FOREWORD

Entrepreneurship development is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. The impact of the global financial and economic crisis calls for giving entrepreneurship and self-employment a stronger role in economic and social development policies. This is particularly relevant for youth who face higher unemployment rates than the adult population and increased difficulties entering the labour market to start their careers.

However, the effectiveness of national, regional and local measures and actions to promote inclusive entrepreneurship development in Europe can be hindered by a fragmentation of responsibilities, resources and strategies, and a failure to understand the goals of inclusive entrepreneurship.

This project is part of a series of youth entrepreneurship reviews that are conducted by the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development (OECD) in collaboration with the European Commission, Directorate-General for Employment, Social Affairs and Inclusion. This work builds on a collaborative project between the OECD and the European Commission on inclusive entrepreneurship. For more information on this project, please refer to: [http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm](http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm).
ACKNOWLEDGEMENTS

This study has been a collaborative project between the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development (OECD) and the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission, with the co-operation of the Italian Ministry of Labour and Social Policy. It is part of a multi-year programme of work on inclusive entrepreneurship undertaken by the LEED Programme of the OECD and DG Employment of the European Commission.

The report was prepared by David Halabisky under the supervision of Dr. Jonathan Potter, both of the LEED Programme of the OECD. Sections of this report were prepared by Dr. David Deakins of Lancaster University and Dr. Petra Reszkető of the Budapest Institute. This report also draws on a report by Filippo Addarii of The Young Foundation, which was prepared as part of this project.

A key source of information for this report was a study visit to Rome, Italy. This study visit was organised by Filippo Addarii, Nadja Ohranovic and Stuart Goodey of The Young Foundation. The knowledge and insights shared by those who participated in interviews and meetings during the study visit is gratefully acknowledged.

The report authors would like to acknowledge the assistance received from Romolo De Camillis, Paola Tambuscio and Danilo Giovanni Festa from the Italian Ministry of Labour and Social Policy. Also, Barbara Cachova, Eleanor Davies and François Iglesias of the LEED Programme had an invaluable role in providing technical assistance. The project would not have been possible without their support.
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<td>EC</td>
<td>European Commission</td>
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<td>ERDF</td>
<td>European Regional Development Fund</td>
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<td>ESF</td>
<td>European Social Fund</td>
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<tr>
<td>GEM</td>
<td>Global Entrepreneurship Monitor</td>
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<tr>
<td>HEI</td>
<td>Higher education institution</td>
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<tr>
<td>ISFOL</td>
<td>Institute for the Development of Vocational Training of Workers</td>
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<td>ISTAT</td>
<td>National Institute for Statistics</td>
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<td>LEED</td>
<td>Local Economic and Employment Development Programme of the OECD</td>
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<td>LFS</td>
<td>Labour Force Survey</td>
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<td>MFI</td>
<td>Microfinance Institute</td>
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<tr>
<td>MiSE</td>
<td>Ministry for Economic Development</td>
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<tr>
<td>MIUR</td>
<td>Ministry of Education, Universities and Research</td>
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<tr>
<td>NEET</td>
<td>Not in employment, education or training</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>SME</td>
<td>Small- and medium-sized enterprise</td>
</tr>
<tr>
<td>SUAP</td>
<td>Sportello unico dell’attività produttive (“Single Information Points for Production Activities”)</td>
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<tr>
<td>VET</td>
<td>Vocational education and training</td>
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EXECUTIVE SUMMARY

Youth unemployment is one of the principal economic and social challenges of this decade for many EU Member States, including Italy. Long spells of unemployment can have serious long-term effects for individuals, such as reduced earnings, increased chance of unemployment in the future and social exclusion. Youth entrepreneurship will not be a panacea for solving the youth unemployment problem but it can be a part of the policy response.

This report is part of a series of youth entrepreneurship policy reviews that the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development (OECD) is undertaking in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. These policy reviews provide a baseline analysis of the needs for entrepreneurship support for youth, assess the strengths and weaknesses of existing and planned policies and programmes, make recommendations for the development of integrated policies and programmes in this field, and support the development of policy action plans.

This project was conducted in partnership with Italian Ministry of Labour and Social Policies. The OECD Secretariat led an international expert team who assessed current and planned approaches to promoting and supporting youth entrepreneurship in Italy against OECD good practice criteria for youth entrepreneurship policy. Information was collected through desk research and one week study visit, which occurred from 29 September 2014 to 3 October 2014 in Rome. Interviews during this study visit were held with representatives from Ministry of Labour and Social Policies; Ministry of Education, Research and Innovation; Ministry of Economic Development; Unioncamere (National Association of Chambers of Commerce); Invitalia; ISTAT; ItaliaCamp; ISFOL; and the City of Rome. Additional information was collected after the study visit through correspondence with other stakeholders, including The National Youth Agency; Confindustria Giovani Imprenditici; PerMicro; and the Italian National Microcredit Agency.

These youth entrepreneurship case studies build on an existing collaborative project on inclusive entrepreneurship undertaken by the European Commission and the OECD. This project produces policy briefs and annual reports (The Missing Entrepreneurs) that examine public policies that support job creation by encouraging business start-ups and self-employment by people from disadvantaged or under-represented social groups, as well as capacity building seminars for policy makers. For more information on this project, please refer to: http://www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm.

Key strengths of youth entrepreneurship support in Italy

Youth entrepreneurship support enjoys a high profile in Italy due to a set of National Youth Plans, which created several important institutions such as the Youth Department and the Youth Policies Fund. EU-level policies such as the European Social Fund, the Youth Employment Initiative
and the Youth Guarantee reinforce national efforts and help to engage regions, provinces and local authorities in promoting and supporting youth entrepreneurship.

Recent efforts to streamline the regulatory environment are paying-off in terms of a simplified process of business registration. This will be further improved with recent legislation that increases the opportunities to meet regulatory requirements online. Youth entrepreneurs stand to be among the groups that benefit the most from these efforts.

Youth can generally access a wide-range of entrepreneurship supports. Entrepreneurship training outside of the formal education system is quite accessible for youth, especially for youth entrepreneurs with innovative business projects. Similarly, coaching and mentoring is readily available, often provided with training as part of an integrated package. In addition, access to start-up financing is improving for youth entrepreneurs with two recent developments: a rapid growth of online crowdfunding platforms and recent regulatory changes to create a microfinance sector.

The government benefits from a very active non-government sector, including both private and public sector organisations. Many organisations and business associations play a significant role in engaging youth in entrepreneurship, directing potential youth entrepreneurs to information and resources about entrepreneurship, providing entrepreneurship training and facilitating access to financing for business start-up.

Key areas for improvement of youth entrepreneurship support in Italy

Despite the many strengths of youth entrepreneurship support in Italy, the support system is hindered by the lack of an overall strategy. Consequently, many of the government’s efforts are single-shot interventions rather than being part of a co-ordinated system where actions complement each other. This is further complicated by the multi-level governance system in Italy, where most entrepreneurship support programmes are implemented at the local level. This results in a disparate system where the quantity and quality of support varies greatly by region.

The overall approach to supporting youth entrepreneurship support is largely concentrated on innovative projects. There are merits to this approach since innovative projects are likely to create the most jobs. However, many youth do not fit this profile and therefore have substantially fewer opportunities to access support. With a NEET rate that exceeded 22% in 2013, there is a large youth population that is left under-served by the current youth entrepreneurship support system in Italy.

One of the most effective ways of promoting entrepreneurship and supporting the development of entrepreneurial mindsets and skills is through entrepreneurship education in the school system. This is in the very early stages of implementation in Italy. There is a need to scale-up ongoing experiments so that more youth learn about what entrepreneurship is, its potential as a career option and acquire some basic entrepreneurship skills. Moreover, teachers and other staff currently lack training to deliver basic entrepreneurship education.

Moreover, there are few entrepreneurship role models for youth, particularly disadvantaged youth. There was little evidence that youth are exposed to role models unless they are already enrolled in some form of entrepreneurship support. Further, success stories of youth entrepreneurs are not promoted widely.

Access to finance remains a challenge for many youth entrepreneurs. Microfinance is under-developed in Italy due largely to the relatively recent adoption of legislation that permits this activity.
Youth typically launch small-scale entrepreneurship projects and are therefore often too risky and too small for bank loans. They have few other options of obtaining small loans.

Monitoring and evaluation is not widely used to learn about the impact and effectiveness of public entrepreneurship programmes. This is especially true at the local level where much of the supports are delivered. It is therefore difficult for policy makers to understand which actions are working well and which are not.

**Key policy recommendations**

The following actions are recommended as the key priority actions for strengthening the youth entrepreneurship support system in Italy:

1. Develop a national strategy and action plan for youth entrepreneurship;

2. Strengthen entrepreneurship education throughout the school system, vocational training and higher education;

3. Promote role models for youth entrepreneurs; and

4. Create a network of one-stop shops that would provide a single entry point for youth looking for information and support related to business creation and self-employment.
INTRODUCTION

This chapter discusses the motivation behind this series of OECD-European Commission youth entrepreneurship policy reviews. It also describes the project and provides information on the methodology employed. The chapter also provides an overview of the OECD principles for youth entrepreneurship support.

OECD-European Commission youth entrepreneurship review series

This project is part of an international series of policy case study reviews on Support for Youth Entrepreneurship. These review studies are undertaken as part of a collaborative programme of work between the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development (OECD) and the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

These in-depth case study reviews provide a baseline analysis of the needs for youth entrepreneurship support, assess the strengths and weaknesses of existing policies and programmes that support business creation by youth and assess proposals for future policy and programme development. The analysis identifies gaps in current and planned support for youth entrepreneurship, as well as areas where current and planned support can be improved. The recommendations aim to provide assistance to European Union Member States in the design and implementation of policies and programmes for business creation by young people, through:

- Tailored advice and assessments for individual national or regional administrations in the design and implementation of policies and programmes for business start-up and self-employment, including through European Social Fund (ESF) support; and

- Facilitation of mutual learning among national and regional authorities, stakeholders and practitioners concerned with ESF support from different Member States, through monitoring and comparison of policy and programme approaches, collection and dissemination of good practice examples and provision of tools to support learning networks, events and platforms.

OECD principles for youth entrepreneurship support

The OECD-European Commission collaborative work programme on inclusive entrepreneurship has produced a series of reports and policy briefs that examine the barriers faced by different under-represented and disadvantaged groups in business creation and self-employment, as well as appropriate policy responses to address these barriers. This work has covered several social target groups, including women, youth, seniors, migrants, the unemployed and people with disabilities. Youth has been a key target group of this work programme given the political urgency for addressing labour market challenges for youth. Reports directly covering youth entrepreneurship include the “Policy Brief on Youth Entrepreneurship” (OECD/EC, 2012) and the series of Missing Entrepreneurs reports (OECD/EC, 2013; 2014; forthcoming).

Based on this work and consultation with international experts, the OECD has developed a list of principles for youth entrepreneurship policy (see Box 0.1). This list of principles is intended to give guidance to policy makers in designing and implementing a comprehensive support system for youth
entrepreneurship. These principles underpin the analytical framework used in this series of youth entrepreneurship policy reviews.

<table>
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<th>Box 0.1. OECD principles for youth entrepreneurship policy</th>
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<tr>
<td><strong>Generic principles:</strong></td>
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<tr>
<td>1. Select beneficiaries of youth entrepreneurship programmes carefully and tailor the support provision to the needs of youth.</td>
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<tr>
<td>• Extensive support should be low cost and offered widely</td>
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<tr>
<td>• Intensive support should be competitive or filtered to select recipients that are motivated and most likely to succeed</td>
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<tr>
<td>2. Use youth entrepreneurship policies and programmes to promote creativity and innovation.</td>
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<tr>
<td>• Seek (even low level) innovation in supported business projects (including organisational, marketing, green, social)</td>
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<tr>
<td>3. Recognise that different policy interventions complement and reinforce each other.</td>
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<tr>
<td>• Offer combined access to finance, training, mentoring, and networking</td>
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<tr>
<td>• Ensure education, economic and labour policies are co-ordinated and complementary</td>
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<tr>
<td>• Identify gaps and synergies across stakeholders</td>
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<tr>
<td>4. Consider adapting mainstream programmes as an alternative to youth-specific actions.</td>
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<tr>
<td>5. Engage youth and youth organisations in the design and implementation of youth entrepreneurship policies and programmes.</td>
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<tr>
<td>• Communicate with youth through appropriate channels</td>
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<td>• Consult youth organisations in policy design</td>
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<tr>
<td>• Leverage stakeholder knowledge and experience</td>
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<tr>
<td>6. Appraise and evaluate youth entrepreneurship policies and programmes, making adjustments when design or implementation can be improved.</td>
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<tr>
<td>• Identify intervention needs, targets and expected impacts</td>
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<td>• Evaluate results and adjust the approach</td>
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<td>• Seek employability as well as venture creation outcomes</td>
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<td>• Measure long-term as well as short-term impacts</td>
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**Strategy for supporting youth entrepreneurship:**

1. Develop a vision for youth entrepreneurship support. |
   • Embed entrepreneurship promotion and support within youth employment strategies

2. Communicate the objectives of youth entrepreneurship policies and programmes to youth, youth organisations and the community.

