



Feedback on the EU Startup and Scaleup Strategy

EIT Urban Mobility - Mobility for more liveable urban spaces

EIT Urban Mobility

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EIT Urban Mobility's feedback on the EU startup and scaleup strategy

EIT Urban Mobility is an initiative of the European Institute of Innovation and Technology (EIT), a body of the European Union. EIT Urban Mobility is committed to accelerating the transition to sustainable mobility and welcomes the Commission's initiative to strengthen Europe's startup ecosystem as these play a crucial role in tackling climate change, reducing congestion, and advancing digital transformation. However, mobility startups face persistent financial, regulatory, and market-access barriers, limiting their growth and impact.

Under Horizon Europe's framework, EIT Urban Mobility is Europe's most active impact investor¹ for gender-balanced startups and scaleups in urban mobility. Since 2019 EIT Urban Mobility has supported 353 startups and invested in 155, reinforcing the EU's commitment to fostering innovation in the sector. EIT Urban Mobility provides startups with essential resources to scale, innovate, and succeed in a competitive market. **The EIT Urban Mobility model is impact-driven aiming to derisk investments and accelerating innovation through:**

- Funding and hands-on **support for early-stage investments** through grants and equity financing focused on impactful mobility innovations.
- Access to **pan-European markets** and demand driven test beds to accelerate uptake and scaling opportunities.
- Access to **pan-European research and talent** to drive and support breakthrough innovations.

In 2024, the European mobility market experienced a sharp decline **in venture capital investment**, with **total funding dropping to \$6 billion**, a **30% decline** compared to the previous year². Despite this challenging backdrop, EIT Urban Mobility continued to provide financial support, strengthening its portfolio, with the target to span **transport electrification, urban logistics, and mobility data management**. The organisation has also made investments in areas such as **micromobility and behavioural change initiatives** that encourage walking and other active transport modes.

The investment strategy of EIT Urban Mobility prioritises diversity and gender balance, with 45% of its equity investments in women-led businesses – compared to just 4% of venture capital funding in the

¹ <https://www.eiturbanmobility.eu/press-corner/eit-urban-mobility-is-the-most-active-investor-in-european-mobility-startups-for-the-second-year-in-a-row/>

² <https://www.via-id.com/en/startups-europeennes-de-la-mobilite-via-id-et-dealroom-co/>

European mobility sector. Through initiatives like the EIT Supernovas³, we support women entrepreneurs by connecting them with mentors and investors.

The importance of the EIT model for startups

The EIT model is a crucial component of the EU's innovation ecosystem and should be fully integrated into the Startup and Scaleup Strategy and the next Framework Programme for Research and Innovation (FP10). The EIT model goes beyond traditional grants by fostering an ecosystem where startups receive tailored support in finance, skills development, market access, and regulatory navigation, which is a characteristic that other models do not cover (e.g.: EIC). This results in a holistic approach prompting stronger, more resilient ventures capable of scaling across Europe. Specifically, EIT equips startups with:

- Skills and business support, helping entrepreneurs develop market knowledge and leadership skills.
- Customer connections, linking startups with cities, corporates, and public entities at local, regional, national and European level for commercialisation.
- Access to testbeds and living labs, enabling real-world validation of solutions.
- Collaborative partnerships, promoting cross-sector innovation and international growth.

Access to EIT funding and open innovation also helps startups and scaleups to create references for public/private contracts while learning how to innovate with and for public and private buyers.

This approach strengthens startups' ability to widen business and funding opportunities, attract external investment, ensuring long-term sustainability rather than reliance on grants. Sustainable innovation ecosystems, such as those built by the EIT through its Knowledge and Innovation Communities (KICs) - including EIT Urban Mobility - create clear pathways from research to market.

Financing gaps for high-impact, capital-intensive startups

The mobility sector is highly capital-intensive, requiring substantial investments in hardware, infrastructure, and Research & Development (R&D). However, venture capital in Europe remains risk averse. To address this:

- EIT KICs should be invited to use the same investment schemes used by the EIC Accelerator and InvestEU through blended finance models and guarantees. This would significantly prioritise investments in sustainable mobility solutions, de-risking early-stage startups.
- New public-private investment vehicles should be created to support scaleups commercialising clean transport technologies.

