

Mc Namara, Frank; Quinn, Emma

**Research Report**

## Migratory pathways to Ireland for start-ups and innovative entrepreneurs

Research Series, No. 102

**Provided in Cooperation with:**

The Economic and Social Research Institute (ESRI), Dublin

*Suggested Citation:* Mc Namara, Frank; Quinn, Emma (2020) : Migratory pathways to Ireland for start-ups and innovative entrepreneurs, Research Series, No. 102, ISBN 978-0-7070-0515-7, The Economic and Social Research Institute (ESRI), Dublin, <https://doi.org/10.26504/rs102>

This Version is available at:

<https://hdl.handle.net/10419/230310>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by/4.0/>

# MIGRATORY PATHWAYS TO IRELAND FOR START-UPS AND INNOVATIVE ENTREPRENEURS

FRANK MCNAMARA AND EMMA QUINN



EMN Ireland is funded by the European Union's Asylum, Migration and Integration Fund and co-funded by the Department of Justice and Equality





# MIGRATORY PATHWAYS TO IRELAND FOR START-UPS AND INNOVATIVE ENTREPRENEURS

**January 2020**

Frank McNamara

Emma Quinn

## RESEARCH SERIES

## NUMBER 102

Study completed by the Irish National Contact Point of the European Migration Network (EMN), which is financially supported by the European Union and the Irish Department of Justice and Equality. The EMN was established via Council Decision 2008/381/EC.

Available to download from [www.emn.ie](http://www.emn.ie)

© The Economic and Social Research Institute  
Whitaker Square, Sir John Rogerson's Quay, Dublin 2

ISBN: 978-0-7070-0515-7

DOI: <https://doi.org/10.26504/rs102.pdf>



This Open Access work is licensed under a Creative Commons Attribution 4.0 International License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly credited.



## **THE EUROPEAN MIGRATION NETWORK**

The aim of the European Migration Network (EMN) is to provide up-to-date, objective, reliable and comparable information on migration and asylum at Member State and EU levels with a view to supporting policymaking and informing the general public.

The Irish National Contact Point of the European Migration Network, EMN Ireland, sits within the Economic and Social Research Institute (ESRI).

## **ABOUT THE ESRI**

The mission of the Economic and Social Research Institute is to advance evidence-based policymaking that supports economic sustainability and social progress in Ireland. ESRI researchers apply the highest standards of academic excellence to challenges facing policymakers, focusing on 12 areas of critical importance to 21st Century Ireland.

The Institute was founded in 1960 by a group of senior civil servants led by Dr T.K. Whitaker, who identified the need for independent and in-depth research analysis to provide a robust evidence base for policymaking in Ireland.

Since then, the Institute has remained committed to independent research and its work is free of any expressed ideology or political position. The Institute publishes all research reaching the appropriate academic standard, irrespective of its findings or who funds the research.

The quality of its research output is guaranteed by a rigorous peer review process. ESRI researchers are experts in their fields and are committed to producing work that meets the highest academic standards and practices.

The work of the Institute is disseminated widely in books, journal articles and reports. ESRI publications are available to download, free of charge, from its website. Additionally, ESRI staff communicate research findings at regular conferences and seminars.

The ESRI is a company limited by guarantee, answerable to its members and governed by a Council, comprising 14 members who represent a cross-section of ESRI members from academia, civil services, state agencies, businesses and civil society. The Institute receives an annual grant-in-aid from the Department of Public Expenditure and Reform to support the scientific and public interest elements of the Institute's activities; the grant accounted for an average of 30 per cent of the Institute's income over the lifetime of the last Research Strategy. The remaining funding comes from research programmes supported by government departments and agencies, public bodies and competitive research programmes.

Further information is available at [www.esri.ie](http://www.esri.ie).

## THE AUTHORS

Frank McNamara was a Policy Officer at the Irish National Contact Point of the European Migration Network (EMN Ireland), within the ESRI. Emma Quinn is Head of the Irish National Contact Point of the EMN.

## ACKNOWLEDGEMENTS

In compiling this study, valuable assistance was received from officials within the Immigration Service Delivery unit of the Department of Justice and Equality, Enterprise Ireland and Department of Business, Enterprise and Innovation. Further assistance was received from the CEO of SPEAKUS LTD, Alex Gusev; Professor Maura McAdam of Dublin City University; the Head of Venture Investment at the National Digital Research Centre, Carl Power; as well as Eamon Sayers, Centre Manager at the Guinness Enterprise Centre.

We also acknowledge the useful comments and suggestions received from the referees.

Thanks are also due to our colleagues Anne Sheridan, Sarah Groarke and Elaine Byrne at the ESRI.

We are very grateful to everyone who shared their expertise for the purpose of writing this study. Any errors remaining in this report are our own.

## ABOUT THIS REPORT

This European Migration Network study examines policy, law and practice relating to non-EEA start-ups and innovative entrepreneurs in Ireland. The study is an in-depth examination of the scheme (the Start-Up Entrepreneur Programme) by which start-up founders, innovative entrepreneurs and their families come to Ireland. The report includes information gathered by way of a common template, for an EU-level synthesis report: Migratory Pathways for Start-Ups and Innovative Entrepreneurs in the European Union, published at: [www.emn.ie](http://www.emn.ie) and [www.ec.europa.eu/emn](http://www.ec.europa.eu/emn).

*This report has been accepted for publication by the Institute, which does not itself take institutional policy positions. All ESRI Research Series reports are peer reviewed prior to publication. The authors are solely responsible for the content and the views expressed do not represent the position of the Economic and Social Research Institute, the Department of Justice and Equality, or the European Commission, Directorate-General Migration and Home Affairs.*

# Table of Contents

|   |     |
|---|-----|
| ABBREVIATIONS AND IRISH TERMS .....   | V   |
| EXECUTIVE SUMMARY .....   | VII |
| CHAPTER 1 INTRODUCTION AND CONTEXT .....  | 1   |
| 1.1 Study context .....   | 1   |
| 1.2 Objectives.....   | 3   |
| 1.3 Methodology.....  | 3   |
| 1.4 Definitions and scope.....  | 4   |
| CHAPTER 2 IRISH BUSINESS ENVIRONMENT FOR START-UPS AND INNOVATIVE ENTREPRENEURS .....             | 5   |
| 2.1 The business environment for entrepreneurs .....  | 5   |
| 2.2 The start-up landscape.....   | 6   |
| CHAPTER 3 THE START-UP ENTREPRENEUR PROGRAMME (STEP) AND ASSOCIATED RESIDENCE<br>PERMISSION ..... | 11  |
| 3.1 STEP: background and context.....   | 11  |
| 3.2 Recent and planned reforms.....   | 14  |
| 3.3 STEP: admission conditions relating to the business .....                                     | 15  |
| 3.4 STEP: admission conditions relating to the founder .....                                      | 18  |
| 3.5 Application and the Evaluation Committee .....  | 19  |
| 3.6 Approval and residence permission.....  | 21  |
| 3.7 Renewal and non-renewal of STEP permission.....   | 24  |
| 3.8 STEP: entry and promotion .....   | 25  |
| CHAPTER 4 CONCLUSION .....  | 29  |
| REFERENCES.....   | 31  |



## LIST OF TABLES

|         |  |    |
|---------|--|----|
| Table 1 | STEP applications, applications by gender, grants and residence permissions.....               | 12 |
| Table 2 | Top five countries of and origin of STEP applications received and Approved,<br>2014-2018..... | 13 |
| Table 3 | Migrant start-up admission business criteria in the EU.....                                    | 18 |
| Table 4 | Migrant (start-up) founder admission criteria in the EU .....                                  | 19 |
| Table 5 | Processing times for decisions on the start-up application in the EU .....                     | 21 |

## ABBREVIATIONS AND IRISH TERMS

|              |   |
|--------------|---|
| BIC          | Business Innovation Centre  |
| CSO          | Central Statistics Office   |
| Dáil Éireann | Lower house (and principal chamber) of the Oireachtas                   |
| Dublin BIC   | Dublin Business Innovation Centre                                       |
| EEA          | European Economic Area  |
| EIDES        | European Index of Digital Entrepreneurship Systems                      |
| EMN          | European Migration Network  |
| ESIS         | Entrepreneurship and Scale-up Indices                                   |
| GEC          | Guinness Enterprise Centre  |
| GEM          | Global Entrepreneurship Monitor   |
| HBAN         | Halo Business Angel Network   |
| ICT          | Information and Communication Technology                                |
| IDA          | Industrial Development Authority  |
| INIS         | Irish Naturalisation and Immigration Service                            |
| IOM          | International Organization for Migration                                |
| ISD          | Immigration Service Delivery  |
| IIP          | Immigrant Investor Programme  |
| IRP          | Irish Residence Permit  |
| MaREI        | Marine and Renewable Energy Research, Development and Innovation Centre |
| NDRC         | National Digital Research Centre  |
| OECD         | Organisation for Economic Cooperation and Development                   |
| Oireachtas   | Irish Legislature including upper and lower houses of Parliament        |
| SME          | Small and Medium Sized Enterprises                                      |
| STEM         | Science, Technology, Engineering, and Mathematics                       |
| STEP         | Start-Up Entrepreneur Programme   |
| SVC          | Seed and Venture Capital  |
| Taoiseach    | Head of Government/Prime Minister                                       |
| TEA          | Total Early-Stage Entrepreneurial Activity                              |
| TP           | Trusted Partner   |
| UCC          | University College Cork   |



## EXECUTIVE SUMMARY

---

The OECD recently noted a global trend towards introducing visas for start-ups and for entrepreneurs with innovative firms (OECD, 2019). That finding is borne out in this study which shows that 13 EU Member States now have a special admission scheme for start-up founders and innovative entrepreneurs from third countries in place. With the exception of those in Ireland, Italy, Netherlands, Spain and the United Kingdom, all schemes were introduced in the last three years. Other Member States, such as Germany and Sweden, use alternative entry pathways that nonetheless focus on attracting start-ups and innovative entrepreneurs. The EU-level synthesis report for this study shows that in many Member States, promoting start-ups and innovative entrepreneurship in general is a national policy priority (EMN, 2019).

The proactive approach taken by Member States regarding migrant start-ups and innovative entrepreneurs is in line with overarching EU policy. The European Commission has stated that the EU should explore ways of attracting innovative entrepreneurs who can boost economic growth and help create jobs. The Commission has further stated that in order to remain a globally competitive player, the EU needs to find better ways to attract migrant innovative entrepreneurs and to support migrant entrepreneurs already present in the EU (European Commission, 2016). The primary rationale for attracting migrant start-ups and innovative entrepreneurs is rooted in economics. However, attracting start-ups is also in line with the longstanding objectives of EU migration policy, such as tackling demographic change and satisfying labour market shortages (EMN, 2019).

