GUIDE ON SUSTAINABLE START-UP

FARMING SUSTAINABLE BUSINESS: HOW TO CREATE A SUSTAINABLE BUSINESS PLAN INCLUDING RENEWABLE ENERGIES: CERTIFICATIONS, REQUIREMENTS, LEGAL FRAMEWORK.

INTELLECTUAL OUTPUT 3
MODULE 2

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INTRODUCTION

Sustainable production as a concept was initiated at the 'Earth Summit' in Rio de Janerio in 1992, when the document outlining the global action plan for sustainable development - Agenda 21 - was produced.

Sustainable production, defined in the context of corporate social responsibility, refers to all activities and initiatives leading to the production of products or services, minimising the use of natural resources and environmental pollution, while having a positive impact on workers, consumers and society at large. In the agricultural sector of the economy, the volume of production depends on natural factors, i.e.: soil quality, meteorological and climatic conditions, the cycle of production.

Sustainable farm

The development of agriculture using technological innovations has led to an overproduction of food by almost doubling the production of crops and animal husbandry. An animal production farm seeking to income is usually based on the breeding of a single species and is already based on ready-mixed feed purchased from external producers. In this case, the problem of managing natural fertilisers (e.g., slurry), which are available practically without limitation on the animal husbandry farm, becomes apparent. From other side, plant production farm have made their production dependent on mineral fertilisers. Nowadays farming has an impact on water quality through irregularities in silage production, poor storage of slurry, lack of adequate water and wastewater infrastructure, as well as the use of all fertiliser ingredients and plant protection products. Unsustainable agricultural production contributes to soil degradation through excessive use of chemical and mechanical inputs, which cause erosion and acidification of soils.

Therefore, rational mineral and organic fertilisation is essential, and mechanisation measures taken towards efficient production contribute to air pollution through emissions from livestock buildings, manure storage sites, gases from the burning of all production residues, etc. Contemporary farming should be integrated with natural landscaping to preserve biodiversity as well. The appropriate layout of fields, meadows, rivers, copses, forests, orchards and lakes enables the diversification of species biodiversity. The green industrial revolution is characterised by specialisation in production activities, while in the perspective of the farm, it is important to consider the beneficial effects of specialisation in the area.

The contemporary trend of sustainability economics is restoring the ethical values that should determine the agricultural activity carried out and at the same time enable profit. European and national laws standardise the sustainable use of agricultural areas for RES, including biofuels, so that competition between renewable energy and agriculture is not created and biodiversity is preserved. The development of RES in rural areas and their on-farm use, e.g., small-scale biogas plants, the creation of cogeneration systems, or small-scale agricultural production of liquid biofuels enable

a closed production cycle. The perspective for the development of renewable energy sources in rural areas is based primarily on the production of biomass from energy crops (i.e., cereals, maize, rape, hemp, Jerusalem artichoke, willow, poplar, Sida hermaphrodita, miscantus, Gerard palm, reed), but also from residues and waste (i.e. straw, other agricultural residues, slurry, wood waste). The use of biomass in the perspective of the effective prosperity of the farm enables the creation of a closed production cycle on the farm and the diversification of agricultural activities with renewable energy sources.

Today, there are many devices enabling the production of clean energy ranging from solar collectors, heat pumps, photovoltaic modules, solar kits, wind turbines to biomass boilers. It is therefore necessary to analyse a number of solutions in order to be able to choose the most advantageous ones from the point of view of cost-effectiveness, the rate of return, the size of the investment made for the farm. The impact of legal and social aspects on the use of renewable energy sources on the farm must be analysed.

1. Start-up development steps

A start-up that leverages technology, the Internet, automation, and has a special business model, innovation, and plans to expand into foreign markets later on.
In most cases, the money needed to start a start-up is not generated from their own resources, but even through a multi-round investment. It often happens that the initial idea and what they will be successful with can be different as they get to know the target market and transform the idea.
Some examples of companies that once started as start-ups Facebook, Snapchat, Prezi.com, Ustream, LogMeIn, Tresorit, Oculus Rift VR glasses
After founding such a company, you have a long way to go, which can be divided into 4-5 phases.