3. Government actors and other stakeholders have defined, complementary roles in supporting youth entrepreneurship.

**Building a supportive institutional environment:**

1. Ensure that the regulatory environment does not discriminate or provide disincentives for youth entrepreneurship. |
   • Be supportive of youth entrepreneurship in welfare, tax and regulatory systems |
   • Ensure that bankruptcy laws do not prevent young entrepreneurs from having a second chance
2. Promote positive image of entrepreneurship to build a culture of entrepreneurship amongst youth.
   - Inform youth and society about the potential of youth entrepreneurship.
   - Celebrate young entrepreneurs as role models

3. Ensure that youth can access information and resources about entrepreneurship.
   - Provide ready information on how to start up
   - Make business start-up support easily accessible to youth

**Improving entrepreneurship skills:**

1. Provide entrepreneurship education in schools, vocational training and higher education.
   - Develop entrepreneurial mind sets as well as new ventures
   - Provide opportunities to learn through experience (e.g. business simulations and competitions)
   - Include low educational achievers

2. Provide coaching and mentoring for young people with interest and potential for sustainable projects.
   - Use an appropriate matching mechanism to ensure a good fit between coachee/mentee and coach/mentor

3. Encourage networking.
   - Create links with other young entrepreneurs, senior entrepreneurs, investors and partners

**Facilitating access to finance:**

1. Provide financial literacy education to all youth.

2. Ensure youth can access loans and microfinance.
   - Use grants when loans are not feasible

3. Encourage alternative financing methods such as guarantees, crowdfunding, peer-to-peer lending, business angel investment.

4. Complement financial support with business training and mentoring.

**Project methodology**

The methodology used in the OECD-European Commission youth entrepreneurship reviews has five phases: selection of study area; background report; a one-week study visit; analysis and report drafting; and dissemination of findings. These five phases are briefly described below.

**Selection of study area**

The OECD and the European Commission made a joint presentation to the Employment Committee, the advisory committee for Employment and Social Affairs Ministers in the Employment and Social Affairs Council, on 20 January 2014. The presentation highlighted the outputs from the ongoing OECD-European Commission work programme on inclusive entrepreneurship and sought expressions of interest in participating in future work on youth entrepreneurship. Several expressions of interest were received and Italy, Lithuania and Spain were selected because they have high youth unemployment rates and are all eligible for extra funding under the Youth Guarantee.
Background report

A local youth entrepreneurship expert, Filippo Addarii of The Young Foundation, prepared a background report to help the OECD expert team plan and prepare for a study visit. This work focussed on uncovering basic information on the quality of the environment for business start-up and self-employment policies, the levels and nature of start-up and self-employment activities, and the nature and scope of existing policy and programme activities. This report was prepared primarily through desk research that covered published academic articles, government reports, programme documentation and evaluations, as well as grey literature. Some initial interviews with experts and policy makers. This report provided a basic understanding of youth entrepreneurship support in Italy and identified areas requiring further in-depth examination. Sections of the background report have been incorporated into this report.

Study visit

An international review team, led by the OECD Secretariat, undertook a one-week study visit to Rome from 29 September to 3 October. During the study mission, a series of individual and group interviews were held with national and local youth stakeholders. The meetings allowed stakeholders to present themselves and their role in the youth entrepreneurship support system in Italy. Some stakeholders also presented their own research related to youth entrepreneurship. The meetings were structured around a common questionnaire grid, which enabled the OECD review team systematically collect information from stakeholders on current and planned approaches to supporting youth entrepreneurship in Italy.

The OECD expert team was led by Mr. David Halabisky of the OECD Secretariat. International experts who participated in this study were Dr. David Deakins of Lancaster University and Dr. Petra Reszkető of the Budapest Institute.

Policy makers and stakeholders who participated in meetings and interviews during the study visit represented the following organisations:

- Ministry of Labour and Social Policies
- Ministry of Education, Research and Innovation
- Ministry of Economic Development
- Unioncamere (National Association of Chambers of Commerce)
- Invitalia (the national agency for inward investment promotion and enterprise development)
- ISTAT (National Institute for Statistics)
- ItaliaCamp (a national non-profit organisation that supports youth entrepreneurs)
- ISFOL (Institute for the Development of Vocational Training of Workers, a national research organisation under the supervision of the Ministry of Labour and Social Policies)
- City of Rome

The expert team had further correspondence with many of the stakeholders that were met during the study visit while preparing the report, as well as with other stakeholders that were not met during the study visit. These additional stakeholders were:

- The National Youth Agency
Analysis and report drafting

This report was prepared in two stages. First, an intermediate draft report was prepared by the OECD Secretariat using inputs from the OECD international expert team, as well as the project’s background report. The preparation of this report also included the identification and analysis of international learning model policy and programme approaches that have particular relevance to the Italian context. These international approaches will help illustrate how to go about extending and improving policy in the reviewed area. This intermediate report was shared with the Ministry for Labour and Social Policies for comments and feedback.

Dissemination workshop

An interactive workshop was organised in Rome on \( \text{insert date – yet to be determined} \) to discuss and refine draft findings and recommendations and to develop collectively an action plan specifying the priority actions to be undertaken, how they will be undertaken and by which organisations. The workshop was attended by youth entrepreneurship stakeholders, many of whom participated in this project.

Final report

Preparation of a revised final report taking into account relevant points made in the workshop and including the local policy action plan. The final report and action plan will be disseminated in order to provide momentum behind programme development in Italy together with inspiration from the experiences of other EU Member States and regions.

References


CHAPTER 1: THE ITALIAN CONTEXT

This chapter provides some key data related to youth entrepreneurship in Italy. It includes some data on the unemployment challenge as well as data on self-employment and entrepreneurship indicators. The chapter also discusses barriers to youth entrepreneurship.

Youth unemployment

Youth unemployment is one of the greatest social and economic challenges faced in the last decade by EU governments. It not only poses a challenge in the present, but also the future because unemployment spells can have long-term impacts for individuals, including reduced earnings and an increased likelihood of social exclusion. Evidence suggests that one year of unemployment during youth can reduce annual earnings at age 42 by up to 21% (Gregg and Tominey, 2005) and that an extra three months of unemployment before the age of 23 results in an extra two months of unemployment, on average, between the ages of 28 and 33 (Gregg, 2001). For governments, unemployed youth also represent a significant stock of unused economic resources that lowers output and the potential for economic growth.

The youth unemployment rate in Italy (15-24 years old) reached 43% in 2014 (Figure 1.1). This is among the highest youth unemployment rates within the EU and was nearly double the EU-level youth unemployment rate (21.9%). The youth unemployment rate in Italy was more than triple the overall unemployment rate (12.9%), which is a greater gap than in most EU countries. Overall in 2014, the youth unemployment rate in the EU was approximately double the adult rate.

Figure 1.1. Youth unemployment rates, 2005-2014

Youth in the southern regions of Italy face a greater challenge in entering the labour market. In Campania, Sicily, Sardinia, Basilicata and Calabria, the youth unemployment rate stood above 50% (Figure 1.2.). Moreover, the youth unemployment challenge has become worse in each region over the last decade. The youth unemployment rate more than doubled in 9 of the 20 regions.

Figure 1.2. Youth unemployment rates by region, 2004 vs 2013

While the youth unemployment rate receives a lot of attention in Italy and several other EU countries, it is also important to consider labour market participation rates. While not all youth would be expected to participate in the labour market since many are still in education, this measure can provide some insights into the health of the labour market for youth. Labour market participation rates for youth in Italy are among the lowest in the EU and are substantially lower than the EU average (Figure 1.3). In 2014, the labour market participation rate for youth in Italy was 27.1%, which is 25% lower than the EU average rate of 41.7%. This is the result of a substantial downward trend in labour market participation rates for youth in Italy over the last decade. Between 2005 and 2014, the participation rate declined by 6.7 percentage points. This downward trend in participation and high unemployment rates suggest that the youth labour market is difficult and fragile.
A related challenge is the high, and increasing, proportion of youth who are neither in employment nor education and training (i.e. NEETs). At 22.1%, Italy had the highest proportion of youth that are NEETs among EU Member States in 2014 (Figure 1.4). In 2005, 17.1% of youth in Italy were NEETs, one of the highest rates in the EU at the time and the NEET rate in Italy increased sharply following the economic crisis that started in 2007.
Youth entrepreneurship rates

Self-employment rates among youth

Youth self-employment rates in Italy are substantially higher than the EU average (Figure 1.5). This is consistent with an economy that is based on the small business sector. Overall, 22.2% of those employed in Italy were self-employment in 2014, relative to 14.4% of those in the EU. However, the self-employment rate has declined over the last decade, falling from 24.0% in 2005 to 22.2% in 2014.

Youth in particular appear to be interested and active in self-employment. In 2014, the self-employment rate for youth in Italy was 13.5%. Although this is only slightly more than half of the adult rate, it is nearly triple the EU average.
Business creation rates among youth

Other commonly used measures to examine entrepreneurship are the set of measures developed by the Global Entrepreneurship Monitor. Two rates of particular interest are the nascent entrepreneurship rate and the new business ownership rate, which are both measured using a common survey across nearly 100 countries. The nascent entrepreneurship rate is defined as the proportion of the adult population (age 18 to 64) that are actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. The new business ownership rate is the proportion of the adult population that are currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months.

Figures 1.6 and 1.7 demonstrate that few people in Italy are involved in actively involved in setting up or running a new business relative to other EU countries. Fewer than 2% of adults and 3% of youth in Italy were actively trying to set-up a business during the 2009-2013 period. This was the third lowest rate in the EU. Similarly, only 1.5% of adults and slightly more than 2% of youth were running a new business. These rates were the lowest in the EU.
Figure 1.6. Youth nascent entrepreneurship rates, 2009-2013 (combined)

Source: GEM (2014), Special tabulations of the 2009-2013 adult population surveys from the Global Entrepreneurship Monitor

Figure 1.7. New business ownership rates for youth, 2009-2013 (combined)

Source: GEM (2014), Special tabulations of the 2009-2013 adult population surveys from the Global Entrepreneurship Monitor
These two measures of entrepreneurship activity paint a different picture than the self-employment rates. Self-employment rates generally pick-up people who employ only themselves or a very few people in non-incorporated businesses. The nascent entrepreneurship rate and business ownership rate pick-up those people who are in the process of setting-up a business or have recently set one up. Thus, the nascent entrepreneurship rate and the new business ownership rate are more akin to a measure of flow, or intake, while the self-employment rate is a measure of the stock of self-employed people.

The low nascent entrepreneurship rate and new business ownership rate for youth in Italy is somewhat surprising given the high self-employment rate for youth and that the Italian economy is heavily reliant on small businesses – nearly half of the labour force is employed in enterprises with fewer than 10 employees.

Despite these low rates of activity in the early stages of the entrepreneurial process, there appears to be untapped potential for entrepreneurship in Italy. The 2012 Eurobarometer report indicates that 44% of people in Italy would prefer self-employment to working as an employee, which is higher than the EU average (37%) (EC, 2012). The two most often cited reasons for preferring self-employment were a preference for personal independence and self-fulfillment (62%) and freedom to choose place and time of working (31%).

**Barriers to entrepreneurship for youth**

In general, youth face barriers to entrepreneurship in the areas of social attitudes, lack of skills, inadequate entrepreneurship education, lack of work experience, under capitalisation, lack of networks, and market barriers (OECD/EC, 2012):

- **Role models:** Young people are influenced by important role models such as their parents and teachers, who often are not very aware of the requirements and opportunities of entrepreneurship. This lack of awareness among role models results in a lack of encouragement and support for entrepreneurship. A negative attitude exhibited by an important role model, or even negative social attitudes, can act as an obstacle to youth entrepreneurship.