³ <https://supernovas.eitcommunity.eu/>

- Financial instruments must be more accessible to startups developing products, not just digital solutions.
- Simpler and less cumbersome mechanisms are needed to execute funding and investments in early-stage companies, ensuring faster and easier access to capital.
- Redirect funds from EU Emissions Trading System implementation (EU ETS) to investments in sustainable urban mobility and tech through the Innovation Fund. Consider urban mobility startups on an equal footing with energy tech and AI sectors.
- Establish an EU-backed Startup Guarantee Fund, managed by the EIB or EIC and EIT which could be accessed by startups participating in an EIT innovation project. The fund would provide financial guarantees for contracts between startups and industry/OEMs, reducing OEMs' risk when engaging with startups.

Overcoming regulatory barriers and market fragmentation

Despite the single market, many urban mobility startups struggle with inconsistent regulations across Member States, which slow deployment and prevent scaling, also across borders. The European Commission's recently announced "28th regime" for startups aims to establish a unified legal framework, allowing startups to scale seamlessly across Europe without being hindered by national regulatory differences. This initiative presents an opportunity to address startup-specific regulatory challenges and create a more predictable environment for scaling innovation. To further support startups in overcoming regulatory fragmentation:

- The EU should promote regulatory harmonisation in key emerging areas like autonomous vehicles, mobility-as-a-service (MaaS), and AI-driven transport, and multimodal transport platforms.
- A pan-European regulatory sandbox should be introduced, allowing startups to test and scale innovations across multiple member states under a common framework⁴. This should include safe testing zones, developed in partnership with national regulators, for AI-powered transport, hydrogen mobility, and next-generation battery manufacturing, strengthening Europe's leadership in these sectors.
- Public procurement should be reformed to ensure that startups and SMEs can access public tenders by reducing administrative burdens and promoting innovation-friendly procurement criteria. Expanding pre-commercial procurement (PCP) and public procurement innovation (PPI) would further support startups in scaling solutions that have not yet gained market traction.

⁴ The European Commission's recent Action Plan for the automotive industry proposes the creation of large-scale testbeds and regulatory 'sandboxes' to enable innovators to test and refine autonomous vehicle technologies. We welcome these initiatives, as they will facilitate the development and deployment of new mobility solutions across Europe.

https://ec.europa.eu/commission/presscorner/detail/en/ip_25_635

Supporting talent and knowledge access

Startups in urban mobility require highly skilled professionals, but talent shortages, complex visa processes, and fragmented entrepreneurship support hinder their growth. The EU strategy should:

- Simplify visa and work permit procedures to allow startups to attract international talent more efficiently.
- Strengthen university spin-off programmes, providing better incentives for researchers to commercialise mobility innovations.
- Expand testbeds and living labs, where startups can collaborate with cities, academia, and industry to test and scale their solutions, so to increase the number of deep-tech startups in mobility.
- Support targeted acceleration programmes, such as the Better Mobility Accelerator⁵, which fosters high-potential startups that aim to tackle accessibility, safety, sustainability and inclusivity challenges in cities through structured mentoring, funding, and market access opportunities.
- Promote open innovation programmes, such as EIT Urban Mobility's CITY RAPTOR⁶, which help startups navigate public procurement processes by providing insights into public buyer culture, dynamics, and requirements, increasing their likelihood of securing follow-up contracts.
- Leverage digital platforms like the EIT Urban Mobility Marketplace to connect public buyers with proven solutions, enhancing access to information, references, and matchmaking between cities facing similar challenges.
- Scale up EU-funded programmes like Supernovas, which support female-led and gender-diverse startups, ensuring broader participation in the mobility innovation ecosystem.

Conclusion

EIT Urban Mobility is a proven partner for the EU Startup and Scaleup Strategy, combining investment, ecosystem-building, and hands-on support to help mobility startups scale. As Europe's most active mobility investor, we bridge research, market deployment, and policy, ensuring startups grow despite financial and regulatory challenges.

By integrating the EIT model into the strategy and FP10, the EU can unlock investment, streamline regulations, and accelerate innovation in urban mobility. We stand ready to collaborate with EU institutions, Member States, and industry to strengthen Europe's leadership in sustainable mobility innovation.

⁵ <https://www.eiturbanmobility.eu/what-we-offer/support-to-startups/accelerate-startup/inclusive-mobility/>

⁶ <https://raptorproject.eu/>

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