights grounded in the operational and strategic realities of startup development. The purpose of the survey is to provide a **practice-based perspective on how the eight Startup Nations Standards (SNS) dimensions are experienced by startup actors themselves**. It does not replace the formal ESNA benchmark and should not be interpreted as an alternative scoring exercise. Rather, it adds a **complementary layer to the analysis**: while the ESNA assessment captures the maturity and operability of startup-relevant frameworks, instruments, and implementation signals, the survey shows how those conditions are perceived, navigated, and combined in day-to-day startup practice.

Respondent profile

The profile of the surveyed respondents provides important context for interpreting the survey findings, outlining the key structural and operational characteristics of the startup cohort across lifecycle stage, market orientation, sectoral focus, legal structure, funding sources, and institutional linkages:

Figure 29. Profile of surveyed startups



Lifecycle stage distribution. The sample confirms that the core of the Ukrainian startup ecosystem is currently concentrated in the early stages of innovation generation, product validation, and initial market entry:

- **Idea stage:** 17 respondents have a formed vision and concept but have not yet created a product;
- **MVP / prototype:** 27 respondents have built an MVP and are actively testing it with initial users;
- **Early market:** 37 respondents have already secured their first clients, implemented pilot projects, or generated initial revenue traction;
- **Growth / scaling:** 12 respondents have established stable sales and are actively focusing on scaling their business models;
- **Mature / expansion:** 17 respondents operate at the mature expansion stage, focusing on entering new markets and aggressive scaling.

Taken together, this distribution shows that **81** of the surveyed startups are still at the early stage, while only **29** have reached maturity.

Legal and corporate structure. The legal landscape of the surveyed cohort is highly fragmented, reflecting both the early nature of many projects and the complex requirements for international structuring and fundraising:

- **FOP and hybrid models:** 28 respondents operate either entirely as individual entrepreneurs (FOP) or utilize a combined FOP and LLC model;
- **Diia.City residents:** 31 respondents operate within the specialized Diia.City legal and tax regime;
- **Standard LLC:** 19 respondents operate as standard Ukrainian limited liability companies outside of the Diia.City framework;
- **Foreign jurisdiction:** to facilitate international capital access and mitigate war-risk perceptions, 14 respondents are incorporated in European Union countries, and 7 respondents are incorporated in the United States;
- **Unregistered (no entity):** 11 respondents currently operate without any formal legal structure.

This distribution matters because legal form is not merely an administrative feature – it shapes how startups interact with funding channels, incentives, digital services, and external partners.

Target markets and export orientation. Despite the high level of internationalization within Ukrainian IT, a significant portion of startups begin their validation process on the domestic market before expanding outward *(note: respondents could select multiple target markets)*:

- **Ukraine (domestic market):** 78 respondents consider Ukraine their primary market;
- **European Union:** 41 respondents are targeting EU markets;

- **United States:** 24 respondents are targeting the US market.

The current market profile **should be read alongside the startups' medium-term expansion trajectory**. While Ukraine remains an important market, the survey also points to a **strong outward orientation over the next 2–3 years**, with the EU rising to 78 mentions and the United States to 48, while Ukraine remains significant at 68. This indicates that many Ukrainian startups are balancing domestic market relevance with early international ambition. At the same time, the survey suggests that expansion capacity is uneven: startups are often small, resource-constrained, and still consolidating their operational base while already planning for international growth.

Sources of capital and funding. The baseline data reveals an exceptionally high reliance on bootstrapping and non-dilutive capital among the surveyed startups, highlighting a constrained institutional funding environment *(note: respondents could select multiple funding sources)*:

- **Founder / personal funds (self-financing):** 81 respondents utilize the founders' own savings as their primary source of funding;
- **Revenue from sales:** 35 respondents finance their ongoing operations through generated commercial traction;
- **International grants:** 34 respondents have secured non-dilutive funding from international support programs;
- **Friends, family, and fools (3Fs):** 30 respondents rely on informal capital from their immediate networks;
- **Ukrainian state grants:** 29 respondents utilize domestic public grant instruments;
- **Bank loans / credit:** 15 respondents utilize traditional debt financing;
- **Angel investment:** 11 respondents have secured early-stage backing from individual angel investors;
- **Venture capital (VC):** 11 respondents reported having successfully secured institutional venture capital investments;
- **Crowdfunding:** 8 respondents reported utilizing alternative crowdfunding platforms.

At a descriptive level, this suggests that a large part of the startup pipeline continues to rely on non-institutional sources of funding, with institutional capital reaching only a limited segment.

Sectoral focus and technology application. The survey comprehensively maps the technological focus of the ecosystem, dividing startups by their core application character:

- **Civil:** 70 respondents operate exclusively in the civilian commercial sector;

- **Dual-use:** 17 respondents develop technologies with both commercial and military applications;
- **Defense:** 8 respondents operate specifically in defense-tech;
- **Unspecified:** 15 respondents did not specify their application character.

This data indicates that the surveyed cohort is predominantly civilian, but already includes a meaningful layer of dual-use and defense-oriented ventures shaped by wartime demand and innovation dynamics.