- **Lack of skills:** Education and training programmes often do not do enough to nurture entrepreneurial attitudes and skills; instead they aim to prepare students for a career in employment.

- **Lack of experience:** A major determinant of business start-up and entrepreneurship performance for youth is prior work experience. However, youth typically lack the necessary human, financial and social capital to successfully start and run a new business. Moreover, relative to older people, youth are much less likely to have managerial or specialised industrial knowledge that would help them in self-employment.

- **Under-capitalisation:** Youth tend to have low levels of personal savings and have more difficulty than adults in obtaining external finance. Banks and other financiers typically consider credit history, past business performance and collateral when evaluating potential loans. Youth-owned firms are less likely to score well according to such measures.

- **Lack of developed networks:** Due to a lack of experience in the workplace and in entrepreneurship, youth people are likely to have limited business networks and business-related social capital. As a result, they may not be able to access a wide pool of resources
and ideas. It will also be more difficult for them to build “legitimacy” amongst key stakeholders (e.g. financiers, customers, suppliers).

- **Market barriers**: Youth entrepreneurs may face “discrimination” from customers who are sceptical about the reliability or quality of their products or services. Similarly, youth entrepreneurs are more likely to enter industries where barriers to entry are low but competition is very strong.

It is important to recognise that each of these areas is inter-related. This implies that a comprehensive policy approach to supporting youth entrepreneurship should provide packages of policy tools, rather than single one-shot solutions.

Adults in Italy identified the key barriers as: not enough capital (17%), a poor economic climate (14%), a lack of entrepreneurship skills (4%), a lack of a business idea (7%), too difficult to reconcile family responsibilities (9%), the risk of failure is too great (6%), and administrative difficulties (6%) (EC, 2012). These self-reported barriers are quite similar to the EU average. Data on the barriers to entrepreneurship for youth in Italy do not exist.

**References**


Eurostat (2015), Data on population and social conditions.


CHAPTER 2: STRATEGIES TO SUPPORT YOUTH ENTREPRENEURSHIP

This chapter examines the national strategy for promoting and supporting youth entrepreneurship in Italy. It provides a brief history of key policies and plans related to youth entrepreneurship and examines the governance structure, focusing on the national level. The chapter also discusses the key national and EU resources available to support youth entrepreneurship. It identifies gaps and areas for improvement and makes policy recommendations.

The importance of strategy and co-ordination

Youth face multiple barriers to successful business start-up and operation, and this implies the need for multiple policy responses. Policy needs to act at the same time on building positive attitudes to entrepreneurship, providing advice, coaching and mentoring, offering entrepreneurship training, creating business networks and facilitating access to finance, while also developing entrepreneurship-friendly institutions. All these actions need to be co-ordinated, since a gap in any one policy area could mean a lack of effectiveness of the others. In addition, un-coordinated actions can lead to duplication and waste and to difficulties for people from the target groups in finding their way to relevant support.

As well as initiatives across different policy areas, there are many different actors to co-ordinate. Within government, national, regional and local authorities are all involved in providing relevant support to entrepreneurship and self-employment. At national level, this includes ministries with responsibility for industry, employment, social affairs and education. Youth entrepreneurship policy has both an employment and an enterprise dimension, with the employment aspect usually treated under the heading self-employment by the labour ministry and the enterprise aspect usually the territory of the industry ministry. What happens in schools and colleges is clearly the remit of the education ministry, while treatment of welfare benefits when entering into business is handled by social affairs ministries. The various ministerial remits occur not only at national level but are generally replicated or delivered at the regional and local levels. Hence, there is significant scope for inconsistencies, duplications, gaps and missing synergies.

In addition, many publicly-funded programmes work through intermediary agencies delivering support services on behalf of government, including governmental, private sector and non-governmental agencies. The services of these different organisations should be complementary, accessible one from the other, operating at appropriate scales and filling any gaps that would otherwise exist in support.

Furthermore, in the field of youth entrepreneurship policy, bottom-up local initiatives often emerge from specialist agencies embedded in the target communities offering customised support. Such agencies are better able than mainstream providers to engage closely with youth and innovate in their responses to their needs. However, particular attention has to be paid to integrating their support with other support and securing sustainable funding for the most successful initiatives among them.

The case for co-ordination is therefore clear. Linkages are needed across different arms of government and across the various agencies involved in entrepreneurship and self-employment support.
Findings and analysis

A series of youth plans have been developed that promote and support entrepreneurship

Italy does not have a national strategy to guide youth entrepreneurship policy. However, there are a number of specific action plans that have been developed to justify, guide and co-ordinate youth entrepreneurship policy.

A centralised youth policy was developed in 2005 in response to the Youth Pact that was put forward by the Lisbon Strategy. This led to the creation of the Department for Youth Policy and Sport. Following the Decree of Law 181/2006, the Ministry became responsible for co-ordinating the government’s actions targeting youth in all areas, including economic policy, fiscal policy, labour market policy, education policy and cultural and sport policy. It was also assigned the responsibility of co-ordinating EU-funded programmes.

In 2007, the first National Youth Plan (“Piano Nazionale Giovani”) was launched and the National Youth Agency (“Agenzia nazionale giovani”) was created. The first National Youth Plan identified 10 priority areas: access to work; education and training; housing; digital divide; creativity and culture; participation and representation; interreligious and intercultural dialogue; improving self-esteem; access to sport and reporting. While entrepreneurship was not explicitly identified in the plan’s priority action areas, several calls were launched that promoted technological innovation, social utility and civil commitment, sustainable development and management of urban and territorial services for youth was included under the creative and culture priority. At the same time, a National Fund for Youth Policies was set-up and provided with EUR 390 million to be distributed over the period 2007-2009.

In 2008, the Ministry for Youth Policy and Sport was transformed into the Department for Youth (“Dipartimento per la gioventù”) and in July 2008 the new Minister presented programme guidelines (“Linee Programmatiche”) to parliament. This was effectively the second National Youth Plan and it identified 4 objectives:

1. Ensure future access to work and housing, and supporting family and parenthood, meritocracy and social mobility;
2. Promote meritocratic principles, including offering interest-free loans, promoting an entrepreneurial spirit, creating employment opportunities in the public administration, promoting creativity and culture;
3. Promote and celebrate youth successes through sharing success stories, promoting active citizenship and generational solidarity, and preventing substance abuse and eating disorders;
4. Improve support for youth by offering work spaces, youth communities, single entry web portals for youth opportunities, addressing the digital divide, supporting the National Youth Forum and National Youth Council, and promoting intercultural and interreligious dialogue.

The second National Youth Plan was the first clear indication from the national government that youth entrepreneurship was a policy priority. Specific measures were announced to sustain young entrepreneurs in starting new businesses, including training measures and improving access to finance and venture capital. The second Plan also included a proposal for a simplified process to set-up and register a business as well as tax incentives for unemployed youth to start businesses.
But a shared vision of youth entrepreneurship has yet to be developed

The succession of youth plans resulting in the second National Youth Plan represents a rapidly evolving framework for youth support. Over this short period of time, many structures were put in place and many results were achieved. In parallel, great strides were made in establishing a business environment that is reasonably favourable to youth entrepreneurship.

However, this series of youth plans has not yet resulted in a cohesive strategy for promoting and supporting youth entrepreneurship. Thus a set of overarching objectives for youth entrepreneurship support has not been established, and consequently neither have clear measurable targets. The result is that ministries, regional and local governments and other stakeholders act autonomously. While there are certainly examples of co-operation and co-ordination between ministries and other stakeholders, these examples appear to be the exception rather than a formalised, common practice. Thus the early stages of the development of Italy’s youth entrepreneurship support system have been rather dispersed.

Moreover, the lack of a cohesive strategy renders it difficult for the government to measure the impact that their policies and programmes are having at the macro-level. While some projects do an excellent job of monitoring and evaluation, it is not possible to estimate the collective impact because there are no clear objectives or targets for youth entrepreneurship support at the national level.

Most youth entrepreneurship programmes focus on high potential and innovative project, excluding disadvantaged youth

Policy support for youth entrepreneurship heavily favours supporting those who are university-educated and have business ideas that are related to innovation, social innovation, scientific research or high tech. For example, many of the large programmes (e.g. Smart Start Up) and non-government actors (e.g. ItaliaCamp) support youth entrepreneurship target youth with these profiles.

This approach can be rationalised because these types of projects are likely to make the greatest contributions to the economy and are the most likely to create the most jobs. However, this approach excludes a great number of youth. More than 20% of youth are currently outside of the education system and the labour market and they are not likely to access much of the available entrepreneurship support. Complementary support is needed for these youth. Although entrepreneurs from this sub-population from youth are less likely to launch a high impact business with a substantial contribution to economic and employment growth, they may be able to create a sustainable job for themselves. It is important that public support programmes encourage innovation for these youth too so that the businesses have a higher probability of success.

The multi-level governance system addresses local needs but would benefit from stronger coordination between the responsible ministries

Youth policy in Italy is delivered with a multi-level governance system. That is, through a combination of powers between national, regional and local bodies. The main responsibility for developing and implementing policies, however, lies with the regions, but under specific national operational programmes and funds, often managed and monitored by the Ministry of Labour and Social Policies (ISFOL, 2014).

Responsibility for youth employment primarily lies with the Ministry for Labour and Social Policies. It implements the Youth Guarantee and works in collaboration with several other ministries on legislative reforms and programmes affecting youth employment, notably the Ministry for Economic Development (MiSE), the Ministry of Education, Universities and Research (MIUR) and
the Department of Youth and National Civic Service which was established within the Presidency of the Ministers’ Council in July 2012. It was created from a merger of the Department of Youth and the Office for the National Civic Service.

Business creation falls under the auspices of MiSE, which is responsible for the Government’s industrial policies. It works with other Ministries on improving business competitiveness. It also works with the Department of Youth and National Civic Service on the re-allocation of unspent structural funds towards supporting youth in the convergence regions.

MIUR has the responsibility of promoting and supporting entrepreneurship education, as well as managing several structural fund programmes related to scientific research and innovation.

The Department of Youth and National Civic Service is situated within the Presidency of the Ministers’ Council and is responsible for the National Youth Agency and manages relevant EU and national funds, including programming, implementation and management of initiatives funded through the Youth Policies Fund.

In Italy, policies are designed at the national level and are implemented at the local level where there is a greater understanding of the client needs. This is an important characteristic of policy making in Italy, where the regions have vastly different social and economic contexts. For example, one challenge in Rome is social exclusion of young immigrants. Consequently Rome has several programmes aimed at integrating young migrants into the local society (e.g. Observatory CESPI).

Recent efforts have been made to improve co-ordination of policy actions across the different levels of government. During the last EU programming period (2007-2013), the European Regional Development Fund (ERDF) supported the PON GAT Operational Programme, which aimed to improve governance and strengthen institutional capacity in convergence regions (Campania, Puglia, Calabria and Sicily). Within this programme, the Department of Youth managed the plan for improving capacity related to youth policy. Following this programme, POAT was implemented for 2013-2015. It is also an ERDF-funded programme that aims to strengthen governance and institutional capacity for youth policies and programmes in the convergence regions. The lessons from these ERDF experiences can be applied to other regions to improve co-ordination of youth entrepreneurship policy.

Non-government actors are very active and supportive

There is a strong network of non-government actors in both the public (e.g. Unioncamere and the Chambers of Commerce, Confindustria’s Young Entrepreneurs’ Network) and private sectors (e.g. ItaliaCamp, Confindommercio), who play an active and crucial role in implementing government programmes in support of youth entrepreneurship. Many of these actors deliver business support services that are financed by national or EU co-financed programmes. They also frequently act as the initial contact point with young entrepreneurs, especially given the large networks of some of the organisations such as the Chambers of Commerce (Box 2.1) or Confcommercio. In these cases, these non-government organisations have an important role in disseminating information about available support and helping youth access the support needed.

Box 2.1. The role and services of Unioncamere: The Italian Chambers of Commerce

Unioncamere is the Italian Union of Chambers of Commerce, Industry, Handicraft and Agriculture. It represents an institutional national network of 105 Chambers in Italy. Unioncamere is committed to reducing the number of individual chambers through amalgamation and restructuring to “no more than 50-60” with each Chamber having “at least 80 000 businesses” (Unioncamere, 2014). Registration and membership for all new
companies is a compulsory part of the start-up procedure in Italy. Chambers are the central point for advice, information and counselling for both new and established businesses and they also maintain the Business Register of all Italian companies (Unioncamere, 2014).