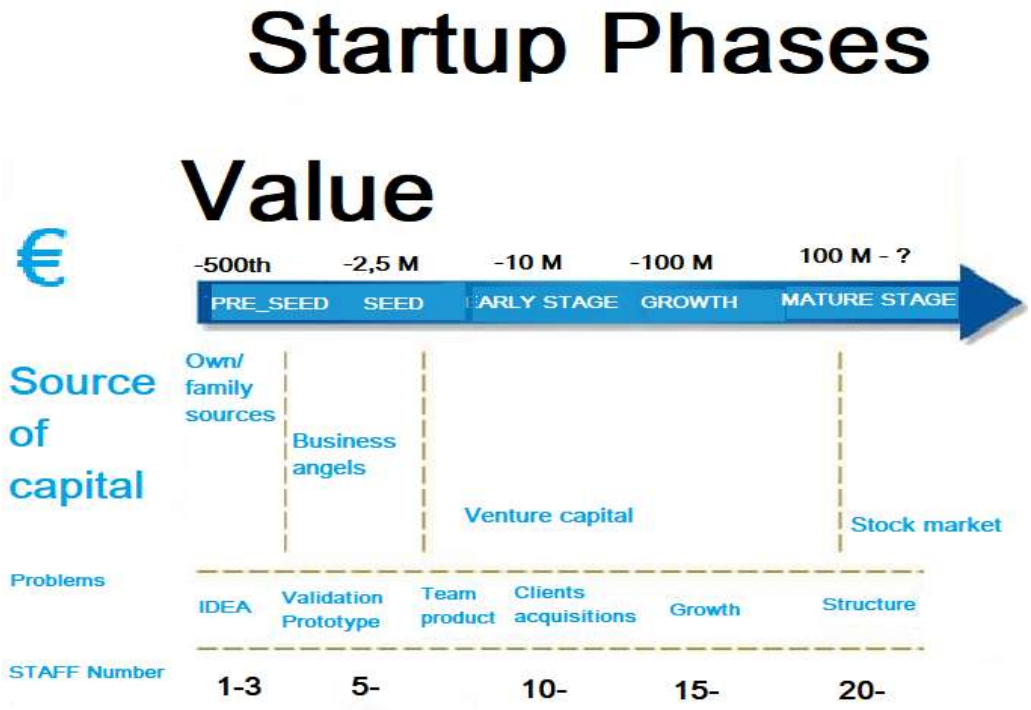

Figure A possible subdivision of start-up businesses (Own edition)

1.1 Pre-seed phase: the birth of an idea

The idea is born, the owner of the idea is enthusiastic, maybe some partners can be found for dreaming. A drafting paper-work is beginning. The value of the idea is minimal and the level of risk is zero too. It takes only time to refine the original idea. The majority of start-up ideas are terminated at this stage. Capital can be integrated from the 3F source (family, friends and fools).

To do list:

- Write down the idea and check it by the team from many angles. Refine, analyse it if possible
- Get information about the competitors. Are there any similar businesses existing? If yes, you must find the way to get a market niche. If not, maybe the whole idea is nonsense
- Communicate with as many potential stakeholders as possible to get feedbacks for the future stages
- Build-up a team to share responsibilities, get technical and business experts too
- Define the core function of your business and focus on it in the realization
- Participate in start-up competitions, you may get direct feedback and can learn from competitors freely
- Get information about possible venture capital investments

Not to do list:

- Do not hide your ideas, being too introvert, relevant information will be lost and the implementation will be more difficult
- A detailed business planning in this stage is unnecessary
- The technological development costs a lot of money, but keep an eye on the business side too

Some of the available agricultural start-up competitions can be browsed here:

https://www.sival-angers.com/en/innovation/agreen-startup-competition/

https://facagro.com/compete/

https://ec.europa.eu/eip/agriculture/en/news/competition-european-startups-

1.2 The seed phase

After the so-called brainstorming phase the implementation must begin. The real difference is that in this phase enormous amount of money must be spent for the elaboration of at least one prototype (or Minimum Viable Product). If your initial ideas were tested in the former phase it worth to get the risk. At this phase connections to possible investors must be created. These so-called accelerators can be useful to have a jump start, but it may be risky that their ideas don't match your original one. Here you mainly need to imagine investors (business angels) who are already likely to have successful businesses and want to create new ones from their investment capital, but not now based on their idea. Their expected return will also be lower than that of a venture capital firm. You can best find them by increasing your contact capital. Business accelerators are looking for existing start-ups, and even some accelerators specialize in certain areas, making it harder for you to choose. Their advantage is that it provides more knowledge than any of the above, and even provide more in relationships.

In this stage there are many things you can bungle in the business or legal side of the start-up. You must make relevant decisions e.g. about being a full-time entrepreneur.

To do list:

- At the business side you must focus on the creation of a pitch
- The market conditions should be mapped in order to be able to make simple calculations of competitive returns
- Create a marketing and sales plan, based on real data
- The Minimum Viable Product should be tested by some real clients
- Build your staff hiring some experts on the areas of your deficiencies (business, marketing, sales, fund-rising, legal issues etc.)
- Find a possible co-working office to decrease initial expenses
- Join as many start-up meetups as possible

Not to do list:

- Remain opened and get feedbacks from the clients and information about your possible stakeholders
- Be persistent as this stage of net minus profit can last for years in many start-up companies
- A really detailed business plan is redundant at this phase
- Try to avoid the following typical mistakes: hiding, too much confidence, unthought of concurrency, weak branding, deficient partners/staff, product-focusing, weak pitching

A possible structure of an effective pitch

1. The idea in brief / the business in brief

State your idea in 1-4 sentences, as your business will also deal with it.