Academic and institutional linkages. The demographic profile also measures the degree of technology transfer and integration between the startup ecosystem and higher education institutions:

- **No collaboration:** 66 respondents reported having no collaboration with universities;
- **Active collaboration:** 29 respondents reported engaging in some form of collaboration with universities;
- **University spin-offs:** only 11 respondents identified themselves as university-based startups or academic spin-offs, indicating a low penetration rate of institutional technology transfer.

Team, talent, and founder demographics. In addition to structural and financial data, the survey instrument was designed to capture underlying human capital demographics, including founding team gender composition (male-only, female-only, or mixed teams), total employee headcount, and the regional location of the startup's headquarters within Ukraine.

Ecosystem dynamics and behavioral trends

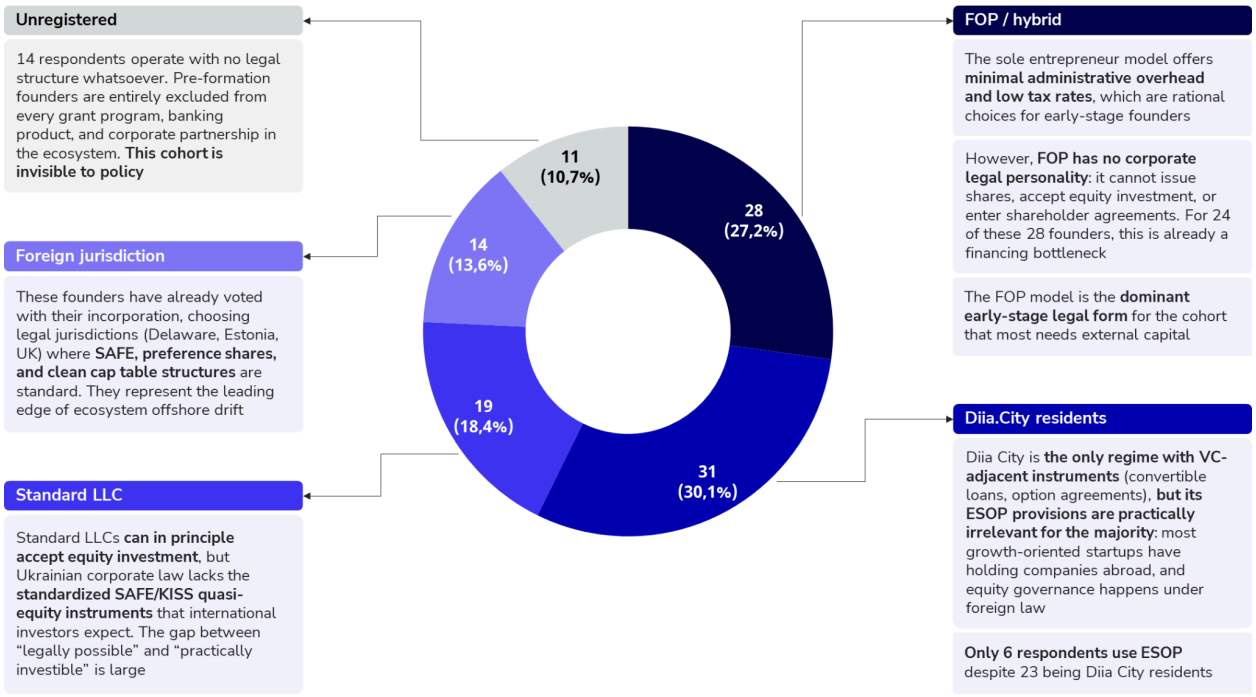
This section explores the overarching behavioral trends and operational realities of the Ukrainian startup ecosystem. Rather than cataloging specific policy deficiencies (which are addressed in the subsequent gap analysis), these insights diagnose how founders actually navigate the current market under profound tension. The survey data reveals a highly capable and internationally oriented founder base that is frequently forced into suboptimal operational behaviors to survive in the current environment.

1. The structural drag: most startups are locked in legal forms incompatible with investment

The survey captures a population that is **overwhelmingly pre-scale**: 81 respondents (74%) are at the idea, MVP, or early-market stage. Only 29 have reached stable growth or expansion.

This is not a sign of failure; it reflects a pipeline that is still being built under conditions of active conflict. But it does mean that ecosystem policy must be calibrated for a population that needs capital, structure, and market access urgently, at the earliest stages, precisely where Ukrainian policy instruments are most poorly designed.

Compounding this pressure is the **legal structure paradox**, which acts as a map drawn for the wrong territory. Legal structure is not a neutral administrative choice for Ukrainian startups; it is a binding constraint on what funding instruments, team incentives, and market channels are accessible. The current distribution reveals a structural fragmentation that has direct consequences for the ecosystem's investibility.



Ultimately, what this structural makeup means for ecosystem maturity is profound. The combination of stage distribution and legal structure fragmentation produces a compounding **immaturity signal**. An ecosystem dominated by pre-commercial startups in non-investible legal forms is structurally unable to generate the deal flow that attracts institutional capital, accelerators, and corporate partners. Every metric cascades from this foundation: low VC deal counts, low ESOP uptake, low grant conversion to follow-on rounds, and low government procurement participation all trace back to the same root: a regulatory architecture that treats startup formation as a variant of sole-trader tax management rather than as the inception of a scalable company.

2. The capital paradox

Access to funding is the single most cited barrier in the survey, with 81 of 110 respondents naming it in their top three challenges. The **composition of funding sources** further clarifies this issue. Rather than representing a diverse portfolio of choices, the current funding mix highlights significant structural constraints, as founders largely finance their own ventures due to a lack of accessible alternatives at their current legal and developmental stages.