Specific policies have been developed to nurture and encourage Ireland's start-up environment and these have featured prominently in Irish government policy documents post-recession. The Irish government has had the objective of creating a business-friendly environment, fostering innovation and entrepreneurship within the broader globalised economy.

Ireland is among those EU Member States with a specific scheme for facilitating entry for migrant start-ups and innovative entrepreneurs. The administrative scheme in question is the Start-Up Entrepreneur Programme (STEP), established in 2012. STEP is the second oldest scheme amongst the Member States participating in the EU-level study. The main objective of STEP is to 'stimulate productive investment in Ireland' by attracting 'High Potential Start-Ups' (HPSU) (Department of Justice and Equality, 2012). STEP allows entrepreneurs to apply

for residence permission in Ireland in order to establish a start-up or to bring a recently established start-up to Ireland. Among other admission criteria applicants must show that their proposed business introduces an innovative product or service to international markets and is headquartered and controlled in Ireland. They must also have access to €50,000 for the start-up.

In the study period 2014-2018, 435 applications were made to STEP and 129 were accepted. The acceptance rate averaged 30 per cent in the period. Russia appears in the top five countries of origin of applicants throughout the study period. Other key countries of origin of applicants included: India, US, China and Pakistan. Of the 493 applications made to STEP since its inception in 2012, 205 related to proposals in the ICT sector.

Application numbers in Ireland under STEP remain low at 42 in 2018. Ireland does not undertake any dedicated promotion of STEP abroad, instead relying on Enterprise Ireland general activities. New reforms will require applicants to participate in a 12-month incubator programme prior to preparing a STEP application. It is planned that this will improve the alignment of applications to the programme's objectives and increase awareness of the programme amongst incubators and accelerators in Ireland. A similar approach is already mandatory in the Netherlands, Portugal and UK and optional in Austria, Estonia, France and Lithuania (EMN, 2019).

This study examines Irish policy and practice in relation to non-European Economic Area (EEA) migrant start-ups and innovative entrepreneurs and, where relevant, places Ireland in an EU context with findings from the study's synthesis report. The report considers the Irish start-up landscape and how policy has developed in relation to the migration of non-EEA entrepreneurs, as well as planned future policy direction in this regard. This study sets out STEP and the relevant residence permission, discusses the application, evaluation and renewal processes and how these compare to similar schemes elsewhere in the EU.

## CHAPTER 1

---

### Introduction and context

#### 1.1 STUDY CONTEXT

This study considers the migratory pathways available to start-ups and innovative entrepreneurs coming to Ireland. It was undertaken as part of a broader research project by the European Migration Network (EMN) on migratory pathways to the EU and Norway.

The EMN study takes place in the context of a continuing trend to introduce visas for start-ups and entrepreneurs in innovative firms (OECD, 2019). The European Commission has advocated for the EU to explore ways in which start-ups and innovative entrepreneurs may be attracted to the EU, with the objective of boosting economic growth and helping to create jobs (European Commission, 2016).

According to the Commission, the attraction of migrant start-ups and innovative entrepreneurs is necessary in order for the EU to remain a globally competitive player (European Commission, 2016). The Commission's primary rationale for attracting migrant start-ups and innovative entrepreneurs is thus rooted in economics. However, attracting start-ups is also in line with the longstanding broader objectives of EU migration policy, such as tackling demographic change and satisfying labour market shortages (EMN, 2019).

The growing recognition of the importance of attracting migrant start-ups and innovative entrepreneurs is reflected in Member State action, as 13 Member States now have a special admission scheme for start-up founders and innovative entrepreneurs from third countries in place.<sup>1</sup> With the exception of those in Ireland, Italy, Netherlands, Spain and the United Kingdom, all schemes were introduced in the last three years. A further three Member States (Bulgaria, Belgium and Sweden) have plans in place to introduce a dedicated scheme for start-ups and innovative entrepreneurs.

Beyond those Member States that have introduced specific start-up schemes, others, such as Germany and Sweden, use alternative entry pathways that focus on attracting start-ups and innovative entrepreneurs. The EU-level synthesis

---

<sup>1</sup> AT; CY; EE; ES; FI; FR; IE; IT; LT; LV; NL; PT; UK.

report for this study indicates that in most Member States,<sup>2</sup> promoting start-ups and innovative entrepreneurs is a national policy priority (EMN, 2019).

This is also the case in Ireland, as set out in the National Policy Statement on Entrepreneurship in Ireland (Department of Business, Enterprise and Innovation, 2014).

Small- to medium-sized enterprises (SMEs) are crucial to the Irish business economy;<sup>3</sup> they account for 99.8 per cent of active enterprises,<sup>4</sup> 68.4 per cent of persons engaged<sup>5</sup> and 50.2 per cent of turnover. Micro enterprises (less than ten employees) accounted for 92.1 per cent of all enterprises in 2017.<sup>6</sup>

Ireland ranks sixth highest on the most recent Global Entrepreneurship Monitor (GEM) which measures level of entrepreneurial activity in 20 European countries.<sup>7</sup> The national report on Ireland stated that as many as nine in every 100 people (adults aged 18-64) are either actively engaged in the very early stages of starting a business (six in every 100) or have recently started a business (three in every 100). This places Ireland ahead of France, Germany and Italy (four in every 100) but well behind the US (14 in every 100). In Ireland, 26,800 people reported that they were involved in starting a new business in 2017 (Fitzsimons and O’Gorman, 2018).

The rest of this chapter sets out the objectives, methodology and scope of this report. The second chapter gives a brief overview of the Irish business environment. The third chapter examines the Irish programme for non-EEA migrant start-ups – STEP. The final chapter draws the main conclusions from the foregoing.

---

<sup>2</sup> AT; BE; BG; CY; CZ; DE; EE; ES; FI; FR; HR; HU; IE; IT; LU; LT; LV; MT; NL; PL; PT; SE; UK.

<sup>3</sup> The business economy is a grouping of economic activity in industry, construction, distribution, services, financial and insurance sectors. It covers the NACE Rev 2 sectors B-N (excluding 64.20 Activities of holding companies) (CSO, 2019).

<sup>4</sup> An enterprise is considered to be active in a certain period if it generates turnover, employs staff or makes investments in that period (CSO, 2019)

<sup>5</sup> Persons engaged include employees, proprietors and family members. Persons engaged are the sum of Employees plus Working Proprietors (CSO, 2019).

<sup>6</sup> SMEs are defined by the Central Statistics Office (CSO) as enterprises with less than 250 persons engaged. Micro enterprises have less than ten persons engaged (CSO, 2019).

<sup>7</sup> GEM is an annual assessment of the national level of entrepreneurial activity in different countries. GEM is the largest ongoing study of entrepreneurial dynamics in the world. GEM’s main indicator is the Total Early-Stage Entrepreneurial Activity (TEA), which assesses the percentage of the working age population that are about to start or have started an entrepreneurial activity no more than three and a half years previously. The most recent report available is for 2017.

## 1.2 OBJECTIVES

The overall aim of this research is to provide an overview of the migratory pathways that are available for start-ups and other innovative entrepreneurs in Ireland. More specifically, this report describes the process of applying to STEP and the residence permission issued to successful applicants. It examines the incentives that Ireland has put in place to attract and retain third-country national start-up founders. A statistical overview of applicants is provided, with additional data on those applicants who have been successful in their applications. Finally, the report seeks to outline the challenges facing Ireland in this field and any good practices employed here regarding the attraction and retention of third-country national start-up founders.

## 1.3 METHODOLOGY

This report collates data and information on migratory pathways to Ireland for non-EEA start-ups and innovative entrepreneurs. It is based on information gathered according to commonly agreed EMN study specifications for a wider study. As with all EMN studies, a similar report was produced by the EMN National Contact Point in each participating Member State. An EU-wide synthesis report collated information from the national reports of the 25 participating EMN NCPs<sup>8</sup> (EMN, 2019). The synthesis report was written according to a common template developed by the EMN to facilitate comparability.

For the national report, desk research was undertaken at the outset, including a review of existing academic and policy-based literature. Interviews were undertaken with officials from the Department of Justice and Equality's Immigration Service Delivery unit,<sup>9</sup> an official from Enterprise Ireland, the Chief Executive Officer (CEO) of a start-up, representatives of both accelerators and incubators and an academic working in this field.

Finally, a statistical report was made available by the Department of Justice and Equality Reporting and Analysis Unit, which collated data for inclusion in the EMN's synthesis report as well as for this national report.

---

<sup>8</sup> AT, BE, BG, CY, CZ, DE, EE, ES, FI, FR, HR, HU, IE, IT, LT, LU, LV, MT, NL, PL, PT, SE, SI, SK, UK.

<sup>9</sup> It should be noted that the Department of Justice and Equality underwent internal reforms during the lifetime of this study. STEP was previously dealt with by officials within the Irish Naturalisation and Immigration Service (INIS). The officials that now deal with STEP are within Immigration Service Delivery (ISD) in the Department of Justice and Equality.



## 1.4 DEFINITIONS AND SCOPE

The primary focus of this study is to identify the migratory pathways available to third-country start-ups and innovative entrepreneurs moving to Ireland. The study specifically focuses on 'start-ups' and 'innovative entrepreneurship'. This is distinguished from general self-employment which falls outside of the scope of the study. This research is set in the context of business migration rather than labour migration. Therefore, the focus is not on skilled or unskilled labour migrants coming to Ireland to fill vacancies in existing firms. The research solely considers the scheme that provides entry for start-up founders and examines any other individuals that may be admitted with a successful applicant e.g. family members or employees. The study covers the period from 2014-2018.

Although definitions vary, for the purpose of this study, a 'start-up' is defined as a business that is less than five years old that aims to create, improve and expand a scalable, innovative, technology-enabled product with high and rapid growth.<sup>10</sup> An innovative entrepreneur is taken to mean someone who creates a radically new product/service or provides a new solution, through a viable business model, to meet a marketplace need or problem. 'Innovation' is defined as new expertise that an entrepreneur brings to the market whether through introducing a new or improved product, a new method of production, a new market, a new source of supply or the reorganisation of management (EMN, 2019).

---

<sup>10</sup> This is in line with the definition of High Potential Start-Ups (HPSUs) that is set out in Section 3.3.

## CHAPTER 2

---

# Irish business environment for start-ups and innovative entrepreneurs

## 2.1 THE BUSINESS ENVIRONMENT FOR ENTREPRENEURS

This chapter briefly considers general business conditions in Ireland with a particular emphasis on SMEs and the ease with which a company can be established. It then turns to consider entrepreneurship in Ireland and, more specifically, innovative entrepreneurs and start-ups. A broader overview of the general business environment is beyond the scope of this study.