New start-up entrepreneurs receive special assistance with 91 Chambers that have specialised support desks under a special programme Servizio Nuove Imprese ("New Enterprise Service"). Services provided, which are all free, include: information, guidance and advice, writing and formalising business plans, support and assistance with obtaining credit. Information is provided on start-up registration, on finance, on market intelligence as well as the formation of new enterprises. Some Chambers can provide credit directly or may provide loan guarantees. The goal of the programme is to develop entrepreneurial culture and encourage the creation and development of entrepreneurship and self-employment through information, guidance and training.

In addition to the dissemination of information and provision of training, some non-government actors facilitate access to start-up finance for youth entrepreneurs. For example, youth entrepreneurs may be able to take advantage of the relationship between the local Chambers of Commerce and banks. In some regions banks work closely with the Chambers, which increase awareness among youth about sources of financing and also act as an initial screening mechanism for business plans assessments. However, the extent of integration with financial institutions varies across Italy’s regions. In some regions, such as Lombardy, relationships are considered to be strong but this is not true in all regions.

An important role for the non-government stakeholders is to help young entrepreneurs become established in the marketplace. Private sector non-government organisations are particularly strong in this role. ItaliaCamp (Box 2.2) has been successful at linking youth entrepreneurs and investors, notably international investors for high-potential youth. They estimate their economic impact to be approximately EUR 20 million, which is the result of intensive efforts that are focussed on a relatively small group of youth who benefit from high levels of education, typically in science and technology fields. While this approach leads to high success rates for ItaliaCamp activities and likely leads to the greatest impact in terms of contribution to the economy and job creation, many youth do not fit this client profile (e.g. NEETs) and therefore do not have access to this, or comparable, support.

**Box 2.2. ItaliaCamp**

ItaliaCamp is an organisation composed of three components: an association that aims to support territorial development with innovative ideas and projects; a foundation that builds and develops networks of actors to support innovation in industrial policy; and a limited liability company that supports innovative business projects and builds networks between universities, research centres, enterprises and investors. Formed 4 years ago, ItaliaCamp is headquartered in Rome but has 20 offices in each region of Italy.

ItaliaCamp has been successful in stimulating start-up business ideas from university graduates and working with them to attract funding and staged investments but has also a wider role to promote and support social innovation. ItaliaCamp has a network of 200 volunteers working across Italy’s regions. They aim to fill the gap between the generation of ideas and business start-up. They have established agreements with over 60 universities in Italy to work with their graduates. ItaliaCamp adopt models that have been pioneered in the United States of America, such as business and funding accelerators, which culminate in the "pitching" of business ideas to networks of potential investors and staged rounds of investments. For example, they have organised the presentation of Italian start-up cases on Wall Street. One case company is Remocean, a spin-off from a research centre of Naples. This company was able to enhance the data provided by a nautical radar providing real time information about sea conditions and successfully attracted investment by Altante Ventures, the company who were chosen to salvage the Costa Concordia, thus providing a rare example of corporate venturing.
The Youth Policies Fund is supportive but the funds are not fully-utilised

The most important source of funding for policy actions supporting youth entrepreneurship at the national level is the Youth Policies Fund. The Fund was established in 2006 with EUR 390 million to be distributed over the 2007-2009 period and funds were distributed to regions (46%), provinces (9%), municipalities (10%) and the national government managed the remaining 35%. To access the funds, authorities at the regional, provincial or local level are required to develop strategic frameworks, implementation plans and programme agreements that described the programmes, their objectives and how results would be achieved.

At the national level, initiatives supported by the Youth Policies Fund aimed at supporting the second National Youth Plan. Actions could be realised through calls for proposals directly managed by the Department of Youth, or through agreements with other Ministries or Agencies. The National Youth Agency and Invitalia were heavily involved in implementing projects funded by the Youth Policies Fund.

Monitoring by Corte dei Conti (the Italian Court of Auditors) shows that, at the national level, the amount of allocated funds has decreased since 2008 and a substantial proportion of the funds have not yet been paid:

- In 2008, EUR 150.1 million was allocated for projects, EUR 129.9 million was committed (86.5% of allocation) and EUR 10.8 million was paid (8.3% of commitments). EUR 20.3 million was converted to budget savings.

- In 2009, EUR 100.2 million was allocated for projects and 95% of this amount was committed to specific projects. However, only EUR 3.5 million has been paid (3.8% of commitments). 31% of the total outstanding balance was paid.

- In 2010, the allocation decreased to EUR 86.3 million and EUR 70.9 million was committed to specific projects. However only EUR 4.0 million was paid (5.6% of commitments). 40% of the total outstanding balance was paid.

- In 2011, the allocation decreased further to EUR 41.1 million, of which EUR 33.8 million was committed. Of the committed funds, EUR 3.4 million was paid (8%). 50% of the outstanding balance was paid.

- The allocation decreased further in 2012 (by EUR 12.0 million), 2013 (by EUR 6.2 million) and 2014 (by EUR 16.7 million).

Substantial EU Structural Funds are available to support youth entrepreneurship but not used to their potential

During the 2007-2013 period nearly EUR 29 billion of structural funds were allocated to Italy for 66 Operational Programmes. Of these, 8 programmes were managed at the national level, 42 at the regional level and 14 under the European Convergence Objective. Convergence regions are those regions with a GDP per capita that is less than 75% of the EU average and were for eligible for additional funding from the Structural Funds under the Convergence objective for the period 2007-2013. In Italy, four regions qualified for these funds – Puglia, Calabria, Campania and Sicilia – and they received approximately EUR 21.5 billion.
Structural Funds that directly support the promotion of entrepreneurship and SME development in Italy amounted to approximately EUR 2.7 billion for 2007-2013. Other investment priorities can also be used to support entrepreneurship indirectly, including EUR 9.6 billion for research and innovation and EUR 3.6 billion for actions supporting education and training activities that focus on building a skilled and adaptable workforce. The latter priority covers entrepreneurship education, for example.

In the current 2014-2020 programming period, the majority of actions supporting youth entrepreneurship fall under the thematic objective 8: “Employment and social mobility”. This objective will receive EUR 4.1 billion for 2014-2020, of which EUR 3.9 billion comes from the European Social Fund (ESF) and EUR 200 000 from the European Regional Development Fund (ERDF). In particular, there are 7 actions targeted at youth employment, including action 8.1.6 which will be implemented by the National Operative Plan Youth Employment (PONREC) and by the National Operative Plan “Systems of active employment policies”, in co-ordination with the Regional Operative Plans of all the Italian regions. The action aims to set-up support services and incentives for the creation of enterprises and self-employment for youth, including facilitating the transfer of enterprises. However, the key activity to support youth entrepreneurship is the Youth Guarantee.

The Youth Employment Initiative (YEI) was agreed by the European Council in February 2013. This initiative makes EUR 3.2 billion of ESF funds and EUR 3.2 billion specific EU YEI funds available to the countries and regions for 2014-2020 to support youth in areas of high unemployment. The YEI increases the support provided by the ESF for the implementation of the Youth Guarantee and it is front-loaded so that resources are committed in 2014 and 2015 to ensure a quick implementation of the Youth Guarantee. Italy has been allocated EUR 530.2 million under the YEI.

Although significant and substantial funding has been allocated to youth entrepreneurship, a relatively small proportion of funds have been spent on youth entrepreneurship projects. According to a mapping of regional programmes by IFSOL, less than 6% of total resources have been allocated to youth entrepreneurship activities, with considerable regional disparity in take-up (ISFOL, 2014).

The Youth Guarantee offers new opportunities but initial take-up has been slow

The Youth Guarantee aims to ensure that every young person up to the age of 25 in the EU is presented with a quality offer of employment, education or training within four months of becoming unemployed or leaving formal education. Given the characteristics of the Italian labour market, Italy has chosen to extend these interventions to people who are up to 29 years old. Italian regions have an integral role in this support mechanism since they are responsible for designing specific interventions that are tailored to regional needs.

Italy has joined the European initiative to launch a National Youth Guarantee Plan (Piano di attuazione italiano della Garanzia per i Giovani) in 2014. The Ministry of Labour and Social Policies was charged with planning a specific operational programme and co-ordinating all government ministries and agencies involved in both the planning and implementation phases of projects. Regional authorities (mainly but not exclusively the public employment offices at the regional and provincial level) take responsibility as intermediate bodies (“delegated managers”). In effect, they will run all the planned actions. Although the plan is dominated by mainstream active labour market measures (i.e. information provision, training, apprenticeship, traineeship, job coaching and placement), promoting entrepreneurship and self-employment is one of the national priorities. According to plans, the Ministry of Economic Development in co-operation with the network of Chambers of Commerce and Invitalia will be charged with co-ordination and implementation of this latter measure. Civil society and business organisations may also be involved, but their exact role and responsibilities were not
clarified at the time of the study visit. Involvement of the Chambers of Commerce as a key partner is likely to lead to positive outcomes given their experience in these areas and their reach into the business communities in all regions of Italy. It is important to also consider outreach and it will be important to also partner with youth organisations and potentially schools to ensure that youth are aware of the available support.

Beneficiaries of the Youth Guarantee can select various personalised support from a suite of possible activities, including information and guidance sessions; vocational training; work placements; apprenticeships, traineeships; transnational and territorial professional mobility opportunities; and, a civil service scheme with a possibility to certify the acquisition of new skills. It is envisaged that the Youth Guarantee will also provide training and support related to self-employment and entrepreneurship. For example, there is a self-employment and entrepreneurship priority under the National Operative Plan Youth Employment that has a target to train at least 10,000 youth in the following areas:

- Training on preparing a business plan
- Financial education and access to funding
- Legal advice on setting-up an enterprise
- Start-up development services

While the implementation of activities under the Youth Guarantee is in the early stages, a web portal that acts as a single entry point at national level is in operation. It can be used to register as a participant in the guarantee as well as accessing online regional and employment services. As of June 2014, 98,186 youth have registered for benefits under the Youth Guarantee and 2,215 working opportunities have been provided. There is currently no information available on the take-up of entrepreneurship and self-employment activities but regions have allocated 5.7% of available funds to these activities. However, 5 regions have not launched or planned any entrepreneurship or self-employment activities: Calabria, Friuli, Piemonte, Provincia Autonoma di Trento and Valle d’Aosta (as of October 2014). This is a missed opportunity for helping youth enter the labour market.

Conclusions and policy recommendations

Targeted youth policy has made great strides in Italy over the last decade. Two National Youth Plans were developed and implemented, leading to the establishment of the Youth Department and the Youth Policies Fund. EU fund allocations to Italy have also increased in recent years to address several priority areas, including youth. In parallel, progress has been made in streamlining the business environment, which certainly simplifies the legal obligations of a young entrepreneur. All of this is positive.

However, there are areas where policy makers can make significant improvements to the youth entrepreneurship support system. First, current policy actions are fragmented as different ministries and levels of government implement policies and programmes according to their own mandates and priorities without much consideration for how the actions fit together. A youth entrepreneurship strategy would be beneficial because it would define objectives for youth entrepreneurship support and help co-ordinate efforts across a wide variety of stakeholders, including national ministries; provincial, regional and local governments; and the numerous associations and organisations in the private and third sector.
Further, the development of an action plan to accompany the strategy would identify priorities and targets, as well as assign responsibility for each action area to a stakeholder. This would allow for better tracking of implementation and the measurement of activities against a goal. ISFOL, which is the public research institute that monitors policies and programme implementation, would then be able to provide better insights to policy makers. See Box 2.3 for an example of a youth entrepreneurship action plan from Ireland that could serve as a model for Italy.

**Box 2.3. Action Plan for Jobs 2014, Ireland**

The 2014 Irish Action Plan for Jobs is a detailed commitment to job creation. It is a government-wide plan that aims to address the unemployment challenge through regulatory reforms, improving access to finance for SMEs, helping new firms start and grow, supporting regional competitiveness, developing the impact of foreign direct investment and promoting sectoral opportunities.

This easy-to-read action plan is organised in a clear way into chapters along the key themes. Under each theme, the aim of policy action is identified in an ambition statement, which highlights the plan’s objective and how success will be measured. Each section also contains a rationale to explain why each action area was selected. Finally, each section contains specific actions that will be undertaken in 2014 and identifies the ministry or agency that is responsible for leading or co-ordinating the activity.