The self-funding loop: structural causes of forced bootstrapping

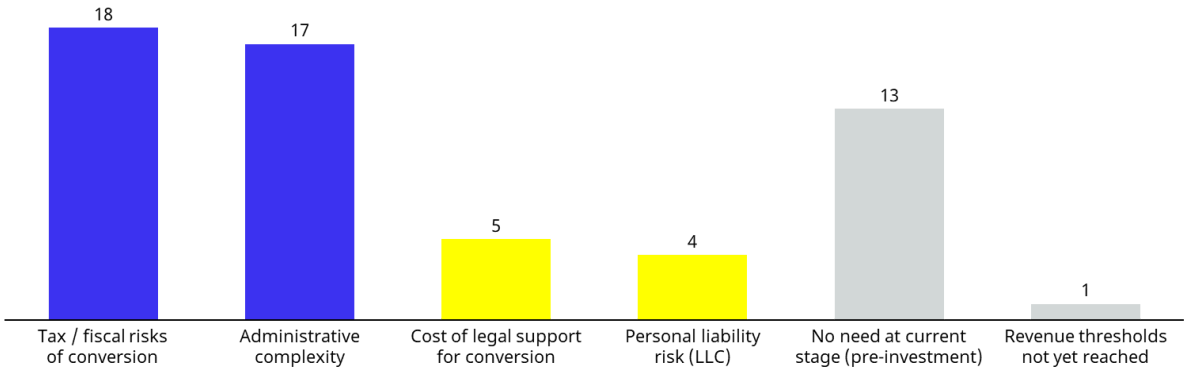
81 founders self-fund at every stage (idea, MVP, early market)

Personal savings, family money, and revenue from early clients are the dominant capital sources across the full stage distribution

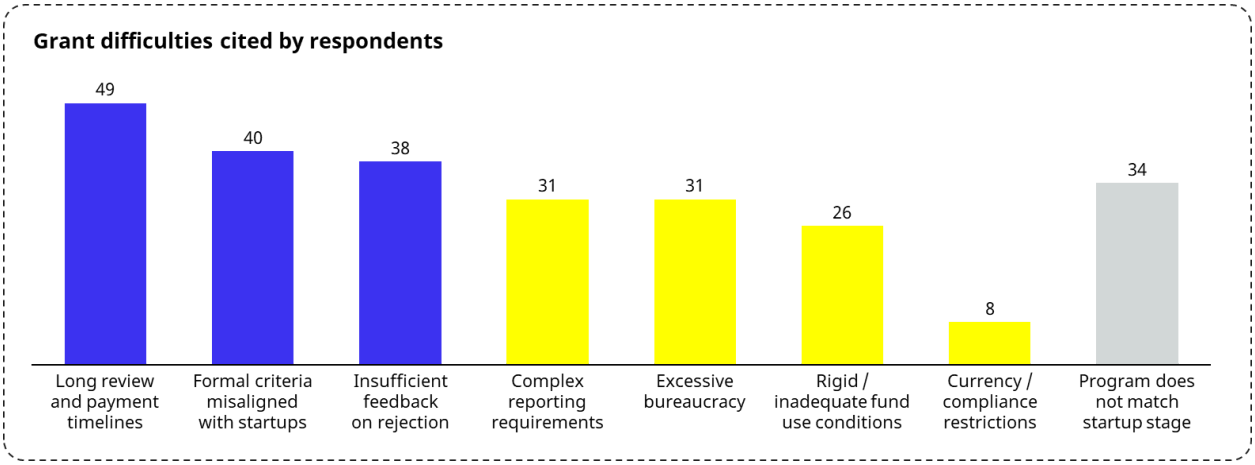
- 28 founders operate as **FOP** and legally cannot accept equity
- 11 have **no legal entity** and are excluded from all formal capital
- 23 in **Diia City** cannot use ESOP meaningfully because holding companies are foreign
- 48 report **pre-seed** as the hardest fundraising stage
- 58 confirm there is **no domestic pre-seed capital available**

This dynamic can be described as the **FOP trap**, where a startup's legal structure actively contributes to its funding difficulties. The fact that 81 respondents rely on self-funding is a critical takeaway, highlighting a structural necessity rather than a mere preference among founders. When asked why they remain as FOPs instead of converting to an LLC (which would make them eligible for equity investment), founders' responses point to calculated decision-making based on the current regulatory environment.

Why FOP founders don't convert to LLCs



Beyond self-funding, examining the **grant disconnect** allows for measuring the design mismatch present in the ecosystem. Grants are the second most used formal funding source (29 state grants, 34 international grants). However, the reported difficulties with these instruments point to systemic misalignments in program design rather than issues with the quality of the applicants.



The top three challenges identified by respondents stem from funding conditions failing to reflect the actual operational realities of startups. Cross-tabulating the data shows that this mismatch becomes more pronounced as startups mature. Specifically, complaints that programs do not suit a company's current stage peak during the early market phase (noted by 20 out of 37 early-market respondents), which is exactly when grant capital could most effectively drive market traction and secure follow-on funding. Additionally, deep tech founders flag inadequate ticket sizes as a compounding issue. The prevailing Ukrainian grant range of €20,000-40,000 is frequently cited in interviews as insufficient for reaching meaningful Technology Readiness Level (TRL) validation milestones, especially when compared to EU deep tech instruments that typically offer between €200,000 and €2 million.