2. Problem / Opportunity

This is where you give a solution or what an opportunity your start-up gives you.

3. Solution

What makes you achieve this, what is the service, the product...?

4. Market Size / Benefit

Competitive analysis, market analysis, even using statistics and surveys from different websites.

5. Business Model

This is where the business model you use comes in, that is

- Where will your income come from?

- What is the product, service, how many products?

- What marketing channels do you use?

- How, because you convince customers to buy.

6. Competitive / Advantage

State what you can offer more than the competition, or do it differently.

7. Team / Hires

Think about who needs to be on the team who even participates in the start-up as a company founder.

It's hard to pull up a big start-up alone, you need companions.

8. Market entry strategy (Traction)

Here, expand on the marketing strategy already mentioned in the business model. What is the first thing you start with?

1.3 Early stage

As the original idea is now implemented, your start-up is born. You must succeed in a business environment full of more experienced corporations. The expenses are growing constantly (the legal formation of the company, employees, lawyer, accountant, marketing expenses, communication, office etc.), but the incomes are spare and irregular. The lack of investors is a usual challenge in this stage. If you were able in the former phases there are some venture capitalists around your business being able to give support. Additionally, you may get finance though mass financial mechanisms. In essence, your prospective customers give money to your start-up as a subsidy, but most of the time, the subsidy is actually a down payment. They pay in advance for the unfinished product. Two great sites can be used for this best, Indiegogo and Kickstarter.

The philosophy behind the Indigogo concept can be found in this video:

https://youtu.be/2Tz_C14M6z0

Here you can browse ideas Kickstarter has already supported:

Alternatively, you may apply for additional EU or state subsidies, but it may be risky as your original start-up idea can change, thus you may fail to fulfil the objectives of the application.

You need different competences to survive this stage: sales, marketing, staff management.

To do list:

- Get as much clients as possible in order to produce income
- Use the best available staff, fire the incompetent employee
- Try to avoid the managerial diseases and burn-out
- Supporting the adequate cash-flow for your start-up is indispensable
- Maybe the marketing activities can be outsourced to a professional agency in order to secure growth possibilities
- As the founder or Chief Executive Officer of your company you must learn every day

Not to do list:

- Use up-to-date time management techniques, don't waste time for unnecessary activities

- Don’t give-up seeking investors to secure cash-flow
- Don’t waste your resources for luxurious expenses

1.4 Growth phase

The transition to this phase from the early stage is hard to observe. The growth of clients and new investors can generate a process of expansion and business success. Now personally it is almost impossible to get out of the process as the future of a growing team is in the CEO's hand.

As in this phase you are beyond the classic start-up business, so managing growth will be the main function among different interests and groups of experts and stakeholders.

To do list:

- Try to involve the best experts of the business into your company in order to boost your profit
- Be prepared for a potential exit from the start-up company, get connected to actors willing to buy your shares in the future
- Learn to delegate the rights of decision to the lower levels of the company, as at this stage the daily routine tasks should be divided

Not to do list:

- Don't try to monopolize the influence to the functioning of the company
- Don't expel the experts of your company if they have a different opinion

1.5 Mature stage or exit phase

Some of the investors – you got to know earlier – buys your share, so may think about a new dream and business plan.

2. Information to have into account for creating a sustainable business plan: certifications, requirements, legal framework.

2.1 European general context

2.1.1 European labels

2.1.1.1 Quality label

According to the official website of the European Union, there are different methods to include a **quality label** that protects and promotes "the origins, traditions and unique characteristics of many distinctive EU products." (European Union, a). Those labels can be classified in:

- Geographical indications: protect specific know-how, but also authenticity and agro-environmental conditions, linked to the area of production.
    - Protected designation of origin (PDO)
    - Protected geographical indication (PGI)
    - Geographical indication (GI)
- Traditional speciality guaranteed (TSG): highlights traditional aspects (how is made or its composition), without being linked to an area of production.
- Other schemes
    - Mountain product
    - Product of EU's outermost regions
    - Voluntary certification schemes

In the case of the GI products, on March 2022, there was a proposal of the measures for the improvement of the existing system in which the following characteristics would be taken into account:

- Sustainability: to valorise their actions related to social, environmental and economic sustainability
- Protection: especially with regard to sales and bad faith registrations or use of their GIs domain name
- Empowering groups: giving access to anti-counterfeiting authorities and customs
- Simplified registration procedure: merging technical and procedural rules

2.1.1.2 EU Organic label

Organic products[1] can also be certified by the EU after being verified by the control agency or body in charge of assuring that the food producers, processors or trader comply with the regulation. Once certified, they will acquire the **EU Organic label**.

This logo certified that the product contains at least 95% organic ingredients, and regarding the remaining 5% it also needs to respect strict conditions (European Union, b).

[1] The organic production and labelling of organic products is regulated by the Delegated Regulation (EU) 2022/474 of 17 January 2022.