Ireland has ranked highly in studies that rate the most business-friendly countries in the world.<sup>11</sup> A World Bank Group report ranked Ireland eighth in the EU and 23<sup>rd</sup> globally for the overall ease of doing business. In the same study, Ireland was ranked first in the EU for ease of starting a business, for the protection of minority investors and for ease of paying taxes but was ranked last for ease of trading across borders (World Bank, 2019). On other indicators Ireland's performance varied considerably.<sup>12</sup>

Ireland has also regularly scored higher than the EU average in key indicators on the ease of doing business on the European Commission's European Innovation Scoreboard 2018. It received a mark of 79.3 out of 100 for the ease with which a business can be started, compared to an EU average of 76.9. It received a score of 9.7 for total entrepreneurial activity with the EU averaging 6.6 (European Commission, 2018).

The Entrepreneurship and Scale-up Indices (ESIS) report examined the business-friendly environment in each Member State. The report considered the fostering of policy that eases the establishing of new business (entrepreneurship) and the possibility for growth for existing firms (scale-up). On the ESIS report's entrepreneurship index, Ireland was one of six EU Member States that were rated as being 'excellent', coming in fourth overall. On the report's scale-up index,

---

<sup>11</sup> Ireland is ranked 11<sup>th</sup> on Forbes' Best Countries for Business. Available at: <https://www.forbes.com/best-countries-for-business/list/#tab:overall> Ireland is also ranked 11<sup>th</sup> on the US News website. Available at: <https://www.usnews.com/news/best-countries/open-for-business-rankings>

<sup>12</sup> The indicators for that study were: starting a business; dealing with construction permits; getting electricity; registering property; getting credit; protecting minority investors; paying taxes; trading across borders; enforcing contracts; resolving insolvency.

Ireland was rated as being ‘very good’ and ranked seventh overall (Van Roy and Nepelski, 2016).

The European Index of Digital Entrepreneurship Systems (EIDES) measures both physical and digital conditions for stand-up, start-up and scale-up ventures in the EU28. EIDES ranked Ireland fifth in the start-up index, eighth in EIDES’ scale-up index and eighth overall (Autio et al., 2018).<sup>13</sup>

Finally, another measure of states’ business environment is the Global Entrepreneurship Development Index (GEDI). The most recent GEDI (2018) places Ireland fifth in Europe and third in the EU28.<sup>14</sup>

## 2.2 THE START-UP LANDSCAPE

Building a positive start-up landscape in Ireland was emphasised in the 2012 Government Action Plan for Jobs, where it was stated that the landscape should include both ‘supporting indigenous start-ups’ and ‘attracting inward entrepreneurial start-ups’ (Department of Business, Enterprise and Innovation, 2012). The National Policy Statement on Entrepreneurship further underlined the Irish government’s recognition of the important role to be played by start-ups in Ireland (Department of Business, Enterprise and Innovation, 2014).

Most EU Member States<sup>15</sup> have prioritised the promotion of start-ups and innovative entrepreneurs as a national policy priority (EMN, 2019). Media commentary indicates that a dynamic start-up landscape has developed within Ireland’s business-friendly environment.<sup>16</sup> However, challenges exist; start-ups in Ireland face the same challenges as any small business in Ireland, for example insurance costs, availability of credit, property and rental prices.<sup>17</sup> Interviews undertaken for the current study suggest that the most notable challenge for start-ups is access to finance for scaling up.<sup>18</sup>

---

<sup>13</sup> EIDES encompasses four pillars (i.e. Culture and Informal Institutions; Formal Institutions, Regulation and Taxation; Market Conditions; and Physical Infrastructure). The Stand-up stage relates to the self-selection of individuals into entrepreneurship. The Start-up stage is the subsequent creation of new start-ups. The Scale-up stage concerns the scaling up of the start-ups that discovered a business model with high growth potential (Autio et al., 2018).

<sup>14</sup> Available: <https://thegedi.org/global-entrepreneurship-and-development-index>

<sup>15</sup> AT; BE; BG; CY; CZ; DE; EE; ES; FI; FR; HR; HU; IE; IT; LU; LT; LV; MT; NL; PL; PT; SE; UK.

<sup>16</sup> McCall, B. (2017). ‘The start-up island’, *The Irish Times*, available: <https://www.irishtimes.com/special-reports/business-ireland-magazine/the-start-up-island-1.3036423>

<sup>17</sup> Spollen-Behrens, S. (2019). 7 key challenges facing Irish SME owners – and how to tackle them, *The Business Post*, available: <https://www.businesspost.ie/business/7-key-challenges-facing-irish-sme-owners-tackle-434979>

<sup>18</sup> Interview with the Guinness Enterprise Centre (GEC), 15 August 2019.

Interview with the National Digital Research Centre (NDRC), 16 August 2019.

A crucial aspect of the start-up landscape in Ireland is the proliferation of accelerators and incubators.<sup>19</sup> These entities can represent both public and private interests or both. Incubators and accelerators are focused on assisting the development of start-ups (see Section 2.2.2).

### 2.2.1 Industries and sectors

The EMN synthesis report (EMN, 2019) showed that half of the reporting Member States did not target any specific sectors or industries for start-up services,<sup>20</sup> while in other reporting Member States a more targeted approach is taken to which industries are encouraged or invested in.<sup>21</sup> Interviews with stakeholders in Ireland indicate that certain industries tend to dominate the Irish start-up landscape, including fintech, Information and Communication Technology (ICT) and medical technology.<sup>22</sup>

The STEP programme is not targeted at particular sectors or industries.<sup>23</sup> However, out of the 493 applications made to STEP since its inception in 2012, 205 related to proposals in the ICT sector.<sup>24</sup>

### 2.2.2 Incubators and accelerators

A distinction exists between incubators and accelerators: incubators are focussed on preparing a fledgling start-up by providing training, office space and networking (Forrest, 2018); accelerators are more concerned with facilitating access to seed funding and promoting next-stage development. Stakeholder interviews and media reports indicated that Ireland's start-up landscape benefits from well-developed and active incubators and accelerators.<sup>25</sup>

In Ireland many of the incubators and accelerators are attached to universities. For example, the Health Innovation Hub Ireland, which works across the health sector with Irish businesses through development of new healthcare technologies, products and services, is located in University College Cork (UCC).<sup>26</sup> Enterprise Ireland has published a list of approximately 30 university and Institute of Technology-based incubators.<sup>27</sup>

<sup>19</sup> This aspect of the start-up landscape should not be taken for granted. In the EMN synthesis report the Czech Republic reported one challenge they face as being a lack of lack of incubators and accelerators. See: EMN, 2019.

<sup>20</sup> BE; CZ; ES; FI; HU; IE; IT; MT; NL; SE; SK; UK.

<sup>21</sup> AT; BG; DE; FR; LT; LU; LV; NL; PL.

<sup>22</sup> Interview with the NDRC, 16 August 2019. Interview with Enterprise Ireland, 8 May 2019.

<sup>23</sup> Interview with the Department of Justice, May 2019.

<sup>24</sup> Comments received from ISD, Department of Justice and Equality, November 2019.

<sup>25</sup> <https://www.thinkbusiness.ie/articles/incubators-and-accelerators>. Interview with Enterprise Ireland, 8 May 2019.

<sup>26</sup> See: <https://hih.ie/about/about-hihi>

<sup>27</sup> See: <https://www.enterprise-ireland.com/en/Researchers/Spin-Outs/Incubation-Centers-Maps-and-Contacts.html>

Incubators and accelerators are not exclusively based in third-level institutions. There are examples of public and private incubators and accelerators, as well as public-private partnerships existing outside of third-level campuses. An example is the Digital Hub which is the largest cluster for digital companies in Ireland. It is managed by the Digital Hub Development Agency, an Irish State agency set up in 2003.<sup>28</sup>

There are no data available as to the success or failure rates of start-ups that 'graduate' from an incubator or the degree to which start-ups have successfully secured funding and scaled up after having participated in an accelerator.

#### *Case study 1: an accelerator – new frontiers*

New Frontiers is Enterprise Ireland's innovation accelerator.<sup>29</sup> It is the national programme designed to develop entrepreneurs and encompasses 14 programmes in 16 different locations.<sup>30</sup> The programme has three phases: testing the business idea, developing the business and implementing the business plan.

In the first phase the market potential of the business idea is validated in an 8-10 week period through workshops and networking. At the end of phase one the start-up is considered for phase two on a competitive basis. Those start-ups that are eligible for the second phase go on to business planning. This is the main phase and includes key benefits, such as full-time incubation support for six months, a €15,000 tax-free stipend and peer-to-peer networking. During the third and final phase, participants focus on implementing their business plan by bringing their product/service to market and preparing to acquire further funding.

#### *Case study 2: an incubator – The Guinness Enterprise Centre*

Dublin Business Innovation Centre (Dublin BIC) is a public-private business support organisation that assists start-ups in establishing and in scaling up, by providing various programmes that are designed to support start-ups.<sup>31</sup>

---

<sup>28</sup> See: <https://www.thedigitalhub.com/who-we-are>

<sup>29</sup> Enterprise Ireland: <https://www.enterprise-ireland.com/en/Start-a-Business-in-Ireland/Supports-for-High-Potential-Start-Ups/New-Frontiers-Entrepreneur-Development-Programme.html>

<sup>30</sup> See: <https://www.newfrontiers.ie/>

<sup>31</sup> Dublin BIC is one of four public/private business support organisations. The others are based in Galway (West BIC), Cork (Cork BIC) and Waterford (South-East BIC).

Dublin BIC provides programmes across four core areas of expertise: Investor-Ready Preparation; Access to Finance; Incubation Space; Knowledge-sharing and Networking.<sup>32</sup> The Guinness Enterprise Centre (GEC) is one of its main incubators.

The GEC offers various kinds of office space to start-ups as well as facilitating peer-to-peer knowledge sharing with fellow start-ups. At any one time the GEC has roughly 85 start-ups based in their Dublin offices.<sup>33</sup>

### 2.2.3 Scaling up – access to finance

High potential start-ups have the ambition to grow quickly and in order to do so, financing is necessary. More generally, difficulty with accessing finance was cited as the primary reason for going out of business by 14 per cent of Irish firms that closed in 2017 (Fitzsimons and O’Gorman, 2018). Financing options considered by start-ups may include State grants, bank loans, micro-financing, accelerators, venture capital (private funding) and angel investors.

Enterprise Ireland does not act as a broker but can assist companies with contact details and specific areas of interest for the major Irish venture capital companies. Enterprise Ireland sometimes partners with Venture Capital funds to provide finance. The 2013-2018 Seed and Venture Capital (SVC) Scheme was launched to improve access to finance for small- and medium-sized enterprises and to further develop the Seed and Venture Capital Industry in Ireland. A total of €700 million is under management in EI-supported SVC funds (Enterprise Ireland, n.d.). Enterprise Ireland has a portfolio of start-up funds which fall between pre-seed and seed stage investment.<sup>34</sup> Enterprise Ireland can also fund a feasibility study,<sup>35</sup> can give an innovation voucher<sup>36</sup> or can itself take a stake in the start-up through its Competitive Start Fund.<sup>37</sup>

Halo Business Angel Network (HBAN)<sup>38</sup> is a joint initiative of Enterprise Ireland, InterTradeIreland and Invest Northern Ireland, which promotes business angel investment. It is managed by Dublin BIC in partnership with the regional Irish BICs in Cork, Galway and Waterford and with Clarendon Fund Managers in Northern

---

<sup>32</sup> See: <https://www.dublinbic.ie/about-us>

<sup>33</sup> Interview with the GEC, 15 August 2019.