The pre-seed funding chasm

48 respondents identified pre-seed as the **hardest fundraising stage**

58 confirmed that there is simply **very little pre-seed/seed capital** available **domestically**

The angel market is effectively non-functional: 37 respondents had never encountered angel investment incentives, 33 are uncertain about whether they work at all

The VC barrier profile

58: no domestic pre-seed/seed capital

49: war risk perception discounts Ukrainian ventures

25: no access to "smart money" mentorship alongside capital

25: excessively long deal negotiation cycles

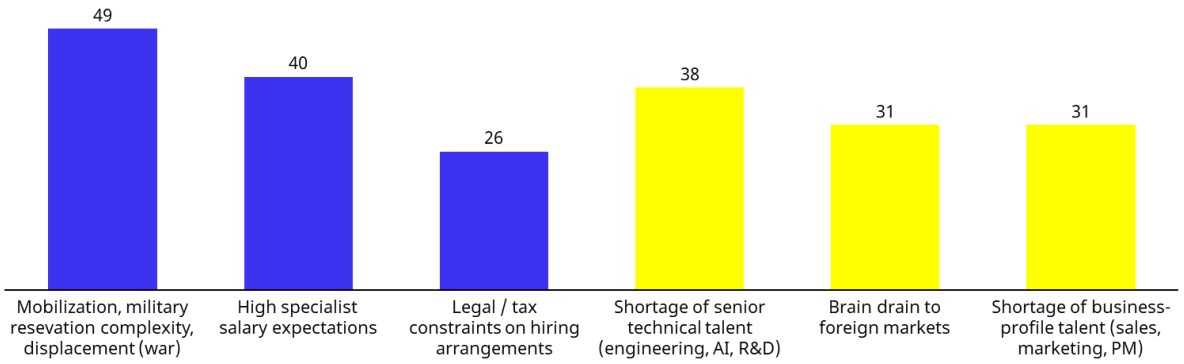
23: incompatible legal structures for VC investment

20: IP ownership uncertainty

3. The talent and resilience bottleneck

The talent challenge facing Ukrainian startups consists of multiple overlapping pressures. Founders must navigate **war-related availability constraints**, **salary cost pressures** from a globally benchmarked IT market, and structural **brain drain**. Combined, these factors create a continuous cycle of talent depletion.

Talent barriers cited by respondents



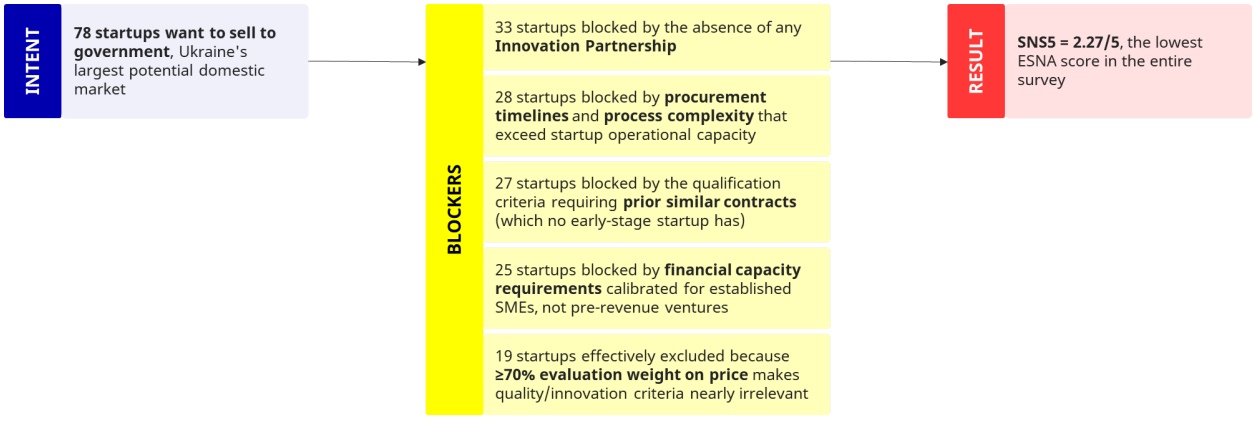
War-related constraints have shifted from temporary disruptions to permanent operational variables, with 59 respondents (54%) citing **mobilization**, **displacement**, and the **complexity of reservation exemptions** as their primary hiring barriers. The military reservation system, intended to protect critical workers, often proves prohibitively complex for small startups lacking dedicated HR departments. This administrative burden leads to unequal protection across the market: while large IT companies can navigate this process efficiently, early-stage startups face the unpredictable loss of key technical contributors.

Furthermore, the standard mechanism used in mature ecosystems to bridge the gap between high market salary expectations and limited startup cash, **equity compensation**, is largely non-functional in Ukraine. The survey data highlights a stark underutilization of **Employee Stock Ownership Plans (ESOPs)**, with only 6 respondents actively using them, even though 23 Diia.City residents in the sample technically have access to option agreements. Consequently, the ESNA standard tracking ESOP effectiveness (SNS3) received a score of just 2.36 out of 5, the second-lowest rating in the survey. Because this structural mechanism fails in practice, founders are deprived of a crucial tool to attract and retain senior talent, exacerbating the broader wartime human capital crisis.