EU Organic label logo[2]

2.1.1.3 EU Ecolabel

Created to promote eco-friendly goods on the EU market, it covers a wide range of products and sets criteria for minimising the main environmental impacts over their entire lifecycle. It is distributed in several product groups: cleaning, clothing and textiles, coverings, do it yourself, electronic equipment, furniture and mattresses, gardening, holiday accommodation, lubricants, paper and personal and animal care products. Currently, it does not apply to food and feed products.

2.1.2 EU Policy Framework

2.1.2.1 The European Green Deal (EGD)

The EGD, launched in December 2019, is the European Commission strategy for making the EU's economy sustainable, focusing on climate and environmental challenges. It provides a roadmap to boost the efficient use of resources. Among the initiatives, it the context of this project is interesting to highlight the **Farm to Fork strategy**, that proposes to improve the sustainability and resilience of European food Systems, aiming to improve the availability and price of sustainable food, as well as promoting healthy and sustainable diets.

2.1.2.2 Common Agricultural Policy (CAP) 2023-27

The new CAP will be implemented in 2023, with a strong focus on results and performance, for a fairer, greener CAP. It emphasizes to ensure the sustainable future of farmers, being aligned with the European Green Deal. Its ten objectives are (European Commission, 2021):

1. Ensure fair income for farmers
2. Increase competitiveness

[2] Source: European Union, retrieved from https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organic-logo_en

3. Improve the position of farmers in the food change
4. Climate change action
5. Environmental care
6. Landscape and biodiversity preservation
7. Generational renewal
8. Vibrant rural areas
9. Food and healthy quality
10. Knowledge and innovation

2.1.3 Energy Efficiency Directive (EED)

This directive entered into force in 2012, but it was later amended in 2018. It establishes a common framework of measures for the promotion of energy efficiency and achieve the target for 2030 of at least 32.5% energy efficiency.

This directive pretends that by using energy more efficiently, people will consume less. Therefore, this will affect positively in the environment, climate change mitigation and life quality, also depending less on external suppliers in oil and gas consumption.

An important aspect in this directive is the usage of renewable energies. So far, the EU needs to become more energy efficient to reach the goals, as it seems that it tends to increase the need for energy instead of lowering it (European Commission, 2020).

The final goal of this directive is to become the first climate-neutral continent by 2050. For that reason, with their "energy efficiency first" principle, the EU has placed the energy efficiency as one of the key pillars of the EU's climate objective.

2.2 General context in the countries of the partnership

2.2.1 Italy

Italy is third among the members of the European Union in terms of the amount of direct energy used in food production. It is consequently necessary to encourage the building of medium and large-scale plants, especially through integration with the agricultural sector, in order to meet the European Union's output from renewable sources objectives.

Based on these findings, and as documented by the PNRR (the Italian Plan for the Next Generation EU), Italy has suddenly changed its agricultural and energy policies in an effort to get around obstacles that were put in place at the height of the country's first phase of renewable development.

The development of 'Agrisolar Parks'

Through the installation of photovoltaic systems on building roofs for productive use in the agricultural, livestock, and agro-industrial sectors, with a total installed capacity of about 0.43GW, the measure and the calls will specifically encourage sustainability and energy efficiency in the agricultural sector. In this way, the investment aims to encourage the modernization and upgrading of production facilities in the agricultural sector, with positive effects also on the quality of crops and livestock housed, in addition to enabling the supply of energy from renewable sources, with obvious financial savings.

The development of 'agri-photovoltaic facilities'

Agri-photovoltaic projects have a hybrid nature, integrating the demands of producing green energy with those of maintaining the features of land used for agricultural or animal farming operations, with a view to creative, technologically sophisticated, and multifunctional agriculture.

This measure aims to encourage the installation of medium-to-large photovoltaic systems with innovative features that allow the land hosting the photovoltaic installations to be used for agricultural or livestock farming purposes, in contrast to the measure on "agri-solar parks," which allows for the installation of "traditional" photovoltaic systems on the roofs of buildings.

Development and uncertainties in incentive regulations for PV systems in agricultural areas

The Legislature has already made a number of changes to the regulations currently in force in order to remove some regulatory barriers that did not allow, or severely limited, the potential for the development of renewables in the agricultural sector, while waiting for the Ministry of Ecological Transition to publish the guidelines on requirements and criteria for agri-photovoltaic installations to access the measures provided by the NRP.

Authorization aspects of agro-photovoltaic plants and the first jurisprudential approaches

Agri-photovoltaic plants are subject to the same authorisation processes as "conventional" photovoltaic plants because there is no ad hoc law for them as of yet. However, a legislative intervention in this respect appears essential, even in light of the initial jurisprudential orientations articulated on the matter, considering the innovative character and little environmental effect that such initiatives are likely to entail.