<sup>34</sup> <http://smallbusinessadvice.ie/government-grants-financial-support-small-business>

<sup>35</sup> <https://www.enterprise-ireland.com/en/funding-supports/Company/HPSU-Funding/HPSU-Feasibility-Study-Grant-.html>

<sup>36</sup> <https://www.enterprise-ireland.com/en/Research-Innovation/Companies/Collaborate-with-companies-research-institutes/Innovation-Voucher.shortcut.html>

<sup>37</sup> <https://www.enterprise-ireland.com/en/funding-supports/Company/HPSU-Funding/Competitive-Start-Fund-CSF-.html>

<sup>38</sup> <https://www.hban.org>

Ireland. Business angel investors are high net worth individuals who provide smaller amounts of finance (typically €50,000 to €250,000).

Irish commercial banks offer some tailored products that cater for start-ups.<sup>39</sup> The availability of credit to SMEs decreased during the recession (2009-2012) and has slowly recovered since then but remains a concern for many SMEs (Department of Finance, 2018). Interviewees expressed a view that start-ups in Ireland may face challenges securing credit and loans from commercial banks.<sup>40</sup>

EMN (2019) finds that in several Member States a lack of access to growth funding<sup>41</sup> and a lack of capacity for start-ups to scale beyond a certain size<sup>42</sup> present as challenges to retaining start-ups and innovative entrepreneurs.

---

<sup>39</sup> For example, Allied Irish Bank: <https://business.aib.ie/my-business-is/business-start-up-package>

<sup>40</sup> Interview with the GEC, 15 August 2019. Interview with the NDRC, 16 August 2019.

<sup>41</sup> AT; EE; IE; LV; NL.

<sup>42</sup> EE; LT.

## CHAPTER 3

---

### The Start-Up Entrepreneur Programme (STEP) and associated residence permission

#### 3.1 STEP: BACKGROUND AND CONTEXT

The Irish government established The Start-Up Entrepreneur Programme (STEP) in 2012. The objective of STEP is to ‘stimulate productive investment in Ireland’ by attracting ‘High Potential Start-Ups’ (HPSUs) from third countries (Department of Justice and Equality, 2018).<sup>43</sup> STEP ran alongside the existing Business Permission Scheme until the latter was discontinued in March 2016. STEP is not set out in legislation; it is an administrative scheme that allows non-EEA entrepreneurs to apply for residence permission in Ireland in order to establish a HPSU or to bring a recently established HPSU to Ireland.<sup>44</sup>

An application to STEP effectively encompasses an application for approval for the proposed enterprise as well as an application for residence permission for the founder(s). The applicant submits an application form, with supporting documentation including a business plan and non-refundable fee (€350 by electronic funds transfer). Applicants are also required to provide evidence that they have €50,000 funding available. The documents are assessed by an Evaluation Committee which makes a recommendation to the Minister for Justice and Equality as to whether or not the application meets STEP’s criteria.

If successful, the applicant(s) (and their family members) are granted a Stamp 4 permission in Ireland. Stamp 4 is Ireland’s most advantageous residence permission in terms of entitlements and flexibility. Stamp 4 is not specific to start-ups and innovative entrepreneurs.

Start-up schemes for migrants across the EU vary in their criteria and their structure (EMN, 2019). In 12 of those 13 Member States with specific schemes in place, the national legislation provides for a special visa<sup>45</sup> and/or residence

---

<sup>43</sup> Enterprise Ireland notes that the ‘High Potential’ element of the term HPSU is a uniquely Irish term developed by Enterprise Ireland and has been adopted by the STEP process. Email correspondence with Enterprise Ireland official, December 2019.

A definition of HPSUs in the context of STEP is set out in Section 3.3. Enterprise Ireland also sets out a definition on its website. See: <https://www.enterprise-ireland.com/en/Start-a-Business-in-Ireland/Do-I-qualify-as-a-HPSU->

<sup>44</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>45</sup> EE, ES, FR, IT, PT, UK.



permit<sup>46</sup> to facilitate the immigration of start-up founders and innovative entrepreneurs from third countries. Ireland is an exception in that it grants a general and pre-existing residence permission (Stamp 4) rather than one which is specific to start-ups and innovative entrepreneurs.

In the study period of 2014-2018, 435 applications were made in Ireland to STEP. A further 25 applications were made in the year to 14 November 2019.<sup>47</sup> As Table 1 shows, the number of applications for STEP increased markedly in 2016 and 2017 and substantially decreased in 2018. The acceptance rate decreased significantly in 2016 and 2017 but has otherwise held between 43 per cent and 61 per cent in the timeframe of this study. Throughout the period 2014-2018, the majority of applications were made by males. Unfortunately, no data exist as to the gender breakdown of successful applicants. This finding is in keeping with research in the area of SMEs which points to a male dominance among new business owners in general (Fitzsimons and O’Gorman, 2018).

**TABLE 1 STEP APPLICATIONS, APPLICATIONS BY GENDER, GRANTS AND RESIDENCE PERMISSIONS**

|                        | Total applications | Applications Female % | Total granted (% success rate) | Total residence permissions granted, incl. family members |
|------------------------|--------------------|-----------------------|--------------------------------|---|
| <b>2018</b>            | 42                 | 41                    | 18 (43%)                       | 19  |
| <b>2017</b>            | 157                | 39                    | 27 (17%)                       | 33  |
| <b>2016</b>            | 163                | 45                    | 44 (27%)                       | 61  |
| <b>2015</b>            | 50                 | 34                    | 26 (52%)                       | 28  |
| <b>2014</b>            | 23                 | 17                    | 14 (61%)                       | 14  |
| <b>Total 2014-2018</b> | 435                | 40                    | 129 (30%)                      | 155   |

Source: Department of Justice and Equality, June 2019.

Officials from the Department of Justice and Equality stated that the majority of the applications to STEP are bone fide but there has been some misuse of STEP in the past, for example the submission of false business plans and the mandatory €50,000 being temporarily planted in an account.<sup>48</sup> The officials also commented that the large increase in applications to STEP seen in 2016 and 2017 may have been associated with investors seeking a lower investment threshold than the minimum €1 million required under the Immigrant Investor Programme (IIP).<sup>49</sup>

<sup>46</sup> AT, CY, EE, ES, FI, FR, LT, LV, NL, PT.

<sup>47</sup> Comments received from ISD, Department of Justice and Equality, November 2019.

<sup>48</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>49</sup> The Immigrant Investor Programme requires a minimum investment of €1 million, from the applicants own resources, which must be committed for a minimum of three years. See: <http://www.inis.gov.ie/en/inis/pages/new%20programmes%20for%20investors%20and%20entrepreneurs>

The Evaluation Committee became aware of this issue and an update was posted in 2017 clarifying that STEP not an investment vehicle.<sup>50</sup>

**TABLE 2 TOP FIVE COUNTRIES OF AND ORIGIN OF STEP APPLICATIONS RECEIVED AND APPROVED, 2014-2018**

| Applications, by Country of Origin | Successful Applications, by Country of Origin |
|------------------------------------|---|
| <b>2018</b>                        |   |
| India (15)                         | US (9)  |
| US (11)                            | South Korea (<5)                              |
| Russia (5)                         | India (<5)                                    |
| South Korea (<5)                   | Russia (<5)                                   |
| Turkey (<5)                        | Turkey (<5)                                   |
| <b>2017</b>                        |   |
| China (102)                        | Russia (10)                                   |
| Russia (16)                        | Ukraine (<5)                                  |
| US (9)                             | US (<5)                                       |
| Pakistan (9)                       | China (<5)                                    |
| Ukraine (<5)                       | South Africa (<5)                             |
| <b>2016</b>                        |   |
| China (95)                         | China (20)                                    |
| Pakistan (25)                      | Russia (8)                                    |
| India (13)                         | India (6)                                     |
| Russia (11)                        | US (5)  |
| US (8)                             | Malaysia (<5)                                 |
| <b>2015</b>                        |   |
| China (16)                         | China (9)                                     |
| Pakistan (10)                      | Russia (7)                                    |
| Russia (7)                         | US (6)  |
| India (6)                          | India (<5)                                    |
| US (6)                             | South Africa (<5)                             |
| <b>2014</b>                        |   |
| Pakistan (5)                       | Russia (<5)                                   |
| China (5)                          | Pakistan (<5)                                 |
| Russia (<5)                        | China (<5)                                    |
| Nigeria (<5)                       | Australia (<5)                                |
| Australia (<5)                     | US (<5)                                       |

Source: Department of Justice and Equality, June 2019.

Table 2 shows the top five countries of origin of applications received and approved, 2014-2018. The 2016-2017 increase in applications was driven by growth in applications from China. The increase in applications did not correlate with more approvals: the success rates in 2016 and 2017 were particularly low.

<sup>50</sup> Comments received from ISD, Department of Justice and Equality, November 2019.

In 2018, China and Pakistan dropped out of the top five countries of origin of applications for the first time in the study period. Russia is the only country of origin for applications that has been a constant presence in the top five throughout the study period.

### 3.2 RECENT AND PLANNED REFORMS

The STEP programme was modified in 2014 in order to ‘improve its appeal to potential migrant entrepreneurs’ (Department of Justice and Equality, 2014). There was a reduction in the required minimum investment from €75,000 to €50,000, partly to bring the programme more in line with other programmes within the EU.<sup>51</sup> A new 12-month immigration permission was also introduced which was designed so that migrant entrepreneurs could attend incubators or innovation ‘boot-camps’ in Ireland (Gusciute et al., 2015). This permission was introduced with the objective of providing entrepreneurs with conditions that are conducive to preparing a strong application for STEP.<sup>52</sup>

Applicants to this 12-month immigration permission scheme were required to first secure a place within a recognised incubator/bootcamp.<sup>53</sup> It was intended that the accelerator/incubator would support the entrepreneurs with their STEP application (ICF, 2016). The issuance of the residence permit under STEP was not directly connected to participation in this 12-month ‘support scheme’ (Gusciute et al., 2015). Officials from the Department of Justice and Equality noted that only a small number of people (less than five) availed of this preparatory step since its introduction in 2015.<sup>54</sup> As part of the 2014 reforms, a 12-month immigration permission was also made available for non-EEA students graduating with advanced STEM (Science, Technology, Engineering and Mathematics) degrees in Ireland and who wish to prepare an application for STEP (Gusciute et al., 2015). While the 2014 reforms did boost applications, numbers remained low.<sup>55</sup>

In 2018 the Department of Justice and Equality began a review of STEP in response to the low application rate. The Department also found that applications received often did not reach the standard required, did not match with the programme’s objectives and lacked innovative business ideas (for example import/export companies). During 2019 the Department consulted stakeholders from the start-up and innovation sector and found that awareness of STEP was low, including among third-level institutions and other incubator/bootcamp providers. Other challenges that were identified for prospective

---

<sup>51</sup> Comments received from ISD, Department of Justice and Equality, November 2019.