4. Go-to-market disconnects

Finding early clients and **generating initial market traction** ranks as the second most acute challenge in the ecosystem, identified by 52 of 110 respondents (47%). This issue stands closely behind the primary hurdle of funding (73 respondents) and operates as a significant structural obstacle in its own right. These two barriers frequently compound, as a lack of market traction complicates subsequent funding rounds, while insufficient capital restricts the investment needed to acquire and develop customer relationships.

A major component of this market access gap lies in **domestic government procurement**. When asked about viewing the government as a potential customer, 78 respondents indicated they had never tried but strongly wanted to participate, marking the highest single-question negative response in the survey. Rather than reflecting founder apathy, this high figure points to systemic barriers within procurement laws that effectively block early-stage companies from entering the public market.



The combination of constrained domestic commercial demand and inaccessible public procurement channels creates a distinct ecosystem dynamic where startups are compelled to

internationalize prematurely. Survey data confirms this strong outward orientation, with 41 respondents already targeting the EU and 24 focused on the US. However, expanding abroad before solidifying a domestic base often exposes critical capability gaps. Cross-referencing these market ambitions with talent data reveals a **severe shortage of business-profile professionals**, with 25 respondents reporting difficulties hiring for sales, marketing, and growth roles. As a result, technically proficient teams frequently enter highly competitive foreign markets without the structured go-to-market capacity required to navigate complex enterprise sales cycles, partner negotiations, and brand positioning.

5. Policy vs. Practice: the ESNA reality check

Evaluating Ukraine's performance across the ESNA standards reveals a consistent pattern: **the ecosystem scores strongly on visible, platform-level infrastructure, but struggles significantly with structural legal and economic enablers.**

SNS 8	Digital First	**3.37**	Diia platform, digital incorporation, e-registers. Strong foundation, but dependent on Ukrainian eID – excludes foreign co-founders and non-residents
SNS 7	Social Inclusion, Diversity, Protecting Democratic Values	**3.26**	Relatively high, but war-related displacement and civil/defense sector asymmetry suppress broader ecosystem accessibility
SNS 1	Fast Startup Creation, Smooth Market Entry	**2.96**	Registration is fast (27 respondents: 2–3 days). But easy to start ≠ easy to incorporate in an investment-ready form. No startup legal definition. FOP trap persists
SNS 2	Attracting and Retaining Talent	**2.57**	War constraints (59), high costs (40), brain drain (26). ESOP non-functional. No structural talent retention instrument available
SNS 4	Innovation in Regulation	**2.49**	74% of founders perceive regulations as biased toward large companies. No startup definition in law. No ex-ante startup impact screening for new legislation
SNS 3	Stock Options	**2.36**	Only 6 of 110 startups use ESOP. Structural failure: holding companies abroad mean Ukrainian ESOP instruments don't attach to real equity
SNS 6	Access to Finance	**2.33**	Respondents cited funding as #1 barrier. Self-funding dominates (81). No domestic pre-seed/seed VC. Grant design misaligned with R&D cycles
SNS 5	Innovation in Procurement	**2.27**	Lowest score. 78 respondents want government contracts; procurement law structurally blocks all of them. No Innovation Partnership mechanism

The highest score in the survey, a 3.37 out of 5 for **Digital Services for Business** (SNS8), reflects the genuine achievement of the Diia platform, digitalized incorporation, and online

state services. **Inclusivity and Diversity** (SNS7) also performs relatively well at 3.26, though war-related displacement continues to suppress broader accessibility. However, these high scores mask critical limitations that turn digital readiness into a partial asset. For instance, a 1.10-point gap exists between digital services (SNS8) and **the ability to view the government as a customer** (SNS5 at 2.27), highlighting the paradox of operating as a highly functional digital state while maintaining a near-closed public procurement market. Furthermore, the digital infrastructure relies heavily on **Ukrainian electronic credentials** (BankID or QES), which systematically excludes foreign co-founders, diaspora entrepreneurs, and EU investors from utilizing online incorporation workflows.

Beyond this digital paradox, the broader regulatory environment fails to keep pace with ecosystem development due to several foundational policy absences. While initial business registration is fast, giving the SNS1 a moderate score of 2.96, this speed does not translate to **investment readiness**. A major hurdle is the absence of a **formal legal definition for a "startup,"** a gap that leads to inconsistent eligibility criteria across support programs. The survey shows strong demand to resolve this, with 72 out of 95 respondents (76%) stating that a startup definition should be codified in law. Additionally, there is no mandatory **ex-ante regulatory impact test** to screen draft laws for disproportionate effects on early-stage ventures. Consequently, 44 respondents confirm that existing regulations heavily favor large companies over startups, with another 30 stating this is partially true.

The ecosystem also lacks **operational regulatory sandboxes**. Despite policy documents frequently referencing experimentation frameworks, 73% of respondents actively demand functional sandboxes (49 marking them as desirable and 20 as critical) to safely test innovations in regulated sectors like fintech and defense-tech. Finally, domestic corporate law lacks **standardized SAFE or KISS instruments**, a specific need highlighted by 12 respondents, which forces startups to incorporate abroad to access standard pre-seed investment tools.