A different territorial compensation will need to be offered in comparison to the traditional photovoltaic plants, able to absorb the impacts resulting from their insertion and to rebalance the weight of the intervention in a different way to restore the effects in the overall landscape and

environmental and territorial conditions, given that agri-photovoltaic plants allow, on the one hand, the cultivation of the land, but, on the other hand, they present taller and more spaced poles.

According to certain interesting studies1, it will undoubtedly be required to I avoid places with ecosystems of protection and interest; (ii) create biological corridors; and (iii) use specific finishes on the PV panels' exposed surfaces.

2.2.2 Poland

Types of renewable energy sources in rural areas in Poland:

- biomass
- biogas
- solar energy
- wind energy

Organisational forms of RES in rural areas.
Energy cooperatives. The concept of an energy cooperative is defined in the Renewable Energy Sources Act.

Clustering - an energy cluster is a grouping of energy consumers, energy producers, prosumers, energy sellers and providers of other energy services operating in an organised and coordinated manner in a territorially coherent area on the basis of a civil law agreement with the aim of balancing the energy demand in a functional area of the cluster and improving the competitiveness and innovation of its members. A cluster may include entities located in five municipalities or one county.

Legal provisions for the construction of renewable energy sources in rural areas
The legal basis for the development of energy production from its renewable sources is formed by numerous acts of EU legislation. The Energy Law and the regulations derived from it formed the framework for the system of operation of various RES installations in Poland until the adoption of a separate RES Act, i.e. until 2015. Currently, it is the RES Act that defines the basic concepts in this area, and the relevant regulations form the system of implementing acts. In addition to the provisions of this Act, the process of construction and operation of any RES installation is influenced by other regulations: construction, financial, land use, changes that the installation causes to the environment

(especially to the environment), introduction of energy to the grid, generation or management of waste, etc.

Legal aspects should be taken into account already at the stage of selecting the property on which the energy generation installation will be located.

It is important to assess the possibilities of the site, environmental conditions, obtaining conditions for connecting the planned installation to the power grid, which will determine the possibility of obtaining further administrative acts or civil law agreements.

The compatibility of the investment with the local spatial development plan should be verified.

In the case of a positive assessment of the investment's location, it is possible to proceed to obtaining relevant administrative acts enabling the commencement of construction of the RES installation, taking into account environmental conditions. If it is not possible to protect the natural elements, actions should be taken to remedy the damage caused, in particular through environmental compensation.

Some projects may require an environmental decision and a detailed environmental impact report. The location of wind power plants is further regulated by the provisions contained in the Wind Power Investment Act (referred to as the 'Anti-Wind Power Act').

Pursuant to these provisions, the location of a wind power plant is possible at a distance greater than or equal to ten times the height of the wind power plant (measured from ground level to the highest point of the structure, including technical elements, in particular the rotor with blades) from residential buildings and other locations referred to in Article 4 of the Act. In addition, the location of a wind power plant shall only take place on the basis of a local spatial development plan. The provisions of this law have significantly inhibited the development of wind energy and a relaxation of its provisions is under consideration.

The commencement of the construction of an RES installation may take place after obtaining a final decision on the construction permit.

An exception to the principle of the need to obtain a building permit is the installation of heat pumps, free-standing solar collectors, photovoltaic devices with an installed electrical power of no more than 50 kW and micro-installations of agricultural biogas. In these cases, the obligation to agree on the compliance of the construction design of photovoltaic devices and agricultural biogas micro-installations with fire protection requirements applies.

Once all the required permits have been obtained, the construction of the RES installation in question can proceed and, upon its completion, an application can be submitted for the granting of an occupancy permit.

Prior to the issuance of such a permit, the construction supervision authority shall inspect the construction in order to ascertain that it is carried out in accordance with the arrangements and conditions resulting from the construction permit.

2.2.3 Spain

Quality labels

Quality labelling in Spain is the same as in the European Union, i.e. they are regulated by the European Union, which guarantees compliance with additional quality requirements to those required for other conventional products.

Some national bodies to highlight for their work in the recognition and promotion of these labels are:

ORIGEN ESPAÑA (Spanish Association of Designations of Origin).

CECRV (Spanish Conference of Wine Regulatory Councils)

ACERTES (Spanish Association of Conformity Assessment Certifiers and Verifiers)

Organic label

Organic agriculture has been regulated in Spain since 1989 with the Regulation of the Generic Denomination Organic Agriculture.

The Royal Decree 833/2014 currently regulates organic products and the parameters that must be met in order to obtain the organic label.

Likewise, the measures that apply specifically to organic production have also evolved and are currently included in Council Regulation (EC) No. 834/2007 of 28 June 2007 on organic production and labelling of organic products.

Legislative framework in Spain

Law 7/2021, of 20 May, Law on climate change and energy transition, which aims to facilitate the decarbonisation of the Spanish economy to achieve climate neutrality, its transition to a circular model, and to promote adaptation to the impacts of climate change and the implementation of a sustainable development model that generates decent employment and contributes to the reduction of inequalities.

It also establishes different national plans for the control and mitigation of climate change.