Entrepreneurship runs throughout the action plan. Plans for youth entrepreneurship support are to launch an entrepreneurship intern programme; establish a competitive national youth entrepreneurship microfinance fund; expand the national student enterprise awards; develop a PhD programme in entrepreneurship; and to improve access to entrepreneurship support for those further away from the labour market.

Several other sections of the plan will improve support for youth entrepreneurship. For example, youth stand to benefit from improved access to finance for micro, small and medium enterprises and they would also benefit from the entrepreneurship training that is identified under the Pathways to Work theme of the Youth Guarantee.


Second, current youth entrepreneurship support is strongly focussed on high-potential youth. This targeting of support on high potential-youth renders much of the support inaccessible for a great number of youth. More needs to be done to support disadvantaged youth in entrepreneurship as it offers a potential avenue into the labour market.

Third, Italy has a vast amount of national and EU funds available to support youth entrepreneurship. Recent history, however, suggests that these funds are not fully utilised. In addition, projects under the Youth Guarantee have been slow to launch. Utilisation of these funds could be improved with a strategy as priorities would be identified and stakeholders would be more engaged in the youth agenda. More effort is also needed on monitoring and evaluation to ensure that funds are used as intended and to measure their impact.

**Policy recommendations to strengthen youth entrepreneurship strategies**

The following recommendations are offered to strengthen the strategic framework for youth entrepreneurship in Italy:

- Develop a cohesive and comprehensive youth entrepreneurship strategy and embed it within a youth employment strategy. The strategy should indicate the objectives and rationale for supporting youth entrepreneurship in Italy and should also clearly indicate the
responsibilities of different levels of government. A strategy should also have measurable targets and a timeline for achieving them. The non-government sector and youth organisations should play a key role in developing a youth entrepreneurship strategy.

- To implement a youth entrepreneurship strategy, an action plan will be needed to identify the steps needed to achieve the targets and to assign responsibility for each step. This is extremely important for Italy given the multi-level governance system. The action plan should seek to improve the co-ordination of youth entrepreneurship policies and programmes across national ministries, with other levels of government and with key non-government stakeholders.

- The national government should do more to foster partnerships between local governments, Chambers of Commerce, schools and universities to promote programmes under the Youth Guarantee.

- Increase the availability of entrepreneurship training, coaching and mentoring within the suite of active labour market policy measures so that youth who are not in education may have an opportunity to be exposed to entrepreneurship so that they can learn.

- Provide training in evaluation to staff in national, regional and local governments. The training can be at a basic level help staff understand the importance of monitoring and evaluation and to learn about basic statistical concepts and methods.

- Strengthen requirements for monitoring and evaluation on projects that receive public funding.

References


CHAPTER 3: BUILDING A SUPPORTIVE INSTITUTIONAL ENVIRONMENT FOR YOUTH ENTREPRENEURSHIP

This chapter examines how the institutional environment in Italy impacts youth entrepreneurship. It discusses the impact of the regulatory environment, efforts to develop an entrepreneurial culture for youth and the dissemination of entrepreneurship-related information to youth. The chapter identifies gaps and areas for improvement and makes policy recommendations for how government can improve the institutional environment for youth entrepreneurship.

The role of formal and informal institutions

Formal institutions include laws and regulations, including any rules that directly affect the cost and procedures of setting-up a business, conducting business activity and closing a business. This includes regulations for market entry and exit, and laws governing commercial transactions. It also includes regulatory institutions and policies that influence the desirability and feasibility of entrepreneurship (e.g. labour market and business development policies) and those that influence the costs and opportunity costs of setting-up a business (e.g. the legal framework).

Government regulation is often cited as a barrier to entrepreneurship but laws and regulations can also open-up opportunities for entrepreneurship by creating a favourable environment for entrepreneurship. Regulatory processes are wide ranging, with some being constraining (e.g. health and safety legislation) while others are enabling (e.g. financial incentives). Both enabling and constraining processes impact all entrepreneurs, but youth entrepreneurs often perceive government regulation as a negative influence since they are inexperienced in navigating the regulatory environment. Youth entrepreneurs can have difficulties understanding laws, administrative requirements, regulations and tax obligations.

Informal institutions are the values that influence preferences in a society or the social standards of what is considered preferable and desirable. They have been shown to affect the value that society generally places on entrepreneurship (Davidsson and Wiklund, 1997). Education and role models can have a strong impact on creating a positive image for entrepreneurship, contributing to a supportive entrepreneurship culture.

Findings and analysis

There is a strong commitment to simplify regulatory requirements, notably business registration procedures

In the last decade, a series of reforms have been launched to simplify the business regulatory framework. Supporting start-ups has been a key focus of these reforms. Youth have benefited from the vast majority of these broad actions, of which some were target at youth.

A number of key actions that aim to improve the business regulatory environment have been undertaken over the last decade. In 2005, a government decree (Taglia Leggi) aimed at rationalising more than 200 000 pre-1970 laws and regulations that were still in effect and the Ministry of Public Administration launched a programme on reducing administrative burden for businesses (Taglia
Oneri) in 2012 to reduce compliance costs for businesses and to improve their competitiveness. Another decree followed in 2013 ("Simplify Italy" decree), which aimed to reduce the costs of business registration and also included targeted measures for specific sectors (e.g. professional services, notaries, pharmacies) (OECD, 2014a). Youth, who typically have more difficulty navigating the regulatory environment than older entrepreneurs, stand to benefit from the reduced compliance costs and time savings. But more importantly, these measures may make being an entrepreneur less intimidating and improve the perceived feasibility of starting a business and being self-employed.

A number of initiatives have also been targeted more directly at youth. In 2011, the government approved a simplification of administrative obligations for businesses under the Statute of Enterprises (Statuto delle imprese, Law 180/2011), which included some measures for youth. It introduced the term “young enterprise” which was defined as a business where the majority of owners are younger than 35 years old (Unioncamere, 2012). This was significant because it permitted the targeting of several financial support schemes and programmes to youth entrepreneurs (Unioncamere, 2014).

More recently, the Ministry of Economic Development (MiSE) introduced some “fast track” measures to provide incentives for technology-based entrepreneurs. Although these are not necessarily youth entrepreneurs, in practice the majority are under the age of 35. These measures include tax incentives and support in internationalisation. For more details on this measure, please see Box 3.1.

### Box 3.1. National Start-up Initiative

Introduced by the Italian Government through the Ministry of Economic Development (MiSE) in early 2013 under Law 221/2012, this national initiative aims to simplify the start-up regulations and procedures. In addition, it provides special incentives for entrepreneurs seeking to start a new technology-based company. The incentives include:

- Free online business registration with the Chamber of Commerce, allowing self-certification on the website. It also creates a public directory which is updated weekly.
- Tax credits of up to 35% for hiring highly qualified personnel and using technical consultants.
- Tax credits of 19% to 27% for capital investments by the company.
- A public guarantee fund was set up to cover 80% of eligible banks loans (Fondo Centrale di Garanzia).
- Increased support from the Italian Trade Promotion Agency to help with exporting.
- A special "entrepreneur" visa for immigrants who seek to establish a new business in Italy.
- Increased flexibility for temporary contracts, i.e. they can be fixed for 4 years before they are converted into permanent contracts. There is also increased flexibility in compensation arrangements, including stock and equity incentives.
- A new web portal where businesses seeking investors can promote themselves.

The initiative is delivered through collaboration with the Italian Chambers of Commerce, Unioncamere, who provide additional support services such as training, workshops and advice. To be eligible for these services entrepreneurs need to meet the following criteria:
• The business must be less than 4 years old and be registered as a limited company.
• The business must have less than EUR 5 million annual turnover.
• The business base (or headquarters) must be in Italy, although the entrepreneur does not have to form an Italian company (i.e. it may be registered overseas).
• Have either 15% of expenditure on R&D, or 66% of staff holding higher degrees.
• Have intellectual property rights, either as a patent holder or copyright holder on software.

The measure also introduced, together with MIUR, a pilot project on Contamination Labs to be located in a few Italian universities in the Convergence Regions, an initiative on entrepreneurial education to develop student projects that are cross-disciplinary benefiting from cross fertilisation of ideas.

Source: MiSE, 2014a.

The National Start-up Initiative is a positive measure that provides incentives for business creation and encourages high-impact entrepreneurship. The “fast track” element that reduces the time and complexity of the start-up procedure for high potential entrepreneurs through self-registration is an overdue reform that could be considered as a pilot initiative that could be extended to other start-up entrepreneurs.

While the Initiative does not target young entrepreneurs, it is expected that a substantial proportion of entrepreneurs assisted under the programme will be under 36 years old since new high potential graduates engaged in research are likely to attracted the supports. Despite being less than two years old, the take-up is encouraging – more than 2 600 companies have benefited from the programme and approximately 35 new start-ups benefit each week (MiSE, 2014b). This indicates that the initiative has successfully met some latent potential demand from aspiring technology-based entrepreneurs. However, there is a need for young innovative entrepreneurs to receive advice and support as well as financial incentives. In principle this should be provided via the registration process at the Chambers of Commerce.

The benefits of regulatory improvements are not shared by all youth

The quality of regulatory environment in Italy has improved in the last decade. While this is very positive, the efforts have not been balanced across all sectors. For examples, sectors that require licensing and permits continue to place burdensome requirements on entrepreneurs – this type of requirements remain among the most time-consuming among OECD countries (OECD, 2013).

Italy implemented new legislation on business start-ups to create a new category of innovative businesses (Decree-Law of 24 January 2015, No. 3). This allows for a new type of business to be defined and the government can therefore provide targeted measures to this type of business. While this is clearly beneficial if targeted measures are provided, it does create another legal class of businesses. Therefore the process of registering a business is slightly more complex because there are now more than 40 types of businesses that can be registered. Youth entrepreneurs must be able to identify the form that is the most appropriate for their business and this task becomes slightly more difficult.

The new legislation also contains several measures to ease business registration, such as the removal of registration fees and increased options for online registration. It also adds new mechanisms
to “fail fast” which ease the legal requirements for businesses that declare bankruptcy. While youth stands to benefit from this measure, only 12,500 of the 316,300 business exits in 2012 were bankruptcies (OECD, 2014b). Thus this measure impacts a small minority of entrepreneurs.

The introduction of the state guarantee, Fondo Centrale di Garanzia, for the underwriting of credit would be expected to help to overcome the issue that intellectual property is an intangible asset and should encourage Italy’s commercial banks to provide credit. This could be particularly important for young entrepreneurs undertaking R&D as they will lack other forms of security. There is a strong policy argument for supporting technology-based start-up entrepreneurs through policy instruments that provide direct financial support; either through technology grants and subsidies, low interest loans or tax-based credits for expenditure on research and development and prototypes. A technology-based entrepreneur will quickly exhaust personal equity resources and will have limited security as intellectual property rights (i.e. design rights, patents and copyrights) which are intangible assets that banks will be unwilling to accept as collateral. Consequently, banks will find proposals from such entrepreneurs difficult to evaluate (as products are unproven).

However, the initiative has a heavy emphasis on qualification through the human capital resources of the company. While this may encourage the employment of young graduates, such an emphasis seems to be rather unbalanced. R&D could be undertaken by any entrepreneur, including in the manufacturing sector for example, where additional high qualified staff may not be required.

Policy makers aim to build a entrepreneurship culture for youth

At the national level, the Italian government has been increasingly active in promoting entrepreneurship for youth. Key actions include the development of two National Youth Plans and the creation of the Department for Youth and the National Youth Agency within the last decade. The National Youth Agency, in particular, plays an important role in building an entrepreneurial culture among youth. Its most recent action plan identified a priority on “Stimulation of young people’s spirit of initiative, creativity and entrepreneurship” (Action 1.2). The 2013 Annual Report stresses the Agency’s plan to reinforce this priority and to increase support to youth organisations in this action line in the future.

In addition, the 2011 Statute of Enterprises stipulates that entrepreneurship promotion shall be a top priority for Italian governments, especially in case of youth and women. The Statute also declares the government preference to promote more pro-business public attitude (Unioncamere, 2012). These have delivered a mandate to all levels of government to take action. EU-level initiatives such as the Youth Guarantee and the Youth Employment Initiative provide further opportunities to continue growing support for youth entrepreneurship.