Ultimately, these regulatory blindspots trace back to a single governance root cause: **innovation policy functions are fragmented across multiple government actors without a shared, operationalized strategy, producing inconsistent results for the founders trying to navigate the system.**

Annex 3. Focus groups

As part of the stakeholder engagement component of the project, **three focus groups** were conducted to validate and deepen the findings of the desk research through direct stakeholder discussion. At the kick-off stage, **two alternative formats** for focus groups were considered: **stakeholder-based groups** (e.g., one type of stakeholder in the session, such as only investors or only startups) and **thematic groups** (invite all the stakeholders relevant to the issue under discussion). The **thematic format was selected**, bringing together different stakeholder types within each session to discuss issues from multiple perspectives. The topics were defined on the basis of the as-is analysis and chosen to cover the most pressing topics identified in the ecosystem assessment. The topics include:

1) **Access to finance**, including stage-specific funding gaps, mobilisation barriers, instrument fit, and de-risking need
2) **University–business collaboration and research commercialisation**, covering technology transfer pathways, incentives, governance frictions, and capacity constraints;
3) **Coordination in the startup ecosystem**, focusing on cooperation mechanisms, feedback loops, clarity of roles, and delivery bottlenecks.

Each discussion lasted around **two hours**, was led by a professional moderator, and was held under the **Chatham House Rule** to encourage open exchange. Two focus groups were conducted **offline**, and the session on access to finance was organised in a **hybrid format** in order to ensure broader and stronger participation from relevant stakeholders.

As a result of the focus groups, both converging and diverging views across the ecosystem were identified regarding key challenges and potential solutions, laying the foundation for recommendations aligned with the perspectives and priorities of the main stakeholder groups.

Below is the key information regarding the focus groups. The insights are presented without direct linkage to the preliminary agendas, as the discussion-based nature of the focus groups was not tightly bound to predefined topics and allowed participants to guide the flow of the conversation.

Focus group on access to funding

Date and time	Format	Location
17 February, 15:30–18:00	*Hybrid*	*Kyiv, 8 Kniaziv Ostrozkykh St., Creative State of Arsenal*

Participants

#	Organisation / Company	Type	Representative (position)
1	**Toloka VC**	Investor	Alex Sharko (Principal)
2	**GR Capital**	Investor	Bohdan Dorosh (Investment manager)
3	**Extra Vision**	Startup	Mykyta Markevych (Co-founder)
4	**WINSTARS.AI**	Startup	Dmytro Sofyna (CEO, co-founder)
5	**Connective One**	Startup	Mariia Kravtsova (CGO)
6	**GIOS**	Startup	Nataliia Limonova (Founder, CEO)
7	**USF**	Project partner	Olena Voroshylova (Head of the partnership and international cooperation department)
8	**USF**	Project partner	Yana Hulak (Project manager)
9	**USF**	Project partner	Anna Motrych (Project manager)



Focus of the discussion

Ukraine has a relatively broad set of startup funding instruments and support programs, but major gaps remain between early-stage support and scalable growth financing. This focus group explored **why available capital does not consistently translate into predictable follow-on funding, investment-ready company structures, or stronger conditions for larger and international investment**.

The discussion focused in particular on **bottlenecks** in funding continuity and deal execution, including legal structuring issues, investor readiness, limits of the current grant landscape, and the availability of instruments beyond grants. It also **examined practical options to strengthen** angel investment, improve conditions for private and foreign investors, and diversify the financing toolkit for startups with different growth paths. Main discussion points include, but not limited to:

- Early-stage and pre-seed funding gaps
- Weak continuity between grants, seed, and scale-up financing
- Legal and procedural barriers to investment into Ukrainian entities
- Limited angel investment and weak pre-seed investor base
- Gaps in startup investment readiness and founder capabilities
- Need for more differentiated instruments by stage and sector
- Constraints of current grant design and overreliance on non-dilutive funding

- Limited use of alternative instruments beyond grants
- Challenges in attracting foreign investors
- Role of ESOPs, governance, and corporate structuring in fundraising

Key insights

- **Early-stage financing remains the most visible funding gap**
  - The weakest funding stages are early validation, pre-seed, and scale-up.
  - Angel investment remains underdeveloped.
- **Stage definitions are used inconsistently across the ecosystem**
  - Terms such as pre-seed, seed, and early stage are used inconsistently.
  - Similar labels often refer to startups with very different maturity, sector, and capital needs.
  - Poor classification weakens the design of support instruments.
- **The constraint is not only lack of capital, but lack of venture-building capacity**
  - Funding gaps are compounded by weak business models, low traction, and limited market validation.
  - Many startups are more focused on raising money than building a business.
- **Incubation is a bigger gap than acceleration**
  - The ecosystem has more acceleration supply than well-prepared startups.
  - Incubation and pre-incubation are the more critical missing layers.
  - Early entrepreneurial education and first-step support need to be scaled.
- **Deep-tech and hardware startups require different support logic**
  - Standard startup instruments do not match the needs of deep-tech, healthtech, and hardware ventures.
  - Specialized financing and support formats are needed for science-intensive ventures.
- **Defense support has expanded, but creates an imbalance for civilian startups**
  - Available funding and policy attention are concentrated more strongly around defense innovation.
  - Civilian startups face a weaker funding environment.
  - Defense startups themselves face limited exit options.
- **Ukrainian incorporation remains a barrier for investment**
  - Investors remain reluctant to invest into Ukrainian legal entities.
  - The main concerns relate to investor protection, courts, corporate structuring, and enforceability.
  - The absence of standard venture instruments such as SAFE/KISS in Ukrainian law remains a solid constraint.