Integrated National Energy and Climate Plan (PNIEC) 2021-2030. The PNIEC aims for a 23% reduction in greenhouse gas (GHG) emissions compared to 1990, 42% of renewables in final energy

consumption, 39.5% improvement in energy efficiency over the next decade and 74% of renewable energy in the electricity sector.

This plan in the agricultural and livestock sector aims to:

Encourage the rotation of rainfed arable crops, including leguminous and oilseed crops, and replace the monoculture of cereals.

Adjusting nitrogen supply to crop needs.

Frequent emptying of slurry in pig houses

Covering of slurry ponds

Solid-liquid separation of slurry

Production of compost from the solid fraction of slurry

The National Plan for Adaptation to Climate Change (PNACC) 2021-2030 is the basic planning instrument to promote coordinated action against the effects of climate change in Spain. Its main objective is to avoid or reduce present and future damage from climate change and to build a more resilient economy and society.

2.2.4 Estonia

The environmental and climate policy sets a great ambition to achieve climate neutrality by 2050, which greatly affects agriculture (farming), including food production in Estonia. Farmers are expected to implement innovative and even more sustainable practices. The common agricultural policy (CAP) aims to protect and enhance agricultural biodiversity by upholding environmental rules and encouraging green farming. CAP also helps farmers find solutions to their problems.[3]

Rising awareness about the challenges farmers are facing among people who have no experience in this area is crucial. There are many ways to do that, including relevant campaigns, ads, stories, training opportunities, innovative tools and products that are marked with meaningful (quality) labels. In the European Union (including Estonia) manufacturers and service providers can apply for various certificates and quality labels for their products or services. The aim of such various certificates and quality labels is to provide information with regard to quality or origin of the offer, point to the production technique based on long-standing traditions, lineage of the product, its environmental aspects, etc. In addition to the common quality and eco-labels (individualized, for a specific product or

[3] https://agriculture.ec.europa.eu/sustainability/environmental-sustainability_et

service), some of the local labels are regional and/or co-branded (marketed under common name), e.g. Estonian Culinary Route includes[4]:

EHE - Genuine and Interesting Estonia (EHE - Ehtne ja Huvitav Eesti) is a quality label for eco-tourism that recognizes environmentally friendly and sustainable regional tourist products and services. Such tourist products and services are characterized by genuine experiences and care for heritage.

Real Farm Food (Ehtne talutoit) label symbolizes natural, fresh and tasty products. The label was established upon the initiative of the Estonian Farmers Federation. If you see this label on the packaging, you can be sure that it is a natural, farm-grown and farm-made product.

UMA MEKK is a product label for food produced in Võrumaa, the aim of which is to recognize farmers, entrepreneurs, food producers and other passionate people involved in agriculture and food industry. The label is only issued to high-quality food products.

Põlvamaa is a region in Estonia with an exceptionally beautiful and pure nature.Since 2009, the naturally manufactured high-quality products has been labeled with "Rohelisem märk" (A greener mark). It is used to label local food products and artisan food, natural building and finishing materials, local handicrafts and tourism services. By today, the label "Rohelisem märk" has been adopted by more than twenty entrepreneurs from Põlvamaa.

Regional and quality label VIRU FOOD (VIRU TOIT) is issued to products produced in Virumaa that are of local origin, high quality, use natural materials and produced in an environmentally friendly way.

v.toidutee.ee/labels

The idea behind the Local Food of Northern Estonia (Põhja-Eesti kohalik toit) label is to support cooperation and networking between companies producing local Northern Estonian food, and mark high-quality local produce.

The Label «Saaremaa Ehtne toode» (Authentic Saaremaa Product) confirms that the product is produced in Saare county among pure Saaremaa nature, using labor and experience of Saaremaa people

Since 1995, the Hiiumaa Green Label has been used by responsible and green-minded businesses in Hiiumaa on their products. It is a quality label awarded to a high quality product or service produced in Hiiumaa and/or made from Hiiumaa raw materials. Since 2006, it is also awarded to products and events in Hiiumaa that are the result of sustainable management and that use local natural or human resources, valuing traditional skills and culture.

On the European Commission's website, the info can be found about EU quality standards, CE marking and different labels - Ecolabels, fish and food labels and Energy labels (energy efficient products, requirements for energy efficient products, EU energy labelling and ecodesign rules, the EU's energy star programme. In addition explanation, how products are labelled according to energy consumption, EU regulations on energy labelling, what products require energy labels, how to provide technical documentation, rules for distance selling.[5]

There are also a number of quality labels in business. For example, Estonia has entered the market with the Trusted Business Certificate, an international project that now involves 7 countries. Estonian companies can now join more than 190 000 companies in Europe that are participating in the project. Joining creates a good opportunity to stand out in a competitive market. [6]

Since 2006, the Successful Estonian Company award has been given to companies whose financial situation is rated excellent (AAA), very good (AA) or good (A) by Creditinfo.