<sup>52</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>53</sup> *Ibid.*

<sup>54</sup> *Ibid.*

<sup>55</sup> Comments received from ISD, Department of Justice and Equality, November 2019.

entrepreneurs wishing to relocate included the lack of a network in Ireland and access to appropriate funding. While some successful STEP applicants were recipients of equity funding, others applied with their own savings, a business loan, or money from relatives.<sup>56</sup>

In response to the 2019 review, the Department of Justice and Equality plans to further develop the pre-STEP application phase initiated in 2014. It is envisaged that start-up founders will approach an Irish accelerator with their business idea and apply to attend a full-time programme and for equity funding in order to become ‘investor ready’. Upon securing a place in such a programme, the start-up founder can then apply for a 12-month residence permission under STEP (Stamp 4) in order to attend the programme. If the duration of the programme is less than 12 months, then the balance of time for that residence permission can be spent further developing the business idea. Prior to that permission expiring they can then apply for the normal STEP residence permission (Stamp 4 for two years).<sup>57</sup>

In circumstances where the start-up already exists and wishes to apply to STEP, those businesses can bypass the one-year accelerator programme and apply directly for the two-year STEP permission.<sup>58</sup> The new one-year residence permission is mandatory for any start-up founder who hasn’t already established their business.<sup>59</sup>

The Department of Justice and Equality hopes the adjustments will lead to an increase in applications as well as improved alignment of applications with the scheme’s objectives. By utilising the accelerator network, awareness of the programme should increase, as accelerators can attract entrepreneurs with a route to a residence permission as part of their programme. The Department stated that the reforms build upon those in 2014 by opening up STEP to a wider group, while ensuring that the Department maintains oversight of applications.<sup>60</sup>

### 3.3 STEP: ADMISSION CONDITIONS RELATING TO THE BUSINESS

STEP is limited to HPSUs and the guidelines define a HPSU as a venture with the following features:

- Introduces a new or innovative product or service to international markets;

---

<sup>56</sup> Comments received from ISD, Department of Justice and Equality, November 2019.

<sup>57</sup> *Ibid.*

<sup>58</sup> It would have to be shown that the business has been trading for one year and has established a customer for their product. Comments received from ISD, Department of Justice and Equality, December 2019.

<sup>59</sup> Comments received from ISD, Department of Justice and Equality, December 2019.

<sup>60</sup> *Ibid.*

- is capable of creating ten jobs in Ireland and realising €1 million in sales within three to four years of starting up;
- is led by an experienced management team;
- is headquartered and controlled in Ireland;
- is less than six years old (Department of Justice and Equality, 2018).

An entrepreneur's proposal must satisfy all of the above points in order for his/her application to STEP to be successful. The first criterion requires that the business is innovative. The Minister for Justice, in answer to a parliamentary question on STEP, stated that:

*the focus is on the nature of the proposal and its future potential to lead to substantial job growth/generation of economic activity in the State.*<sup>61</sup>

Department of Justice and Equality officials identified innovation as the foremost requirement of the STEP programme.<sup>62</sup> STEP does not cover non-innovative sectors such as retail, catering or personal services and is not designed for businesses targeting the domestic (Irish) market. A key purpose of STEP is to increase Ireland's exports by providing HPSUs with the support needed to begin to export their products or services and to grow their market.<sup>63</sup> The Evaluation Committee (discussed in Section 3.5) considers the HPSU's potential to create jobs and achieve sales along with the rest of the criteria listed above.

In addition to the HPSU criteria, applicants are required to provide evidence that they have €50,000 funding available for their start-up. Co-founders can also be included in the STEP application and for each subsequent co-founder this requirement for a €50,000 fund is reduced to €30,000 (Department of Justice and Equality, 2018). The funding must have been secured through one or a combination of the following sources: own resources; business loan; business angel/venture capital funding; support from an Irish State Agency. The STEP application guidelines also require evidence that the money can be transferred, such as a letter from the applicant's bank, as certain jurisdictions have controls over the transfer of money (Department of Justice and Equality, 2018). There is no other asset threshold that applicants must meet in order to qualify for the

---

<sup>61</sup> Dáil Questions [8646/19] and [8647/19], 20 February 2019, Deputy Caoimhghín Ó Caoláin, available at: [https://www.oireachtas.ie/en/debates/question/2019-02-20/123/#pq-answers-123\\_124](https://www.oireachtas.ie/en/debates/question/2019-02-20/123/#pq-answers-123_124)

<sup>62</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>63</sup> Interview with Enterprise Ireland, May 2019.

programme.<sup>64</sup> Finally, the STEP application form requires a business plan to be submitted.<sup>65</sup>

There are no initial job creation targets set as it is recognised that start-ups can take some time to get off the ground<sup>66</sup> and, as mentioned above, there are no sector-specific requirements in Ireland.<sup>67</sup> A large number of participants have been in the information and communications technology sector, with a small number in medical technology, financial technology, and the food and drinks industry.<sup>68</sup>

Advice on the website of an international law firm in Ireland which provides services to prospective entrepreneurs observes that the asset requirement is ‘relatively stringent’ and that a ‘well-presented business plan setting out a clear and evidenced vision’ is key to a successful application.<sup>69</sup>

### 3.3.1 EU context

Admission criteria for migrant start-up schemes differ significantly across the Member States. For example, in Austria and the Netherlands, admission to the schemes is points-based, where applicants, in order to qualify, need to collect points to demonstrate that certain requirements have been met, while in other countries, like Ireland, admission is based on the satisfaction of a certain set of criteria. Of the 13 EU Member States with a specific scheme for third-country entrepreneurs in place,<sup>70</sup> ten – including Ireland – require submission of a business plan as an admission condition (EMN, 2019).

In all 13 Member States the business has to be innovative, scalable and have an added value for the national economy and business environment (EMN, 2019). The admissions conditions in place in the Member States relating to the enterprise are summarised in Table 3.

---

<sup>64</sup> Dáil Questions [8646/19] and [8647/19], 20 February 2019, Deputy Caoimhghín Ó Caoláin, available at: [https://www.oireachtas.ie/en/debates/question/2019-02-20/123/#pq-answers-123\\_124](https://www.oireachtas.ie/en/debates/question/2019-02-20/123/#pq-answers-123_124)

<sup>65</sup> The STEP application form is available at: <http://www.inis.gov.ie/en/INIS/form-SEP1.pdf/Files/form-SEP1.pdf>

<sup>66</sup> Department of Justice and Equality, 2018.

<sup>67</sup> This is in contrast to certain other Member States who only make their start-up programme open to certain sectors (see EMN, 2019).

<sup>68</sup> Email correspondence with ISD officials, June 2019.

<sup>69</sup> See: <https://www.philiplee.ie/start-up-entrepreneur-programme-step/>

<sup>70</sup> AT; CY; EE; ES; FI; FR; IE; IT; LT; LV; NL; PT; UK.

**TABLE 3      MIGRANT START-UP ADMISSION BUSINESS CRITERIA IN THE EU**

| Admission conditions relating to the business                  | Member States  |
|--|--|
| <b>Business plan</b>   | AT, CY, EE, ES, FI, FR, IE, IT, LT, PT, UK   |
| <b>Minimum level of capital<sup>71</sup></b>                   | AT, CY, IE, IT, UK   |
| <b>Participation in a support scheme/ecosystem/accelerator</b> | NL, PT, UK<br>(also in AT, EE, FR, IE, LT but not obligatory in these Member States) |

Source: EMN, 2019.

Unlike the Netherlands, in Ireland participation in STEP is not dependent on the applicant's start-up having prepared their business plan by participating in an incubator or accelerator before making their application. However, as discussed in Section 3.2, this option exists and will be developed further.

### 3.4 STEP: ADMISSION CONDITIONS RELATING TO THE FOUNDER

The application guidelines state that consideration of awarding a residence permit to a STEP applicant will only be made once the business criteria have been satisfied (Department of Justice and Equality, 2018). All of the normal conditions linked to the granting of Irish residence permission (Stamp 4)<sup>72</sup> are applicable to STEP applicants. In order for an applicant to be considered for a residence permission, the transfer of the €50,000 funding to a financial institution regulated by the Central Bank of Ireland, discussed above, must have already taken place (Department of Justice and Equality, 2018). The applicant must submit evidence of their identity and the identity of any family members attached to the application i.e. a certified copy of their passport as well as family relationships (e.g. birth certificates). It is also required that the applicant, and any family members attached to the application, submit an affidavit attesting to their good character which includes evidence that they do not have any criminal convictions. The entrepreneur and their family members must hold private medical insurance and not access publicly funded welfare programmes (Department of Justice and Equality, 2018). There is no specific minimum level of educational achievement or professional skills required for STEP, however information on previous/current employment/business activities and educational attainment is requested on the application form.

#### 3.4.1 EU context

The admissions conditions in place across the EU relating to the start-up founder are summarised in Table 4.

<sup>71</sup> In Cyprus, the minimum amount is set at €20,000; in Austria, Cyprus, Italy and Ireland at €50,000, while in the United Kingdom, it is set at £50,000 (EMN, 2019).

<sup>72</sup> <http://www.inis.gov.ie/en/inis/pages/registration-stamps#stamp4>

**TABLE 4     MIGRANT (START-UP) FOUNDER ADMISSION CRITERIA IN THE EU**

|   | Member States                              |
|---|--|
| <b>Qualifications, diplomas of the start-up founder</b>   | AT, CY, ES, IT, LT                         |
| <b>Professional/business experience</b>   | AT, EE, FI, IT, LT, PT                     |
| <b>Language skills</b>  | AT, CY, UK (English requirement)           |
| <b>Proof of payment of fees related to the application</b>  | EE, ES, IE, LV, PT                         |
| <b>Travel document/passport</b>   | AT, CY, EE, ES, FI, IE, IT, LT, LV, NL, PT |
| <b>Health Insurance</b>   | AT, EE, ES, IE, LT, LV, PT                 |
| <b>Proof of sufficient financial resources for subsistence</b>  | AT, CY, EE, ES, FI, FR, IT, LT, LV, PT, UK |
| <b>Be at least 18 years old</b>   | ES, IE, LT, PT, UK                         |
| <b>Evidence related to the non-existence of criminal record or statements showing that the third-country national was not a danger to public order/security</b> | AT, CY, EE, ES, FI, IE, LT, LV, NL, PT     |

Source: EMN, 2019.