There is also evidence that government actions in this area extend to collaborative efforts with non-governmental organisations. For example, Confindustria, a public NGO, has launched a national business idea competition for students in partnership with the Young Entrepreneurs Network under the auspices of the MIRU (see Box 3.2). Competitions such as this one can be very effective at stimulating interest in entrepreneurship among youth because it provides them with an opportunity to showcase their ideas, work with others and potentially win a prize to support the realisation of their idea. Furthermore, this idea competition has created an opportunity to involve schools in promoting entrepreneurship.
Box 3.2. La Tua Idea Impresa, Confindustria

Confindustria runs a national business idea competition for students, which aims to support youth in their start-up projects and to promote a more positive culture of entrepreneurship among students. Confindustria’s education branch (Sistemi Formativi Confindustria) runs this annual competition in co-operation with the Young Entrepreneurs Network under the auspices of the MIRU (Ministry for Education, University and Research).

Participants can either be individuals or groups. Applications to the competition are made online by completing a form and submitting a video testimony. The competition occurs in several rounds, commencing at the local level where local business owners (members of Confindustria) assess the business ideas. Local winners then participate in the national competition where the three best business ideas are selected. The project has run for 5 years and involved more than 30 industrial associations, 300 entrepreneurs who acted as judges and 1800 students from 130 schools.

In addition to organising and managing the business idea competition, Confindustria also operates a web portal where students and teachers can access entrepreneurship information and learning material. It is estimated that more than 10 000 students have accessed the online materials.

Source: Confindustria, 2014; www.latuaideadimpresa.it

Youth entrepreneurship programmes are also a theme for projects under a European Erasmus programme, Youth in Action. The National Youth Agency is responsible for the Erasmus programme and collaborates with similar agencies in other EU countries and international organisations including the SALTO-Youth network (Support Advanced Learning and Training Opportunities). SALTO-Youth is a resource centre for participating countries and Youth in Action is a driver of entrepreneurial learning with young people (SALTO-Youth, 2014). In the Youth in Action programme 2007 to 2013, there were specific actions to grant projects that involved young people, organisations, public bodies and institutions. Under Action 1.2, one of the most important priorities was youth entrepreneurship (Agenzia Nationale Per I Giovani, 2014a). The Agency experienced a significant increase in projects during 2013 and 374 out of a total of 732 approved projects chose the theme “Stimulation of young people’s spirit of initiative, creativity and entrepreneurship and employability” (Agenzia Nationale Per I Giovani, 2014b). An example of good practice was the seminar “Get ready 4 Youth Entrepreneurship” (see Box 3.3), which took place in Rome in October 2013, in co-operation with the Salto Participation Resource Centre (Agenzia Nationale Per I Giovani, 2014b).

Box 3.3. Get Ready 4 Youth Entrepreneurship, International seminar for youth workers

In 2013 SALTO-YOUTH Participation initiated a seminar in partnership with the Italian, Swedish and Hungarian national youth agencies to invite youth workers and to support them to develop their understanding and competence in the field of entrepreneurial learning. The ultimate aim was to raise awareness among young people participating in EU-co-financed “Youth in Action” projects on the entrepreneurial potential of these projects.

The youth workers discussed their experiences in helping young people to manage and follow up their “Youth in Action” (YinA) projects and exchange tools and methods on how to support or even coach young people towards creating their own job or business based on their own youth initiatives.

The seminar started with clarifying the meaning of youth entrepreneurship in different cultures and countries and identification of potential benefits of entrepreneurial learning in the Youth in Action Programme. Next, the participants discussed case studies with entrepreneurial follow up actions in YinA projects and shared the tools and methods relevant to entrepreneurial learning.

Based on the evaluation questionnaire, the seminar was helpful in acquiring new knowledge and shaping
perceptions about entrepreneurship related to youth. It was also useful in building potential partnerships and developing future collaborative project ideas. Participants also indicated a further need to learn about tools and methods to motivate young people to be entrepreneurial.

For more on Youth in Action programme, see: ec.europa.eu/youth/tools/youth-in-action_en.htm.

Source: Salto-Youth (2014)

But more entrepreneurship role models are needed for youth

While Confindustria is working to engage schools in the entrepreneurship agenda, this effort could be scaled-up. Schools can be more proactive themselves in implementing an entrepreneurial agenda. Fewer than half of respondents in Italy (40%) indicated in the Eurobarometer that their school education helped them to develop an entrepreneurial attitude, which was the second lowest among EU countries (EC, 2012). Youth are heavily influenced by key role models – parents and teachers – so these groups, in addition to youth, should be an important target of efforts to promote a positive culture of entrepreneurship for youth.

Invitalia also promotes entrepreneurship widely. While the target clients are unemployed people, youth are eligible to participate and benefit from these supports. In their communication, Invitalia emphasises the entrepreneurial idea and provides a wide range of trainings and business advice services in co-operation with the Unioncamere and other business organisations. Potential beneficiaries may receive technical assistance (e.g. filling the application forms, basic business planning, cash-flow calculations, risk analysis) through workshops or one-to-one meetings. The agency is active in disseminating information on the business support opportunities and schemes using contact centres, territorial information points and online entry points (www.invitalia.it, www.autoimpiego.invitalia.it and its active presence in social media). They also collaborate with local authorities by running trainings for public officials of municipalities with the aim of sensitising civil servants on entrepreneurship.

Box 3.4. Invitalia

Invitalia is Italy’s national agency charged with the goal of improving Italy’s competitiveness, including strategic sectors, with an emphasis on the improvement of economic development in Italy’s southern regions. Although Invitalia’s remit includes the fostering of foreign direct investments (inward FDI), it is committed to promote Italy’s competitive advantage, to boost innovation and local industrial development and to upgrade local competitiveness. It is the only provision at the national level aimed at promoting the creation of micro and small businesses for youth and women (Decree n. 185/2000).

To achieve these overall goals of economic development and improved competitiveness, it supports business creation with a particular focus on innovation (Invitalia, 2014a). Given the Italian national context of high youth unemployment, and regional disparities in economic development, Invitalia’s self-employment measure is largely designed to support the following disadvantaged groups in entrepreneurship: young people up to the age of 35 years, unemployed people and people from low income regions in the South of Italy (Law n. 76/2013). This measure received EUR 26 million in 2013 and 2014, and EUR 28 million in 2015.

The self-employment programme has 4 distinct stages. Stage 1 is the promotion of the programme including outreach seminars and workshops for applicant. Stage 2 is the in-take process. Applicants are required to prepare a business plan, which is evaluated by Invitalia. Eligibility of the application, business plan assessment and meeting with the candidates are performed by local partners (e.g. local development agencies). Approved proposals enter Stage 3, which is delivered in 3 different streams of support. A participant is triage into one of the following programmes: self-employment, micro-enterprises and franchises. Under each measure, participants can receive a start-up grant of up to EUR 5 165, a soft loan with a term of up to 7 years and assistance with business planning, training, mentoring and business advisory support. The level of support varies according to the stream.
Approximately 85% of applicants seek the self-employment stream, 14% seek micro-enterprise and less than 1% seek franchises. Finally in Stage 4, Invitalia assesses the impact of the programme by constantly monitoring and gathering information from the enterprises financed.

Between 1996 and 2013, 327,280 applications were submitted, resulting in 111,124 new enterprises created. This created 193,084 additional jobs. Investments made in these new enterprises were EUR 4,032.7 million.

As already noted in this report, non-government organisations in the private sector are very active in supporting youth entrepreneurship in Italy. In addition to the training, coaching, mentoring and other supports that they offer, these organisations have an important role to play because those who deliver entrepreneurship support are important role models for the youth entrepreneurs. They interact in a face-to-face manner to encourage and inspire youth entrepreneurs. In most cases they are very passionate and do a good job at acting as role models. One such example is ItaliaCamp (see Box 2.2), which organises trips to meet investors in the United States, which may not only help youth entrepreneurs to access finance but also inspires them.

However, there are very few role entrepreneurship models who actively reach out to youth who are not already engaged in entrepreneurship. More can be done to use the school system. This could include using teachers as role models or by bringing entrepreneurs into the schools as guest teachers or as part of entrepreneurship events. The goal should be to have role models interact with youth to inform them about the potential for youth entrepreneurship and to encourage and support them if they are interested in launching projects. In addition, policy makers can reach parents through media campaigns that promote a positive image of entrepreneurship.

Several very good information resources are available to youth entrepreneurs

One of the most important resources for youth entrepreneurs is the Italia Start-up website (http://www.italiastartup.it/), which is a non-profit organisation that is sponsored by several private sector companies. Italia Start-up’s objectives are to increase awareness about the potential of youth entrepreneurship, help create a business environment that supports innovation and new start-ups, encourage more youth to create and realise their projects and seek and promote entrepreneurial role models. It is one of the most comprehensive online sources of information for youth entrepreneurs, offering information on events, financial resources and a national map of various start-up support services.

Making SMEs and entrepreneurs aware of the relevant regulatory rules and support schemes is one of the important roles of the Chambers of Commerce and business associations in Italy. The local network of the 105 Chambers of Commerce is very active in sharing information among their members on available national and regional support schemes and in giving guidance on the effective regulatory rules. While their membership is composed of already registered businesses, youth is recognised as a priority target group for local Chambers of Commerce. Nevertheless, the intensity of the activity of local chambers varies greatly by region (Unioncamere, 2014).

The Chambers of Commerce also offer several online tools for entrepreneurs, including two public registers: Registro Imprese (www.registroimprese.it) and Info Imprese (www.infoimprese.it). Both of these are quite traditional business registers with information on companies, their legal status, sector and location. Similarly, the Italian stock exchange offers an online information source that provides details on public companies (www.borsaitaliana.it). Each of these websites is user-friendly and free for users.
Unioncamere is also very active in disseminating information to entrepreneurs. It co-operates with local authorities in operating the Single Information Points for Production Activities (Sportello unico dell’attivita produttive, SUAPs) and the related national portal “Firm Within a Day” (impresainungiorno.gov.it). These single information points were set up to facilitate the simplification of administrative procedures in case of business authorisations and licencing. These one-stop shops provide information and consulting services regarding local market opportunities for new businesses (Unioncamere, 2014). The national network of SUAPs is advantageous for youth, particularly those who already know which information and support they need. The effectiveness of this network would be improved with more outreach, particularly to disadvantaged youth who may not seek assistance from the SUAPs.

In addition, Unioncamere has also established specialised support desks for new entrepreneurs (Punto Nuova Impresa). These desks provide national and local business information, provide guidance on administrative and bureaucratic procedures, on the choice of legal form, on preparation of business plans and share information on funding opportunities at regional and national level, including information on the mode of operation of public calls. Many local branches of the Chambers of Commerce provide a comprehensive information and guidance package under the label “Start Your Own” (Mettersi in Proprio). Beyond the information services interested candidates may sign up for a group meeting with a guidance expert for seminars on specific issues (e.g. business planning, registration, etc.) or for personalised assistance. The tailor-made assistance consists of up to 6 hours of one-on-one coaching with accredited experts on various topics such as elaboration of a business plan, licencing, verification of business idea, legal form, market research, and sources of funding. While the information and guidance services are provided at no charge, which makes it easily accessible for youth entrepreneurs, individual assistance is provided for a fee (Formaper, 2015).

**Yet little is known about how youth access the available information**

There is a dearth of information and statistics on the use of information services by youth entrepreneurs, even at single points of contact and information portals. With the exception of Invitalia, very few organisations involved in supporting youth entrepreneurship collect detailed data on their clients. It is therefore difficult to have a good understanding of how clients with different profiles access and use the information.

Moreover, support organisations do not appear to conduct client feedback surveys to learn about how their information is accessed and used. This is a missed opportunity to easily collect information that could be used to improve outreach and service offerings.

**More visibility is needed for public support projects**

Many of the information dissemination efforts related to youth entrepreneurship are concentrated online. This is a reasonable approach when target youth entrepreneurs because online mechanisms, especially social media, can be effective at engaging youth and they are cost effective.

However, it is the non-governmental organisations which are the most active in reaching youth entrepreneurs and potential youth entrepreneurs. In some cases non-government organisations partner with national ministries and agencies to help disseminate information about government initiatives (e.g. reducing administrative burden) and programmes. This is an effective approach but it is not yet widely used. Consequently, many of the government efforts do not appear to be well-known among youth and key youth entrepreneurship stakeholders.
Conclusions and policy recommendations

It is very promising that youth entrepreneurship has emerged as a national priority. Most of the regions have also identified youth entrepreneurship as a strategic objective, which guides their development programmes, actions and the allocations of both the national and EU funds. Despite several positive efforts at various levels of government, the coherence of national policy initiatives could be improved and overlaps in government and private initiatives reduced. Improved clarity in the portfolio of services provided and better outreach to youth groups with limited access to public and private services may lead to more social benefits.