- **Finance constraints are closely linked to capability gaps**
    - Fundraising barriers are reinforced by weak knowledge of IP, governance, and market entry.
- **Grants remain necessary, but their design needs improvement**
    - Grants remain essential in a context of weak angel and pre-seed capital.
    - At the same time, participants raised concerns about repeat recipients and overreliance on grants.
- **The support architecture needs to become more differentiated**
    - More targeted programs by stage, sector, and business model are needed.
    - Proposed solutions included market entry support, conference exposure, specialized financing, and venture-building support.

Focus group on commercialization of university research and initiatives

Date and time	Format	Location
18 February, 15:30–18:00	*Offline*	*Kyiv, 8 Kniaziv Ostrozkykh St., Creative State of Arsenal*

Participants

#	Organisation / Company	Type	Representative (position)
1	**National Aviation University**	University	Nataliia Harashchenko (Head of the department of innovation management)
2	**KPI Sikorsky**	University	Oksana Yurchyshyn (Director of the department of innovation and technology transfer)
3	**IP Office**	Ecosystem actor	Anastasiia Yarmoliuk (Head of the department for the development of the network of technology and innovation support centers)
4	**VOLIA INNOVATION KITCHEN**	Incubator/ Accelerator	Anton Khodysko (CEO)
5	**YEP**	Incubator/ Accelerator	Marharyta Chernyshova (Head of partnerships)
6	**SmartFarming**	Corporation	Nazar Malyniak (Managing partner)
7	**Astarta**	Corporation	Mykola Shved
8	**AIREST**	Startup	Bohdan Haran (CEO, founder)
9	**USF**	Project partner	Anastasiia Kravchenko-Uhrekhelidze (Deputy head of projects)



Focus of the discussion

Ukraine has meaningful research capacity and strong technical talent, but the conversion of research outputs into investable startups remains limited. This focus group explored **why university- and research-based innovations still struggle to become commercial products**, spin-offs, and scalable companies.

The discussion focused on the practical conditions that determine whether technology transfer happens in reality rather than only on paper. In particular, it examined IP ownership and transfer arrangements, incentives for researchers and institutions to commercialise research, the operational strength of technology transfer structures, and the availability of proof-of-concept, testing, and prototyping pathways. It also considered how stronger applied innovation pipelines could be built beyond Kyiv. Main discussion points include, but not limited to:

- IP ownership, transfer, and commercialisation incentives
- Legal and administrative barriers to university–business cooperation
- Weak alignment between research activity and market demand
- Limited technology transfer capacity and underdeveloped support structures
- Gaps in proof-of-concept, prototyping, and shared research infrastructure
- Entrepreneurial and commercialisation skills gaps among researchers
- Limited business engagement in applied research and co-development

- Conditions for stronger regional deep-tech and applied innovation pipelines

Key insights

- **Commercialisation is constrained more by the insufficient business component**
  - Researchers often lack market orientation, business modelling, and user-centered thinking.
  - The main gap lies in connecting research outputs with demand.
  - Researchers should not simply be turned into entrepreneurs.
  - A stronger bridging function between science and business is needed.
- **The legal framework for university-business commercialisation remains incomplete**
  - Ukrainian legislation does not provide efficient forms for joint university-business development.
  - Licensing remains the dominant legal pathway, while joint commercialisation mechanisms are weak.
  - The absence of a clear spin-off framework remains a major bottleneck.
  - Public-private cooperation in research still involves a procedural burden.
- **Intellectual property is one of the most critical bottlenecks**
  - Many universities and innovators lack a clear IP strategy.
  - IP management capacity in universities remains weak.
  - Researchers are often discouraged by ownership rules under which rights remain with the institution.
  - The current system creates low incentives for researchers to commercialise through formal channels.
  - Legal uncertainty in IP sharing weakens trust between universities, startups, and businesses.
- **Technology transfer capacity remains weak**
  - Universities lack adequately paid professionals in innovation management, marketing, and legal support.
  - Effective commercialisation requires dedicated intermediaries with both business and science literacy.
- **Infrastructure exists, but access is highly restricted and fragmented**
  - Universities often have laboratories and equipment, but access is limited even within institutions.
  - External users, startups, and SMEs face substantial barriers in using university infrastructure.
  - Private companies often provide better research conditions than public institutions.

    - Existing infrastructure is fragmented and not organized into an open-access system.
- **Science-based startups face structural barriers beyond finance alone**
    - Deep-tech and applied science ventures are constrained by infrastructure, regulatory barriers, and weak commercialisation pathways.
    - Funding is part of the problem, but not the only one.
    - Many projects remain “nice to have” rather than demand-driven solutions.
- **Existing support instruments are underused or poorly matched to needs**
    - Grant support was described by some participants as becoming a substitute for sustainable development rather than a catalyst for it.
    - Conditions of public funding instruments were seen as insufficiently adapted to collaborative and commercialisation-oriented models.
- **Patent and IP protection systems remain too slow and costly**
    - Patenting timelines in Ukraine were described as too long for innovation-driven ventures.
    - International patenting remains prohibitively expensive.
    - Weak support for foreign patenting limits the global commercialisation of Ukrainian technologies.
- **More systemic intermediary and partnership models are needed**
    - Open access centres, innovation hubs, science parks, and intermediary organisations were repeatedly highlighted as needed solutions.
    - Effective support requires structured interfaces between universities, businesses, and commercialisation actors.
    - Participants stressed the need to complete and operationalise instruments such as Science City and innovation parks.