### 3.5 APPLICATION AND THE EVALUATION COMMITTEE

Application forms and all supporting documentation, as well as the required details of enterprise proposals, are assessed by an Evaluation Committee. The Evaluation Committee is chaired by the Immigration Service Delivery unit of the Department of Justice and Equality and comprises senior civil and public servants from relevant State departments and agencies. Depending on the applications being discussed, members can include but are not limited to representatives from the Departments of Finance, Foreign Affairs and Trade, and Justice and Equality; Enterprise Ireland; and the Industrial Development Authority.<sup>73</sup> The Committee evaluates whether the business criteria are met but in particular if the start-up is innovative and has export potential, seeking further information from the candidate if required. The Committee then makes a final recommendation to the Minister for Justice and Equality and the final decision is made by the Minister.<sup>74</sup>

Applications for STEP are accepted at any time. However, they are assessed by the Evaluation Committee just once per quarter.<sup>75</sup> Such applications can be made by a third-country national from abroad or by a third-country national resident in Ireland via another immigration channel.<sup>76</sup>

The relevant policy documents do not set out a maximum processing time for a STEP application. In practice, the process takes roughly four months from the

<sup>73</sup> Comments received from ISD, Department of Justice and Equality, November 2019.

<sup>74</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>75</sup> Email correspondence with ISD officials, June 2019.

<sup>76</sup> Interview with ISD, Department of Justice and Equality, May 2019.



initial application, to the recommendation to the Minister, through to the Minister's final decision. This period includes the time for the Evaluation Committee to issue its recommendation, the time taken by the Minister to issue a final decision and the consideration of residence permission.<sup>77</sup>

Applicants who have been approved by the Evaluation Committee and have fulfilled all of the necessary business and founder criteria are contacted by ISD in order to arrange for a residence permission to be issued (Gusciute et al., 2015).

### 3.5.1 EU context

The UK also uses an expert committee to evaluate applications, but a range of other approaches exist across the EU. In certain cases, the public authority dealing with business/start-up/innovation issues has the assessment role while in other Member States the responsibility lies with the respective ministries or other bodies without an innovation/start-up orientation (EMN, 2019).

In Ireland, Austria and Latvia there is no interim period between the assessment decision and the registration of the company or application for the residence permit. In others an eligibility statement is issued, valid for a period while the residence decision is pending (EMN, 2019).<sup>78</sup> In most Member States, visas/resident permits are valid for one<sup>79</sup> or two<sup>80</sup> years.

Table 5 shows the maximum and average processing times for decisions on whether a start-up qualifies for each Member State's scheme. Estonia and Lithuania prescribe particularly short processing times of ten and 15 days respectively. Note that in many other Member States the processing of a visa/residence permit application is separate. This takes up to two months in Estonia and 30 days in Lithuania (EMN, 2019).

---

<sup>77</sup> Comments received from ISD, Department of Justice and Equality, January 2020.

<sup>78</sup> Two months in Finland; three months in Lithuania and the United Kingdom; six months in Italy; five years in Estonia.

<sup>79</sup> BG (expected to have a one-year duration); CY; ES; IT (from the time of application); LT; LV; NL (if the start-up is successful, the residence permit can be extended for two years).

<sup>80</sup> AT; ES; FI; IE; UK (start-up visa).

**TABLE 5 PROCESSING TIMES FOR DECISIONS ON THE START-UP APPLICATION IN THE EU**

| Member State           | Maximum processing time                                   | Average processing time   |
|------------------------|---|---------------------------|
| <b>Austria</b>         | 3 weeks (part of max. 8-week period for residence permit) | No information provided   |
| <b>Cyprus</b>          | 3 weeks   | 15 days                   |
| <b>Estonia</b>         | 10 days   | No information provided   |
| <b>Finland</b>         | No maximum processing time                                | 4 weeks                   |
| <b>France</b>          | No maximum processing time                                | Approximately 3-4 months  |
| <b>Ireland</b>         | No maximum processing time                                | Approximately 3-4 months* |
| <b>Italy</b>           | 1 month   | No information provided   |
| <b>Lithuania</b>       | 1 month   | 1 month                   |
| <b>Latvia</b>          | 15 working days   | No information provided   |
| <b>The Netherlands</b> | No maximum processing time                                | No information provided   |
| <b>Portugal</b>        | 90 days   | No information provided   |
| <b>Spain</b>           | 10 days   | No information provided   |
| <b>United Kingdom</b>  | Varies depending on the authorised body <sup>81</sup>     | No information provided   |

Source: EMN, 2019.

Note: \* Comments received from ISD, Department of Justice and Equality, January 2020.

### 3.6 APPROVAL AND RESIDENCE PERMISSION

If the STEP business and founder criteria are satisfied and, on that basis, the Minister for Justice and Equality makes a decision to approve an application to STEP, then that applicant is granted a Stamp 4 residence permission for an initial period of two years.<sup>82</sup> Upon entering Ireland, the individual's passport is stamped with a date and that individual must register before this date. Upon successfully registering, the Stamp 4 holder will be issued with a certificate called an Irish Residence Permit (IRP) which proves registration. Stamp 4 will also be placed in the start-up founder's passport. Registration costs €300 per person.<sup>83</sup>

#### 3.6.1 Family members

Successful STEP applicants may be accompanied by their immediate family i.e. spouses and minor children.<sup>84</sup> In the view of the Department of Justice and Equality officials interviewed, this policy contributes to attracting applicants.<sup>85</sup> The family members of successful applicants also receive a Stamp 4 residence permission (Department of Justice and Equality, 2018). Like the start-up founders,

<sup>81</sup> In the United Kingdom, the business idea must be endorsed by an approved body, depending on the type of business (EMN, 2019).

<sup>82</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>83</sup> <http://www.inis.gov.ie/en/INIS/Pages/about-registration-system>

<sup>84</sup> This is in contrast to general employment permit holders who may apply for family members to join them only after 12 months. See also: Quinn, E. and E. Gusciute (2013). *Attracting Highly Qualified and Qualified Third-Country Nationals: Ireland*, European Migration Network, Dublin: Economic and Social Research Institute.

<sup>85</sup> Interview with ISD, Department of Justice and Equality, May 2019.

family members must have private medical insurance and may not have recourse to public funds. With Stamp 4 status a migrant is permitted to work or found a business in the Republic of Ireland without an employment permit. The holder can establish and operate a business; or can work in a profession, subject to conditions of the relevant professional or other bodies.<sup>86</sup>

The possibility for Start-up founders/entrepreneurs to be accompanied by family members exists across the EU.<sup>87</sup> In line with the Family Reunification Directive (2003/86/EC),<sup>88</sup> family members can accompany start-up founders and entrepreneurs from third countries, subject to certain conditions specified in the Directive such as financial means to support the family.<sup>89</sup> Family members are usually allowed to access the labour market,<sup>90</sup> and this access is (in many cases) automatic<sup>91</sup> with a few exceptions where this was subject to a work or residence permit.<sup>92</sup>

Available data indicate that the ratio of STEP-related residence permits issued to STEP applications approved ranged between 1 and 1.4. This indicates that the number of family members entering Ireland on the basis of successful applications by start-up founders is low. It is difficult to say what discourages more family members from accompanying start-up founders to Ireland. High rents may act as a disincentive to inward migration (McQuinn et al., 2018). One interviewee commented that the cost of living in Ireland can be influential in deciding who accompanies a start-up founder.<sup>93</sup> Enterprise Ireland gave the view that the start-up founder often undertakes the initial two years of STEP alone, perhaps with the intention that family members will later join should the business become established.<sup>94</sup>

### 3.6.2 Employees

Employees are not considered to be part of the initial STEP application, but must apply instead for a General Employment Permit or a Critical Skills Employment

<sup>86</sup> <http://www.inis.gov.ie/en/inis/pages/registration-stamps#stamp4>

<sup>87</sup> AT; BE; CY; CZ; DE; EE; ES; FI; FR; HR; HU; IE; IT; LT; LU; LV; NL; SE; UK.

<sup>88</sup> Ireland does not participate in the Family Reunification Directive (2003/86/EC).

<sup>89</sup> AT; BE; DE; ES; FI; LT; LU; LV; NL; SE; SI; UK.

<sup>90</sup> AT, BE, CZ (only with a long-term residence permit for the purpose of family reunification), DE; EE, ES, FI, FR, HR, HU (intention to work must be reported to the competent authorities), IE; LT; LV; NL (they have the same indication of work status, i.e. entrepreneur); PL; SI; UK.

<sup>91</sup> AT; BE; DE; EE; ES; FR; IE; LT; LV; SE (if the residence permit issued for a self-employed person is of at least six months' duration); SK; UK.

<sup>92</sup> BE (if family members wish to take up self-employed activities, there is a need to obtain a professional card); IT; LU (must apply for ancillary activity or a residence permit for salaried workers); NL; SK (for the first 12 months after obtaining a residence permit for the purpose of family reunion they need work permit; after 12 months they have free access to labour market).

<sup>93</sup> Interview with Speakus CEO, July 2019.

<sup>94</sup> Email correspondence with Enterprise Ireland, December 2019.

Permit and normal immigration rules apply.<sup>95</sup> Department of Justice and Equality officials observed that one of the objectives of STEP is to create employment within the State, and allowing non-EEA start-ups to bring employees with them would not support that objective.<sup>96</sup> In addition, it was noted that genuine start-ups are unlikely to have multiple employees.<sup>97</sup>

There are however certain dispensations available to start-ups who are client companies of enterprise development agencies (Enterprise Ireland and the Industrial Development Authority (IDA) Ireland), who are seeking to fill vacancies from outside the EEA. The Department of Business, Enterprise and Innovation (DBEI) administers Ireland's Employment Permits system. In general, an employment permit will not be issued by DBEI unless the application satisfies a 50/50 rule whereby, at the time of application, at least 50 per cent of the employees in a firm must be EEA nationals. This requirement may be waived for client companies of the enterprise development agencies for the first two years of their establishment.<sup>98</sup> The Employment Permits (Amendment) Act 2014 sets out that an enterprise development agency can make a recommendation to the Minister for Justice and Equality that employment permits are made available to prospective employees for a company that those agencies support.<sup>99</sup> Such companies could include innovative start-ups. It is unknown how many, if any, such dispensations have been secured in respect of STEP participants.