Improvements have been ongoing on reducing administrative burden and simplifying registration procedures. However, the system is still complex and the changes add to existing legislation rather than repealing and replacing.

Italy has traditionally had a culture that is very support of entrepreneurship. However, this attitude appears to be changing. Youth are less open to entrepreneurship than previous generations as they appear to prefer stable employment. This calls for increased efforts to promote entrepreneurship within education and to ensure that entrepreneurship has a positive image with key role models for youth such as teachers and parents.

Policy recommendations to strengthen the institutional environment for youth entrepreneurship

The following recommendations are offered to strengthen the institutional environment for youth entrepreneurship in Italy:

- Expand the national start-up initiative of “fast track” simplified start-up regulation registration for all entrepreneurs, including expanding free registration for all companies started by young people and access to the state credit guarantee scheme of 80%. This would reduce some of the barriers and challenges to young people in starting a new business and improve access to bank credit.

- Promote role models at local level to achieve a positive image of entrepreneurship and to encourage youth to pursue their projects. It is important to facilitate interaction between experienced entrepreneurs (especially experienced youth entrepreneurs) and youth so that they can interact. This could be through schools (e.g. guest teachers, field trips, special projects), or in the community (e.g. special events such as Global Entrepreneurship Week, mainstream media).

- Promote success stories of youth entrepreneurs through mainstream media and as part of outreach for youth programmes to inspire other youth.

- Provide entrepreneurship training to school career guidance counsellors so that they can promote entrepreneurship as a potential career for students.

- Use business idea competitions with cash prizes as a method of generating interest and engaging youth in entrepreneurship. This could be organised in co-operation with Chambers of Commerce and/or schools.

- Organise local entrepreneurship days as a way of reaching youth outside of the education system. Entrepreneurship days could provide workshops and information on entrepreneurship. Engaging local entrepreneurs in such events will not only provide youth
with the opportunity to interact with experienced entrepreneurs, it will also promote local entrepreneurs to the community.

- Collect information on how youth access entrepreneurship information and their satisfaction with the information with feedback surveys. Make this a mandatory for organisations and associations that receive public funding.

References

Agenzia Nationale Per I Giovani (2014a), Communication by e-mail on Youth in Action programme, Roma, Agenzia Nationale Per I Giovani.


CHAPTER 4: ENTREPRENEURSHIP SKILLS FOR YOUTH

This chapter examines policies and programmes that support the development of entrepreneurship skills for youth. It covers entrepreneurship education, entrepreneurship training outside of the formal education system, coaching and mentoring and entrepreneurial networks. Gaps in current support and areas for improvement are identified and recommendations are made on how these could be addressed.

The importance of entrepreneurship skills

Entrepreneurship skills are a set of skills and personal attributes that help to make an entrepreneur more likely to be successful. This bundle of skills includes workplace skills that combine generic skills and job-specific skills that are needed in a workplace. Generic skills are those that can be applied in different work environments (e.g. communication, team-work), while job-specific skills can only be applied in a specific job context. For example, an entrepreneur that operates a printing business will need specific skills related to paper, inks, printing and binding equipment, as well as more general skills related to planning and project management. While it is difficult to come up with a singular definition of entrepreneurship skills, it is widely accepted that this set of skills includes those listed in Table 4.1.

Table 4.1. Types of skills required by entrepreneurs

<table>
<thead>
<tr>
<th>Technical Skills</th>
<th>Business Management Skills</th>
<th>Personal Entrepreneurial Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written and oral communication</td>
<td>Planning and goal setting</td>
<td>Self-control / discipline</td>
</tr>
<tr>
<td>Environment monitoring</td>
<td>Decision making</td>
<td>Risk management</td>
</tr>
<tr>
<td>Problem solving</td>
<td>Human resource management</td>
<td>Innovation</td>
</tr>
<tr>
<td>Technology implementation/use</td>
<td>Marketing</td>
<td>Persistence</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>Finance</td>
<td>Leadership</td>
</tr>
<tr>
<td>Ability to organise</td>
<td>Accounting</td>
<td>Change management</td>
</tr>
<tr>
<td>Ability to organise</td>
<td>Customer relations</td>
<td>Network building</td>
</tr>
<tr>
<td>Ability to organise</td>
<td>Quality control</td>
<td>Strategic thinking</td>
</tr>
<tr>
<td>Ability to organise</td>
<td>Negotiation</td>
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<tr>
<td>Ability to organise</td>
<td>Business launch</td>
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<tr>
<td>Ability to organise</td>
<td>Growth management</td>
<td></td>
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<tr>
<td>Ability to organise</td>
<td>Compliance with regulations</td>
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</tbody>
</table>


The process of acquiring entrepreneurship skills, through education, training or practical experience, can also help an individual develop an increased awareness about the potential of entrepreneurship as a career and an improved understanding of the role of entrepreneurs in society. Thus, they may develop a more positive attitude towards entrepreneurship. This is particularly true for youth who are exposed to entrepreneurship in their school education.
Entrepreneurship education and training can be beneficial for youth even if they do not intend to start a business. Many of these entrepreneurship skills are valued by employees, such as team-work, so entrepreneurship education can make a student more employable.

Findings and analysis

*Entrepreneurship education is in the early stages of implementation at all levels*

Although entrepreneurship education is not widespread in Italy, the high level of recent activity is a positive indication that momentum is building for entrepreneurship education at all levels.

At the school-level, most of the recent efforts have focussed on improving guidance counselling in an attempt to improve school-to-work transitions. At the national level, the *Jobs Act* (Decree 15 June 2015, n. 81) was adopted, which requires more on-the-job training days during the last two years of upper secondary school and calls for compulsory training for teachers to improve alternance programmes. This holds potential for improving entrepreneurship education since it may provide an opportunity for students to learn about small businesses and entrepreneurship through apprenticeships. This, however, is only part of what is needed in a comprehensive entrepreneurship education offering. More basic training is needed for a broad base of students to be introduced to some of the basic concepts of entrepreneurship. More in-depth training could follow for those who demonstrate an interest. Some experimentation has occurred at the national level at the secondary school-level. Italia Lavoro, under the auspices of the Ministry of Labour and Social Policies, provides technical assistance to schools and universities (*Formazione ed Innovazione per l’Occupazione Scuola e Università*) to improve school-to-work transitions by improving career guidance and strengthening linkages between schools and local industry stakeholders (Italia Lavoro, 2014). This is the beginning of a process developing a new national standard for guidance counselling to address differences in quality of offerings across regions. Although this process does not directly improve the offer of entrepreneurship education it is likely to have a positive influence on students’ perception of entrepreneurship as long as it is promoted as a potential career path and the business community is involved in shaping the new national standard.

Similarly, the Ministry of Education, Universities and Research has recently issued national guidelines for lifelong guidance (*Linee guida nazionali sull’orientamento permanente*). These guidelines aim to strengthen the linkages between schools and the business sector which opens up many opportunities for promoting entrepreneurship in schools. A closer relationship with the business community would be expected to increase interaction between entrepreneurs and schools, potentially through special events, business competitions for students and through guest lectures.

At the regional level, Confindustria recently launched a project where local entrepreneurs became members of school boards in 16 Italian provinces (EC, 2012c). Although this is a more indirect approach to strengthening entrepreneurship education, it may be expected to not only increase the quantity and quality of entrepreneurship education that students receive but also to contribute to a more positive youth entrepreneurship culture in participating provinces.

One important step was made in 2015 when the Italian government decided to incorporate entrepreneurship education into the national vocational training curriculum (Decree 15 June 2015, No. 81). This holds potential for improving entrepreneurship education since it may provide an opportunity for students to access entrepreneurs through apprenticeships. This, however, is only part of what is needed in a comprehensive entrepreneurship education offering. More basic training is needed for a broad base of students to be introduced to some of the basic concepts of entrepreneurship. More in-depth training could follow for those who demonstrate an interest.
At the university-level, entrepreneurship education does not appear to be widespread. However, many of the themes that are taught in entrepreneurship education are covered to some extent in education related to innovation, science and research. Thus, students do receive some training on strategic thinking and the realisation of ideas. However, at the same time, efforts to promote an entrepreneurial attitude are lacking as are some of the technical elements of business management education (for student not in business school). Box 4.1 describes an international good practice that could be implemented.

**Box 4.1. Entrepreneurship programme at Johannes Kepler University, Austria**

The Johannes Kepler University of Linz established the Institute for Entrepreneurship and Organisational Development (IUG) in 2003. The main objective of the Institute is to develop the entrepreneurial intention of the students and to support them in an entrepreneurial career through networking support. The Institute offers lectures, specialised courses, seminars, and the possibility of guidance in actual start-up. Each of these offers is very practice oriented. The syllabus of the entrepreneurship programme emphasises the development of entrepreneurial skills, such as strong business management skills and presentation skills.

The Institute launched a start-up centre in 2010 to provide a single contact point for students, alumni and staff interested in entrepreneurship. The Institute has also close ties to local stakeholders, such as Chamber of Commerce (its service centres), start-up centres at local banks and the Junior Chambers. Practitioners and experts from the business support organisations and alumni members of the Institute give lectures and seminars on a regular basis.

Source: EC, 2012b.

**Entrepreneurship education has yet to be embedded into the curricula in schools and higher education**

Only 30% of Italians believe that they have the right set of skills and experience to be able to start a business, compared with 56% in the United States and 47% in the United Kingdom, for example. In addition, a lower-than-average share of Italians has taken entrepreneurship-related courses in schools or university: 17% of Italians compared with 23% on average in the EU (EC, 2012). In addition, few adults report (40%) that their education helped them develop entrepreneurial attitudes; the second-lowest value across OECD countries.

Italy would benefit from greater entrepreneurship within education, at all levels – schools, vocational training and higher education. A number of noteworthy initiatives already exist, either run by semi-public (e.g. the Chambers of Commerce) or not-for-profit organisations (e.g. Junior Achievement), but they are not of sufficient scale to address a substantial proportion of the population.

A clear national strategy for entrepreneurship education, which sets out objectives, indicators, incentives and rewards, would help recognise the importance of entrepreneurship education in society and could drive the creation of appropriate activities and infrastructures. The approach should include measures to motivate and train future entrepreneurship teachers, for example by giving financial or immaterial recognition, and to collaborate intensively with the private sector, because of the practical and experiential nature of entrepreneurship education compared to other disciplines.

Increasing the quantity and quality of entrepreneurship education in Italy would also require training teachers and staff who can support students in launching their business idea. Such training could be made available as a module for teachers undergoing their initial training, or as part of professional development training.

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A smart scaling-up of recent experiments is needed

Experimentation has been ongoing in a limited number of local areas. It is important to assess these experiments with rigorous evaluations to learn about the elements that have worked well and to mainstream these actions. It is equally important to identify those elements that did not work well and to make adjustments to these when implementing future iterations.

This underlines the need to consider how the impact of entrepreneurship education will be measured. It is important to anticipate these measures when designing entrepreneurship education so that appropriate metrics can be collected. This is a common challenge across the European Union for several reasons. First, the benefits of entrepreneurship education may not be realised for some time as students may not start a business immediately following their education. Second, not all students should be expected to start a business and those that do not should not be viewed as a negative outcome for entrepreneurship education. Indeed, entrepreneurship education may assist students in realising that entrepreneurship and self-employment are not suitable activities for them.

In scaling-up entrepreneurship education, one of the challenges that the government will face is co-ordinating activities across ministries and levels of government. While regional and local authorities are responsible for the management of career guidance services as part of the employment services (as in the case of vocational training), the educational sector is under the Ministry of Education, Universities and Research. This creates challenges in ensuring that education-related activities complement and build on each other.

There is a need to broaden the concept of entrepreneurship that is taught

While many entrepreneurship training programmes appear to be successful at promoting and supporting high potential projects (e.g. ItaliaCamp), little attention is paid to other forms of entrepreneurship. This approach can be justified because the selection of projects with the most potential will likely to lead to success. This will have the best outcomes for policy makers and deliver agents, and will likely have the greatest impacts for job creation. However, it also ignores many facets of entrepreneurship such as social entrepreneurship, group entrepreneurship, part-time entrepreneurship or intrapreneurship.