Focus group on coordination in the ecosystem

Date and time	Format	Location
19 February, 15:30–18:00	*Offline*	*Kyiv, 8 Kniaziv Ostrozkykh St., Creative State of Arsenal*

Participants

#	Organisation / Company	Type	Representative (position)
1	**IT Arena/EIT**	Ecosystem actor	Ihor Markevych (Director of global partnership/Community officer)
2	**EIT**	Ecosystem actor	Diana Bobrivets (Project manager)
3	**Yep**	Incubator/ Accelerator	Elina Andrus (Acceleration program lead)
4	**1991 Accelerator**	Incubator/ Accelerator	Oksana Izakova (Senior project lead)
5	**Mission Possible**	Incubator/ Accelerator	Dmytro Koshelnyk (Chief portfolio officer)
6	**Vacuum**	Incubator/ Accelerator	Alina Kiseleva (COO)
7	**Ministry of Digital Transformation**	Project partner	Olha Prudka (Startup ecosystem development lead)
8	**Expertise France**	Project partner	Tetiana Myskova (Country coordinator Ukraine within EU4Innovation East)
9	**USF**	Project partner	Yana Hulak (Project manager)
10	**USF**	Project partner	Anna Motrych (Project manager)



Focus of the discussion

Ukraine's startup ecosystem has many active support actors, but support remains fragmented across programs, organisations, ministries, and regions. This focus group explored **how ecosystem builders and public authorities can improve coordination and service delivery** so that startups experience a more coherent support journey, with less duplication and stronger continuity of support.

The discussion focused on practical coordination mechanisms between ecosystem actors and public institutions, including clearer division of roles, stronger referral pathways, shared service standards, and more functional feedback loops between startups and the state. It also examined how to strengthen regional startup pipelines through more predictable entry points, better-quality incubation and pre-incubation, and stronger local support structures, while also considering the role of public demand and public-sector channels in creating first market opportunities for startups. Main discussion points include, but not limited to:

- Fragmentation, duplication, and missing functions in the support ecosystem
- Gaps in referral pathways, service continuity, and feedback mechanisms
- Weakness of the early-stage pipeline, especially pre-incubation and incubation
- Regional disparities in access to information, support, and startup opportunities
- Lack of shared data, common terminology, and a coordinated strategic framework
- Need for more functional communication channels between startups and government

- Conditions for stronger regional entry points and local startup pipelines
- Role of public demand, pilots, and procurement in supporting startup growth

Key insights

- **The ecosystem lacks a shared factual and conceptual basis**
  - There is no unified startup database, methodology, or common measurement framework.
  - Key ecosystem terms remain inconsistently defined.
  - The absence of a shared evidence base weakens coordination and policy design.
- **The ecosystem remains fragmented and weakly coordinated**
  - The ecosystem includes many actors, but their roles and functions are not clearly mapped.
  - Coordination is fragmented across organisations, programs, and support layers.
  - There is no stable coordination platform or institutional mechanism for alignment.
- **Cooperation still depends too much on individuals rather than institutions**
  - Much of the ecosystem still operates through personal networks rather than institutional routines.
  - This creates fragility when key individuals leave or disengage.
- **The early-stage support layer remains underdeveloped**
  - Incubation remains a weaker layer than the ecosystem often assumes.
  - Many actors label programs as acceleration while actually covering incubation functions.
  - Early-stage support is insufficiently institutionalised.
  - Incubators are not financially sustainable without donor or public support.
- **Ecosystem support providers face weak sustainability models**
  - Accelerators and incubators remain heavily dependent on donor financing.
  - There is no strong culture or legal basis for taking equity in startups.
  - Service-based and investment-based models are not clearly distinguished.
- **Regional access to opportunities remains uneven**
  - The ecosystem remains strongly concentrated in Kyiv.
  - Opportunity awareness is significantly lower in the regions.
  - Regional actors are less connected to information and support flows.
- **The ecosystem lacks a distinct startup strategy**
  - The startup ecosystem is not sufficiently distinguished from the broader innovation ecosystem.
  - Existing strategic frameworks do not fully play the role of a dedicated startup ecosystem strategy.

- **Defense focus has reshaped ecosystem dynamics**
  - Defense innovation has absorbed a growing share of attention, talent, and resources.
  - Civil-tech teams have partly moved into defense-related tracks.
  - This has deepened imbalances in the civilian startup pipeline.
- **Proposed solutions focused on shared infrastructure and coordination mechanisms**
  - A unified platform and shared terminology were seen as foundational needs.
  - Ecosystem mapping was proposed as a basis for coordination.
  - Regional coordinators or hubs were suggested to connect local actors to the national ecosystem.
  - Stakeholder communication platforms, strategic sessions, and peer communities were seen as practical next steps.



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