The Trusted Partner (TP) initiative was introduced to streamline the employment permit application process on 12 May 2015. It is open to eligible employers including companies that are expanding, start-up companies and regular users of the employment permits regime. The benefits of the scheme are: fast turnaround of TP registration applications (within two working days); status valid for two years; no fee; reduced paperwork; shortened employment permit application form; and faster turnaround of TP employment permits applications. The TP initiative covers all permit types except Contract for Services Employment Permits, where only EEA Contractors are facilitated.<sup>100</sup>

---

<sup>95</sup> Department of Business, Enterprise and Innovation website: <https://dbei.gov.ie/en/What-We-Do/Workplace-and-Skills/Employment-Permits/Employment-Permit-Eligibility/Highly-Skilled-Eligible-Occupations-List>

<sup>96</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>97</sup> *Ibid.*

<sup>98</sup> Department of Business, Enterprise and Innovation website: <https://dbei.gov.ie/en/What-We-Do/Workplace-and-Skills/Employment-Permits/Permit-Types>

<sup>99</sup> Section 7(3B)(1), Employment Permits (Amendment) Act 2014, available: <http://www.irishstatutebook.ie/eli/2014/act/26/enacted/en/print.html>

<sup>100</sup> Department of Business, Enterprise and Innovation website: <https://dbei.gov.ie/en/What-We-Do/Workplace-and-Skills/Employment-Permits/Trusted-Partner-Initiative>

### 3.7 RENEWAL AND NON-RENEWAL OF STEP PERMISSION

Upon renewal of the initial STEP permission, residence permission can be granted for a further three years, and thereafter permission may be renewed for periods of five years. At the end of the initial two-year period granted to successful STEP applicants under Stamp 4, or at the end of subsequent three-year or five-year renewed permission periods, ISD checks if the original business which was accepted to STEP is still in operation.<sup>101</sup> The process for renewal is relatively informal compared to the original application to the STEP programme, with no specified targets to be met.<sup>102</sup> The entrepreneur must also maintain the founder criteria that are in place for the initial STEP application, such as retaining private medical insurance and not having recourse to publicly funded welfare programmes.<sup>103</sup>

Department of Justice and Equality officials stated that they are realistic about the challenges involved in establishing and running a start-up and view it as a long-term investment.<sup>104</sup> The officials interviewed also stated of renewal that slight deviations from the agreed business plan are tolerated, provided ISD is kept informed, but more fundamental changes (for example a shift in the sector that the start-up will work in) are not.<sup>105</sup>

#### 3.7.1 Non-survival of start-up

If the business ceases or ‘fails’, the immigration status of the founder is reviewed and he or she will need to make an application to remain in Ireland on another basis in order to stay.<sup>106</sup> Department of Justice and Equality officials again stressed the importance of maintaining communication with the relevant authorities to avoid negative implications for the individual’s (and family members’ derived) permission.<sup>107</sup> If the founder communicates his intention to wind up the business then ISD will consider allowing that person to stay on another basis.<sup>108</sup> Department of Justice and Equality officials stated that taking advice from the relevant government agencies and departments is important in making that decision.<sup>109</sup> Options may include a further application under the STEP programme or an application for an employment permit, subject to the usual immigration rules.<sup>110</sup>

---

<sup>101</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>102</sup> *Ibid.*

<sup>103</sup> *Ibid.*

<sup>104</sup> *Ibid.*

<sup>105</sup> *Ibid.*

<sup>106</sup> *Ibid.*

<sup>107</sup> *Ibid.*

<sup>108</sup> *Ibid.*

<sup>109</sup> *Ibid.*

<sup>110</sup> *Ibid..*

In considering any subsequent STEP application, the ISD will consider the circumstances of the failure of the business and ask for guidance from the other agencies and departments involved in the original Evaluation Committee. The advice of Enterprise Ireland is particularly relevant in this regard.<sup>111</sup> Whether or not the previous failure was clearly communicated to ISD is an important factor in deciding any subsequent applications.<sup>112</sup>

There is no information available in Ireland on the survival rate of start-ups launched by third-country nationals. ISD does not collect such information.<sup>113</sup>

### 3.7.2 Expansion of start-up

Officials from the Department of Justice and Equality stated that there is no defined process for a business to ‘graduate’ from a start-up to an established business, necessitating its founder to exit the STEP programme and apply for immigration status on another basis.<sup>114</sup> The question has not arisen very often. ISD takes such a situation on a case-by-case basis and has not developed a set of criteria to determine when a start-up must make this transition and how it should be done.<sup>115</sup>

EMN finds that frequently in EU Member States where a business ceases to be a start-up, for example because it develops into a successful company, this does not have any impact on the entrepreneur’s residence permit.<sup>116</sup>

## 3.8 STEP: ENTRY AND PROMOTION

The Irish government does not run specific promotional campaigns dedicated to recruiting third-country nationals to the STEP programme. Enterprise Ireland incorporates STEP into its general promotional activities undertaken abroad (for example, international fairs) but no separate and targeted awareness raising of STEP takes place.<sup>117</sup>

As mentioned above, it is planned that entrepreneurs who wish to apply to STEP will have to undertake a mandatory preparatory year in an accelerator. The Department of Justice and Equality foresees that awareness of the programme

---

<sup>111</sup> Interview with ISD, Department of Justice and Equality, May 2019.

<sup>112</sup> *Ibid.*

<sup>113</sup> *Ibid.*

<sup>114</sup> *Ibid.*

<sup>115</sup> *Ibid.*

<sup>116</sup> AT (the company behind the start-up must not be more than five years old), BE, CZ, DE, ES, IE, LT, LU, SE.

<sup>117</sup> Interview with Enterprise Ireland, May 2019.

will therefore increase among accelerators, as they will be in a position to offer entrepreneurs a route to a residence permission as part of their programme.<sup>118</sup>

EMN (2019) found that around half of the Member States carry out some promotional activities (at home and abroad) for start-ups and entrepreneurs, although such activities do not always target third-country nationals specifically.<sup>119</sup> Most commonly, Member States held start-up fairs and events, in the framework of their missions abroad. The EMN synthesis report does not make reference to any comprehensive evaluations of the effectiveness of these promotional activities for start-ups and entrepreneurs. Nevertheless, some Member States who have undertaken promotional activities have recorded an increase in the number of foreign start-ups in recent years, notably Austria and Estonia (EMN, 2019).

### *Case study 3: a start-up founder*

Speakus is a start-up that provides a cloud-based interpreting platform to connect speakers, interpreters and audiences at multilingual conferences. The platform allows attendees at such conferences to listen to real-time remote interpretation on their own devices through an app. The CEO of Speakus attended an Enterprise Ireland event in Moscow in 2016 and was encouraged to apply to STEP, which he did in 2017. That application was successful and the CEO relocated, leaving a co-founder to continue to work from Russia. A primary reason provided by the CEO for the co-founder not accompanying him was the high cost of living in Ireland. He also noted that while the grant support provided by Enterprise Ireland was important, the real value-added of Enterprise Ireland's assistance was in giving advice, providing expertise and sharing contacts.

Speakus set up in Gorey partly because it was one of several locations suggested by Enterprise Ireland, and because of contacts developed with Hatch Lab, a Tech Incubator space located in Gorey.<sup>120</sup> Speakus became a client of Hatch Lab which meant that they gained access to office space, networking, mentoring, advice, organised events, peer-to-peer learning and sharing of ideas, information and knowledge, technical expert talks and preparation for pitches to potential investors.

Speakus has not been involved with an accelerator but is now raising seed money and so may do so shortly. Speakus is still at an early stage but the intention in

<sup>118</sup> Comments received from ISD, Department of Justice and Equality, November 2019.

<sup>119</sup> AT; BE; CY; CZ; DE; EE; ES; FI; FR; HR; IE; LT; LU; LV; NL; PL; SK (general).

<sup>120</sup> <https://thehatchlab.ie>.

raising this money is to be able to hire people and build a team that would allow the start-up to work on business development as well as sales work.

The CEO of Speakus stated that he views the long-term future of the company headquarters as being in Ireland and did not foresee relocating the company.<sup>121</sup>

#### *Case study 4: a start-up hub*

Dogpatch Labs is a Dublin-based start-up hub whose mission is to accelerate the development of Ireland's start-up ecosystem by providing support to the start-up community. Dogpatch Labs is, in many ways, a typical accelerator with office space provided to start-up partners and an emphasis placed on securing seed funding and further funding to expand. Dogpatch Labs places emphasis on diversity and inclusivity and has staff dedicated to looking at how, for example, minorities can be better represented in the tech industry or how there can be more female start-up founders. In 2018 Dogpatch Labs organised a 'Diversity in Tech Week'.<sup>122</sup> The initiative was designed to be a catalyst for the Irish tech community to learn and implement global best practice for 'operationalizing' diversity and inclusion.

---

<sup>121</sup> Interview with Speakus CEO, July 2019.

<sup>122</sup> See: <https://dogpatchlabs.com/diversity-in-tech-week-2019>. Dogpatch Labs won Google For Startups' 'Diversity and Inclusion Award' for this initiative.





## CHAPTER 4

---

### Conclusion

Ireland was ahead of most EU Member States in establishing a scheme dedicated to migrant start-ups. STEP is the second oldest scheme among the 13 identified in the EU-level study. However, the ongoing reforms to STEP and low application numbers involved indicate that the scheme is still developing. Just 42 applications were made to STEP in 2018 and 18 were approved. Compared to the EU's frontrunner, Estonia, which had 783 applications in 2018, STEP is relatively small in scale.

The study identifies a number of challenges related to STEP. There is a lack of awareness of the programme amongst incubators and accelerators in Ireland.<sup>123</sup> Ireland does not undertake any dedicated promotion of STEP, instead Enterprise Ireland incorporates STEP into its general work abroad.<sup>124</sup> It may therefore be presumed that there is a lack of awareness of STEP internationally among potential migrant start-ups. However, it is not a simple matter of promoting STEP and therefore increasing the number of applications. The years in which there was a relatively large increase in applications (2016 and 2017) coincided with a marked decrease in the success rate of applications (27 per cent and 17 per cent respectively). Outside of that period, the success rate has held between 43 per cent and 61 per cent in the timeframe of this study (2014-2018). In 2014 the Department of Justice and Equality sought to increase uptake partly by reducing the capital investment required.

The Department of Justice and Equality has noted challenges in attracting applications aligned with the programme objectives. Reforms introduced in 2014 also introduced a pre-year, so that migrant entrepreneurs could attend incubators or innovation 'boot-camps' in Ireland to help prepare an application to STEP. New reforms will make participation in such an incubator programme mandatory for all newly established start-ups wishing to apply to STEP. This approach is already taken in the Netherlands, Portugal and the UK while participation in the preparatory stage is optional in Austria, Estonia, France and Lithuania (EMN, 2019). The Department of Justice and Equality anticipates that these latest reforms will lead to an increase in applications, as awareness of STEP

---

<sup>123</sup> Neither the NDRC or the GEC had heard of the scheme. Interview with the Guinness Enterprise Centre (GEC), 15 August 2019. Interview with the National Digital Research Centre (NDRC), 16 August 2019.

<sup>124</sup> Interview with ISD, Department of Justice and Equality, May 2019.

increases particularly via the accelerator network, as well as an improvement in the quality and therefore success rate of applications.