[5] https://ec.europa.eu/info/business-economy-euro/product-safety-and-requirements/eu-labels_en

[6] https://majandus.postimees.ee/3755259/sertifikaat-usaldusvaarne-ettevote-uurib-ettevotete-kuvandeid-internetis

A credit rating, that is adapted to the Estonian market, is a reliable and unbiased assessment based on a thorough analysis of a company's financial, economic and payment performance, developed according to international standards.[7]

Financial support options for start-up companies in Estonia

There are several projects dedicated to help startup businesses in the EU[8]:

- **Startup Europe** strengthens networking opportunities between high tech startups, scaleups, investors, accelerators, corporate networks, universities and the media.
- **Startup Europe Partnership** is an integrated pan-European open innovation platform that helps the best EU scaleups grow.
- **InvestEU Portal** brings together investors and project promoters on a single EU-wide database of investment opportunities.

Many projects, companies and organizations in Estonia have created opportunities to encourage young people to take the initiative and start their own future businesses while they are still at school[9]. Also, systems designed to support start-ups, e.g. accelerators, can significantly reduce the time it takes to get a business up and running. For example, Startup Incubator is Tehnopol's growth programme for technology startups.[10] Junior Achievement Estonia has been running the Student Company Programme in Estonia for nearly 30 years now.[11] Startup Estonia develops the local start-up ecosystem and creates development programmes. Their goal is to develop knowledge and skills among start-ups, improve the financing situation and eliminate legal bottlenecks. KredEx runs the Startup Estonia programme.

KredEx has helped launch a number of programmes that help start-ups develop knowledge, contacts and funding. The visa programme, developed in collaboration between the Estonian start-up community, the Ministry of the Interior and Startup Estonia, allows citizens of third countries to work for local start-ups. It also lets existing start-ups move to Estonia and new start-ups to be founded. In late 2018, KredEx started collaboration with the Ministry of Education and Research to create a favorable platform for the inception and growth of EdTech start-ups with international ambitions.[12]

[7] https://arileht.delfi.ee/artikkel/95979613/tabel-vaata-laitmatu-taustaga-eesti-ettevotteid

[8] https://europa.eu/youreurope/business/running-business/start-ups/starting-business/index_en.htm

[9] https://digitaalneiq.ee/uudised/esimesed-sammud-kuidas-alustada-oma-start-upiga-juba-koolipingist/

[10] https://www.startupincubator.ee/tehnopol-startup-inkubaator-tervitab-uusi-startuppe-inkubatsiooniprogrammis/

[11] https://digitaalneiq.ee/uudised/esimesed-sammud-kuidas-alustada-oma-start-upiga-juba-koolipingist/

[12] https://www.kredex.ee/en/financing-companies/start-ups

One way to get started and raise start-up money is to use a co-funding platform. Hooandja is a crowdfunding platform that offers a way to find co-funding for your good idea or creative project.

2.2.5 Hungary

Financial support options for start-up companies in Hungary

In Hungary, there are many regulations, labels, logos, etc. regarding sustainable economic activities and products. exists, but these are mostly equivalent to the systems native to the European Union. Specifically, however, there are no such systems for the forms of renewable energy use in agriculture that can be implemented by start-up companies. In this short chapter, we can read about programs and financing opportunities designed to create and support the start-up and innovative entrepreneurial environment in Hungary.

The most important legal place is 1858/2016. (XII. 27.) Government decision on the development of the domestic innovative entrepreneurial environment, improving the competitiveness of emerging digital enterprises and Hungary's Digital Start-up Strategy. The regulation states that as part of the Digital Wellbeing Program, the Prime Minister's Commissioner supervises the field. His activities and the harmonious development of the start-up ecosystem are supported by the "Start-up Hungary" coordination and methodology centre, whose tasks are as follows:

- coordination of programs aimed at developing the start-up ecosystem,
- more effective communication of state programs and tender opportunities, as well as
- creation and operation of the monitoring system of the Strategy.

The most important reasons for the creation of the system can be summarized as follows: In order to improve the regulatory environment for start-ups, the business environment in the national economy should support the creation, market entry and development of start-up businesses in a targeted manner, the possibility of creating special economic zones, which provide more favourable regulation and more flexible funding options under specific conditions for innovative businesses. It is important to ensure that the development of programs aimed at presenting the entrepreneurial lifestyle and self-employment in the public education, vocational training, higher education and adult education systems, as well as competence development programs that support women and new entrepreneurs becoming successful entrepreneurs, are consistent with Hungary's Digital Education Strategy creation.

The plan for the IPAR 4.0 Start-up and Spinoff Program aimed at promoting cooperation between industrial companies and start-ups was developed at the national level. The financing is largely

provided by European Union sources, namely through the Economic Development and Innovation Operational Program and the Competitive Central Hungary Operational Program system.

An obstacle that must be overcome is that the procurement of even less common, innovative solutions becomes possible within the framework of public procurement. Accordingly, CXLIII of 2015 on public procurement must be reworked. law, including the applicability of the pre-commercial procurement model (PCP procedure) to domestic start-ups.

An important part of national regulations is to make the country a relevant target country for foreign start-up companies. Accordingly, the introduction of a "start-up visa" is also on the table, providing Hungarian residence for the owners and employees of foreign start-up enterprises wishing to operate with their headquarters in Hungary.

The capital and its surroundings are of particular economic importance within the country, so accordingly the Government manages the "Start-up Budapest" program in cooperation with the Metropolitan Municipality.

An important challenge for start-ups operating in Hungary is the availability of adequate funding sources in the various life cycles of the companies' lives. Accordingly, it is the responsibility of the Minister of National Economy, the Prime Minister's Commissioner and the Minister of National Development to ensure the creation of a co-investor structure that allows private investors to encourage risk-taking with the state's own role, sharing the risk of investments.

37/2011 in the development of the support system. (III. 22.) On the basis of § 7 of the Government Decree, the Office for the Examination of Aid is also involved in the investigation of whether the possibility of state aid in the sense of European Union competition law arises, i.e. Article 107(1) of the TFEU is fulfilled criteria according to.

In order to facilitate financing, a law amendment proposal aims to give a corporate tax base benefit to start-up investors, similar to the long-standing TAO grants that support spectacular sports classified as "of national strategic importance" with gigantic sums.

According to the TAO Act, the pre-tax profit is reduced by three times the cost value of the share acquired in an early-stage enterprise (including the increase in the cost value in view of the capital increase following the acquisition) in the tax year of the acquisition of the share and in the three following tax years, in equal installments, but per tax year and early-stage a maximum of HUF 20 million per enterprise.

According to the described rule, it is possible to reduce the tax base if the investor:

- acquires a stake in an early-stage company, or
- acquires an additional stake during the capital increase implemented in the early-stage enterprise (the size of its stake increases).

The tax base reduction item can be used after three times the cost price of the share (increase), but no more than HUF 20 million per tax year - and per early-stage enterprise - for a total of a maximum of 4 tax years.

It is important for start-up companies to provide an IT interface that enables proactive communication with the authorities.

Domestic discounts depend on whether the start-up investment is made as an individual or as a company. As an individual, there is no tax discount, two domestic discounts are known for investments through the company.

If the subject of corporate tax sells a part of the business, then the amount of corporate tax payable on the difference between the sale value and the book value is 9 percent. The other option, investing in an early-stage business, has already been presented.

The Hungarian National Eco-label

Figure: The Hungarian National Eco-label (Source: https://zoldbeszerzes.hu/hu/kornyezetbarat-termek-vedjegy-a-magyar-okocimke/)

Companies and entrepreneurs can also distinguish their goods from similar products on the market according to environmental protection aspects. The Environmentally Friendly Product distinctive mark has many advantages, namely:

- In the market, the trademark is a competitive tool for increasing turnover, which allows the manufacturer, distributor and service provider to get more income.
- It helps to ensure that the given product can also be present on foreign markets.
- The Environmentally Friendly Product is energy-saving, thereby saving significant costs for its manufacturer.
- Valuable as a marketing tool.
- The manufacturer or service provider using the trademark can make use of the discounts provided by law (e.g. the discount provided by the product fee law, obtaining an exemption, or the market opportunity provided by green public procurement).
- Less environmental damage is caused

The purchase of a product with such a label also guarantees the customer that he is contributing to sustainability, as well as that he is buying a quality product or service, and is a guarantee that the products were produced in an environmentally friendly way.

Today, more and more companies recognize the importance of eco-labels, the indication that is necessary for their products to be present on foreign markets in addition to the Hungarian one

By obtaining the right to use the eco-friendly product trademark, entrepreneurs also try to distinguish their goods from similar products found on the market in terms of environmental protection, since the use of eco-labels also means responsible corporate thinking.

And with their decisions, customers can encourage manufacturers and service providers to rethink the production and service provision process and set stricter goals for themselves from an environmental point of view. In addition to the general sustainability labels, Hungary also has a green energy system label too.

The District Heat Ecolabel was introduced by the Professional Association of Hungarian District Heat Providers (MaTáSzSz) in 2015 with the aim of making the beneficial properties of district heating services known as widely as possible, such as increasing energy efficiency or increasing the share of renewable energies.

The label informs consumers about the effects of the district heating system on the environment, similar to the well-known energy labels of household electronic devices. The introduction of labels fills a gap, as many existing and future consumers have not yet received the important information that district heating is not only comfortable and safe, but also energy-efficient and environmentally friendly - thanks to significant developments in recent years.

In addition to providing information, the District Heat Ecolabel is also a motivation for district heating companies to continue to do their best in the future to provide people with a competitively priced,

reliable and climate-friendly service - improving energy efficiency and increasing the use of renewable energy sources.

Annex

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