Stakeholder interviews and media reports indicated that Ireland's start-up landscape benefits from well-developed and active incubators and accelerators. Enterprise Ireland noted that Ireland's globalised economy, its general business-friendly environment, its start-up landscape, the policy emphasis laid on foreign direct investment and the presence of multinationals, make for an attractive environment for innovative entrepreneurs and start-up founders.<sup>125</sup> In addition, Ireland issues start-up founders' families with the most flexible residence permission (Stamp 4). This is seen by Department of Justice and Equality as an important incentive. Stamp 4 provides family members with the opportunity to work or start their own business. However, this report shows the number of family members entering Ireland on the basis of successful applications by start-up founders is low; perhaps in part this reflects relatively high living costs in Ireland.<sup>126</sup>

A previous EMN study concluded that start-up founders do not move to a new country because of its immigration policy but instead choose places where they think they have the highest likelihood of succeeding in doing business (EMN, 2018). Migrant start-ups face the same challenges as Irish domestic start-ups, in particular access to finance and therefore to scale (Fitzsimons and O'Gorman, 2018). It is safe to assume that challenges in attracting non-EEA migrant start-ups go beyond the immigration aspect managed through STEP and touch upon other challenges related to doing business in Ireland.

---

<sup>125</sup> Interview with Enterprise Ireland, 8 May 2019.

<sup>126</sup> Eurostat (2018). 'Consumer price levels in the EU'.

## References

- Alston, F. (2018). 'Step by step to starting your own business', *The Irish Times*, Dublin.
- Autio, E., L. Szerb, É. Komlósi and M. Tiszberger (2018). *The European Index of Digital Entrepreneurship Systems*. Luxembourg: Joint Research Centre (European Commission).
- Brophy Solicitors (2012). *Important Changes to the Start-up Entrepreneur Programme*, Dublin: Brophy Solicitors' website.
- Costello, E. (2016). 'Startups are of little economic value. It is only when they scale that they create jobs and wealth', *Fora.ie*, Dublin.
- CSO (2019). *Business In Ireland 2017*. Central Statistics Office. Available at [www.cso.ie](http://www.cso.ie).
- Department of Business, Enterprise and Innovation (2018). *National Policy Statement on Entrepreneurship in Ireland, Mid-Term Review*.
- Department of Business, Enterprise and Innovation (2012). *Action Plan for Jobs*.
- Department of Business, Enterprise and Innovation (2014). *National Policy Statement on Entrepreneurship in Ireland*.
- Department of Business, Enterprise and Innovation (2018). SME Credit Guarantee Scheme, available at: <https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/Access-to-Finance/SME-Credit-Guarantee-Scheme/#>
- Department of Finance (2018). SME Credit and Lending Section, available at: <https://www.gov.ie/en/publication/7a6e6c-sme-credit-and-lending-section/?referrer=/en/what-we-do/banking/sme-credit-lending>
- Department of Justice and Equality (2012). 'Shatter announces two new initiatives: Immigrant Investor Programme and Start-up Entrepreneur Scheme', *Press Release*.
- Department of Justice and Equality (2012). Start-up Entrepreneur Programme Guidelines, available at: <http://www.inis.gov.ie/en/INIS/Guidelines%20for%20Start-up%20Entrepreneur%20Programme.pdf/Files/Guidelines%20for%20Start-up%20Entrepreneur%20Programme.pdf>
- Department of Justice and Equality (2014). 'Minister Shatter announces targeted changes in the Start-up Entrepreneur Programme', *Press Release*.
- Department of Justice and Equality (2018). 'Start-up Entrepreneur Programme Guidelines', available at: <http://www.inis.gov.ie/en/INIS/Guidelines%20for%20STEP%20Applications%20January%202018.pdf/Files/Guidelines%20for%20STEP%20Applications%20January%202018.pdf>
- Department of Justice and Equality, Formal Launch of New Programmes for Investors and Entrepreneurs, Dublin: Department of Justice. Available at: <http://www.inis.gov.ie/en/INIS/Pages/RD12000010>

- Enterprise Ireland (n.d.). 'Investing in Emerging Companies', available at: <https://www.enterprise-ireland.com/en/Invest-in-Emerging-Companies/Source-of-Private-Capital/Venture-Capital-Funds.html>
- European Commission (2015). *Upgrading the Single Market: more opportunities for people and business*, Communication, Brussels: European Commission.
- European Commission (2016). *Towards a Reform of the Common European Asylum System and Enhancing Legal Avenues to Europe*, Communication, Brussels: European Commission.
- European Commission (2018). *European Innovation Scoreboard 2018: Europe must deepen its innovation edge*, Brussels: European Commission.
- European Migration Network (2014). *Admitting third country nationals for business purposes, Synthesis Report*, Brussels: EMN.
- European Migration Network (2015). *Ad-Hoc Query on the impact of start-up policies for third country nationals*, Requested by Spain EMN.
- European Migration Network (2017). *Ad-Hoc Query on start-up policies for third-country nationals (part 1)*. Requested by Estonia EMN.
- European Migration Network (2017). *Ad-Hoc Query on start-up policies for third-country nationals (part 2)*. Requested by Estonia EMN.
- European Migration Network (2018). *Attracting and retaining foreign start-up founders*, Inform, Brussels: EMN.
- European Migration Network (2019). *Migratory pathways for start-ups and innovative entrepreneurs in the EU*. Brussels: European Migration Network.
- European Migration Network Estonia (2017). *Attracting and retaining foreign startup founders*, Briefing Paper, Tallinn: EMN Estonia.
- Family Reunification Directive (2003/86/EC), available at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:251:0012:0018:en:PDF>
- Fitzsimons, P. and C. O’Gorman (2018). *Entrepreneurship in Ireland 2017*, Global Entrepreneurship Monitor (GEM) Dublin: GEM.
- Forrest, C. (2018). 'Accelerators vs. incubators: What startups need to know, Techrepublic', available at: <https://www.techrepublic.com/article/accelerators-vs-incubators-what-startups-need-to-know>
- Goube, J. (2015). *Worldwide start-up visa policies compared, presentation at EMN Lithuania conference, Attracting Foreign Business and Investment to Lithuania: The Role of Migration and Migration Policy*, available at: <https://www.slideshare.net/JosphineGoube/migreat-startup-entrepreneur-visa-worldwide-presentation-iom-emn>
- Groarke, S. and C Durst (2019). *Attracting and retaining international higher education students: Ireland*, European Migration Network, Dublin: Economic and Social Research Institute.
- Gusciute, E., E. Quinn and A. Barrett (2015). *Business Migration to Ireland*, European Migration Network, ESRI Research Series No. 43, Dublin: Economic and Social Research Institute.

- ICF (2016). 'Admission of migrant entrepreneurs', Brussels: ICF, available at: [https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/legal-migration-policy/volume\\_ii\\_-\\_admission\\_of\\_migrant\\_entrepreneurs\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/legal-migration-policy/volume_ii_-_admission_of_migrant_entrepreneurs_en.pdf)
- Isenberg, D. (2010). *Multinationals' unique role in the entrepreneurship ecosystem*, Forbes, New Jersey: Forbes.
- Local Enterprise Office website, available at: <https://www.localenterprise.ie/About-Us>
- McCall. B. (2017). 'The start-up island', *The Irish Times*, Dublin.
- McLaughlin. M. (2015). 'Funding Options for Irish Start-ups and Small Businesses, InspiredStart-ups.com', available at: <https://www.inspiredstartups.com/startup-tips/funding-options-for-irish-startups-and-small-businesses>
- McQuinn, K., C. O'Toole, M. Allen-Coghlan and P. Economides (2018). *Quarterly Economic Commentary*, Dublin: ESRI.
- McQuinn, K., C. O'Toole, M. Allen-Coghlan and P. Economides (2018). *Quarterly Economic Commentary, Winter 2018*. DOI <https://doi.org/10.26504/qec2018win>. Dublin: Economic and Social Research Institute.
- OECD (2019). 'How do OECD countries compare in their attractiveness for talented migrants?' OECD, available at: <https://www.oecd.org/els/mig/migration-policy-debates-19.pdf>
- OECD (DATE). Indicators of Talent Attractiveness, available at: <https://www.oecd.org/migration/talent-attractiveness>
- Parliamentary Question, 14 February 2017, Deputy Jim O'Callaghan, [6964/17].
- Parliamentary Question, 20 February 2019, Deputy Caoimhghín Ó Caoláin, [8646/19] and [8647/19].
- Patuzzi, L. (2019). *Start-Up Visas: A Passport for Innovation and Growth?* Transatlantic Council on Migration, Migration Policy Institute, Brussels: MPI.
- Percival. G., (2010). 'Start-ups flourish but 80% fail "within 5 years"', *The Irish Examiner*, available at: <https://www.irishexaminer.com/business/start-ups-flourish-but-80-fail-within-5-years-134409.html>
- Quinn, E. and E. Gusciute (2013). *Attracting Highly Qualified and Qualified Third-Country Nationals: Ireland*, European Migration Network, Dublin: Economic and Social Research Institute.
- Sheridan, A. (2019) *Annual Report on Migration and Asylum: Ireland 2018*, Dublin: Economic and Social Research Institute.
- Spollen-Behrens, S. (2019). '7 key challenges facing Irish SME owners - and how to tackle them', *The Business Post*, Dublin: *The Sunday Business Post*.
- Taylor. C. (2019). 'Start-up weekend looks to give migrants a chance to build businesses', *The Irish Times*, Dublin.

The Entrepreneurship Forum (2014). 'Strengthening the Start-up Community', available at: <https://dbei.gov.ie/en/Publications/Publication-files/Entrepreneurship-Forum-Report-2014.pdf>

Van Roy, V. and D. Nepelski (2016). 'Assessment of Framework Conditions for the Creation and Growth of Firms in Europe', *JRC Science for Policy Report*, Brussels: European Commission.

World Bank (2016). 'Ease of doing business in Ireland', available at: <http://www.doingbusiness.org/data/exploreeconomies/ireland#close>

World Bank (2019). *Doing Business 2019, A Regional Profile of the EU, A World Bank Group Flagship Report, 16<sup>th</sup> Ed.* Available at: <https://www.doingbusiness.org/content/dam/doingBusiness/media/Profiles/Regional/DB2019/EU.pdf>

EMN Ireland,  
Economic and Social  
Research Institute,  
Whitaker Square,  
Sir John Rogerson's Quay,  
Dublin 2, Ireland  
Telephone **+353 1 863 2000**  
Email **[emn.ireland@esri.ie](mailto:emn.ireland@esri.ie)**  
Web **[www.emn.ie](http://www.emn.ie) / [www.esri.ie](http://www.esri.ie)**  
Twitter **[@EMNIreland](https://twitter.com/EMNIreland)**  
ISBN: **978-0-7070-0515-7**



EMN Ireland is funded by the European Union's  
Asylum, Migration and Integration Fund and co-  
funded by the Department of Justice and Equality