To broaden youth’s understanding of entrepreneurship, these concepts should be taught. Case studies would have the greatest impact if entrepreneurs were invited into the class to share their experiences. There are good examples of social entrepreneurship in many EU countries as case studies for youth that could be used as case studies in their entrepreneurship education and training (see Box 4.2).

Box 4.2. The Social Innovation Park in Bilbao, Spain

In Bilbao, Spain, a Social Innovation Park has been established with the desire to be a ‘social Silicon Valley’. Managed by the Basque Centre for Social and Corporate Innovation, Denokinn, which is owned by local authorities around the Bilbao area, the Park was established with the aim of creating employment opportunities in an area of decline. The Park provides a place where individuals, social economy organisations, charities, NGOs, the private sector and institutions can meet to seek to create new products and services leading to new job creation. The Park hosts a range of facilities including a ‘Social Innovation Laboratory’, for the generation of new social enterprises, which can then receive support from the incubator services (training, mentoring, etc.) provided, and a ‘Social Innovation Academy’ which provides training for social economy.

For more information, please see OECD/EC (2013b).
Youth have many options to access entrepreneurship training outside of education

Local branches of the Chambers of Commerce offer a large variety of training courses either directly via their local offices or through specialised training agencies. A good example of the activities undertaken by the Chambers of Commerce in support of youth entrepreneurship is the training provided by Formaper in Milan (Box 4.3). The local Chambers of Commerce are potentially important centres of assistance for young entrepreneurs. Under the Servizio Nuove Imprese (New Enterprise Service) 87 regional centres have been established with services specifically for new and young entrepreneurs. Services are geared to the business life-cycle, such as formalising business plans at pre-start and start-up, and strategic advice for company growth. Young entrepreneurs may use these services at different stages of business development and do not have to engage at start-up (Unioncamere, 2014b). Servizio Nuove Imprese intensifies support for new start-up entrepreneurs, but it will be important to ensure that mentors and advisers based at the Chambers of Commerce are sympathetic to the needs of young entrepreneurs and young people who are aspiring to be entrepreneurs. This may require a matching process to ensure that mentors allocated to assist young entrepreneurs are sympathetic to the special challenges that they face, such as their lack of credibility at an early stage and their need for information and advice. Specific training for mentors on some of these issues may be necessary.

Box 4.3. Tailored entrepreneurship training, Formaper, Milan

Formaper is the training agency of the Milan Chamber of Commerce, Industry, Craft and Agriculture. It provides in-house competence in developing entrepreneurial culture by providing technical assistance and training for firms, adult learning, and regional development services.

Formaper’s training calendar is enriched by customised trainings, offered to member firms in the Milan Chamber of Commerce. The customised trainings are designed and tailored to the needs of the individual companies. The training starts with a preliminary meeting with the client firm, dedicated to collect and analyse the specific demand and assess the baseline situation of the given company. The training needs are meticulously mapped through interviews, document analysis, and personal observations. The diagnosis is shared and discussed with the client prior to the start of the training course. Most commonly, the training focuses on the development of management skills (planning of sales activities, management of crisis / stress situation, negotiation techniques, customer care, leadership skills). The training usually closes with the elaboration of development pathways guiding the post training activities of the participants, as well.


Italian business incubators also provide specialised support and advice to new entrepreneurs, and help them access networks to identify potential investors. A new process of certification for Italian business incubators was recently established and by September 2014, a network of 31 certified Italian business incubators had been launched. This network was introduced to rationalise start-up support provision as previously there was a proliferation of non-certified provision of business incubators and accelerators. An indication of this can be gained from a list of who’s who in Italian start-up support (http://www.italiastartup.it/whoiswho/). For example, there are currently 100 business incubators and accelerators (i.e. 31 certified and 69 non-certified) listed as actors in the Italian “Start-up Ecosytem” (Italia Startup, 2014).

Although this new network is a self-certification process by the applicant, the measure has introduced a much needed consistent and minimum-quality threshold for such start-up support provision (MiSE, 2014a). However, there is a high degree of regional disparity in current provision. For example, the certified business incubators are located in only 11 out of Italy’s 20 regions and 9
were concentrated solely in Lombardy (MiSE, 2014b). It may be that the regional authorities that are under-represented will need to take special measures to encourage incubator support, particularly where it can support and benefit young start-up entrepreneurs.

Invitalia is also an important actor with its Self-employment programme (see Box 3.4). This programme aims to develop participants’ skills in grant and loan administration, investment planning, project implementation, and meeting contractual obligations. These supports are routinely linked to financial supports, striking a good balance in developing skills and competences and providing financial support, realising a high success rate for participants. However, due to a lack of programme evaluations, it is not clear whether the high survival rates are due consequences of the careful mix and proper portioning of the financial and non-financial supports or whether these results are due to self-selection of the participants, thereby over-representing those who might have had access to alternative sources of funds and other business support services, as well.

**The Youth Guarantee provides an opportunity to target more training to disadvantaged youth**

The first stage of support for youth receiving support under the Youth Guarantee includes information provision and orientation services. This is preliminary guidance offered within four months after registration. It is typically provided by non-government organisations, focussing on employment, education and training opportunities. This is done through a combination of face-to-face interactions and online (e.g. www.cliclavoro.it) (Unioncamere, 2014a).

Following the first package and consultations with participants, support services agree with individuals on a “service pact”, which defines the individually tailored pathway. In case of self-employment or entrepreneurship, benefits are offered to participants who demonstrate a capacity for business creation during the consultation. According to plans, qualified operators of public employment services offices will offer personalised assistance throughout the business creation phases. Young people up to 29 years old can access training and coaching for the development of a business plan, and if the business idea is evaluated positively, participants can also get access to credit and financial support. Law n. 76/2013 guarantees the allocation of EUR 80 million for the period 2013-2015 for self-employment and business creation measures. This amounts to 5.6% of the total national resources under the Youth Guarantee.

Participants whose business plans are approved will be supported with a new financial instrument called the Revolving National Fund. This new instrument makes EUR 120 million available, providing credit of up to EUR 50 000 for business creation by NEETs. It is co-funded by the Youth Employment Initiative (YEI National Operational Programme, EUR 50 million) and ESF resources (Active Employment Policies Systems for National Operational Programme, EUR 70 million).

At the regional level, Veneto, Lazio, Calabria, Molise, Emilia-Romagna, Basilicata, Molise and Sicily allocate YEI resources for the promotion of self-entrepreneurship to the financial instrument, which will be managed by Invitalia. However, the interest of regional public authorities in self-employment and entrepreneurship varies considerably – with planned allocations ranging from 30% of all Youth Guarantee funds in Abruzzo, to 10% in Sardegna, 6.5% in Lombardi, and 4.7% in Campania. Moreover, some regions have demonstrated little interest in using Youth Guarantee Funds for self-employment and entrepreneurship support (e.g. Piemonte, Calabria, Trento) (MLPS-DG PASLF, 2014).
Coaching and mentoring is typically offered within integrated packages, often targeting entrepreneurs with innovative start-ups

Local branches of the Chambers of Commerce frequently offer coaching and mentoring services, especially in areas where local Chambers of Commerce have strong relationships with specialised training agencies (e.g. Milan, Torino). Tutoring and coaching services are provided as a follow-up service to the orientation, personalised guidance and training services that are offered as part of the Start Your Own (Mettersi in Proprio) initiative. In most of the cases personal coaches and mentors are available for the first 6 months of operations to managers and directors of start-ups - for a total of 6 hours for each company and based on the analysis of needs (Formaper, 2015).

In addition, coaching and mentoring is available within the framework of the national Operative Programme for Innovation and Competitiveness (PONREC) designed and managed by the Ministry of Education, Research and Universities (MIUR) in partnership with the Ministry for Economic Development (MISE). Beneficiaries from the convergence regions of Italy may apply for a specific combination of financial and mentoring services. The Start-up initiative promotes technology transfer and applied research based on a combination of grants and special mentoring service. It was launched with a total budget of EUR 30 million and 43 projects had been approved at the time of the study visit (MIUR, 2014).

Business networks have traditionally been strong and built with a bottom-up approach

An important element of establishing a new business on the market is building and developing networks. The networks are important for learning, generating and testing ideas, accessing resources, identifying partners, suppliers and customers and promoting the business. Several organisations support this for youth entrepreneurs, including the Chambers of Commerce and ItaliaCamp. In addition, Confindustria (Box 4.4) has helped create and grow a network of youth entrepreneurs over the past several decades. The network is composed of nearly 13 000 members. While clearly a large resource for youth, it is also focused on innovative activities. This is positive for the Italian economy but, as with other supports, it appears to exclude a growing number of youth who do not fit the profile of an innovative entrepreneur.

Box 4.4. The Young Entrepreneurs’ Network of Confindustria

The Young Entrepreneurs’ Network of Confindustria claims to have nearly 13 000 members, aged between 18 and 40 years, who have management responsibilities in companies registered with the regional associations of Confindustria. Established in the late 1960s, the network has grown, together with a reform of the national body of Confindustria (by Statute Pirelli), driven by changes affecting Italian society. The network is an important lobby and advocacy group that seeks to represent the interests of its members and promotes issues on innovation, openness towards society and transparency. The Young Entrepreneurs’ Network claims that they have traditionally played the role of "critical consciousness" within Confindustria and are a "laboratory of innovation" within society. The activities of the Young Entrepreneurs are focused on capacity analysis and strategic positioning on current topical issues. Activities include bi-annual conferences at which some of these issues are discussed and promoted (Confindustria Young Entrepreneurs - Italy 2014a Young Entrepreneurs’ Network: http://www.confindustria.it/wps/portal/).

Young Entrepreneurs promote a number of initiatives that seek to develop an entrepreneurial and business culture, innovation and knowledge transfer. An example of such an initiative is LATUAIDEADIMPRESA, a national initiative run by the network under the auspices of MIUR which is a competition for business ideas by students and accessed via their dedicated website: http://www.latuaideimpresa.it. According to Confindustria, the project has helped to promote youth entrepreneurship and job opportunities for young people. The network also has local groups that promote many local initiatives (Confindustria, 2014).
Local branches of the Chambers of Commerce and business associations are also active in promoting and supporting entrepreneurial networks in various forms. This includes, for example, entrepreneurship clubs and networks for specific groups of entrepreneurs. See Box 4.5 for a description of the Young Entrepreneur Association. These initiatives are good examples of information exchanges and discussion forums on addressing common business issues and challenges.

**Box 4.5. Young Entrepreneur Association, Confcommercio**

Confcommercio-Imprese per l’Italia has two organisations operating at national level: the Young Entrepreneur Association (Gruppo Giovani Imprenditori) and Women and the Tertiary Sector (Terziario Donna). The Young Entrepreneur Association (YEA) organises seminars, workshops on business experiences of the younger generation and aims to provide a platform for information and knowledge exchange among members. It promotes initiatives aimed at raising business awareness of economic, social, political and technical issues. The YEA local groups organise and host local events such as debates and intensive networking activities with other local groups and associations. They also often produce newsletters.

The YEA’s mission is traditionally strong in issues such as social renewal, institutional reform, innovative corporate culture, and environmental protection thereby playing a role of “critical consciousness” within Confindustria.


Furthermore, many non-government organisations are at the cutting edge of helping young entrepreneurs network and work together in co-working spaces. Co-working represents a new style and approach of running (micro) business – especially among young self-employed and start-ups. Based on international trends it is very popular in case of such professions as graphic designers, journalists, PR specialists, lawyers, social and cultural managers, IT and web developers, business or NGO consultants (Deskwanted, 2013; Coworknetwork, 2014). The model usually goes beyond sharing workspaces and establishing a collaborative working area with flexible membership plans. Most of the co-working offices also offer specific business support services (e.g. accounting, financial consultancy, legal services), facilitate professional networking and enhance a close-knit professional community building (Startvona, 2014; Coworknetwork, 2014). Italy ranks on the 8th place among 81 countries in the last Global Co-working Census with 91 shared working places mapped in 2013. ItaliaCamp is one example of bringing youth together in a physical space so that they can interact easily on entrepreneurship and innovation projects. Several cities also support co-working (see Box 4.6).

**Box 4.6. Co-working vouchers in Milan**

The municipality of Milan launched a voucher scheme in August 2013 to support those interested in co-working. The total budget of the scheme was EUR 300 000 and vouchers of up to EUR 1 500 were issued for those who work regularly in one of the 24 sites that are accredited by the City and the Chamber of Commerce of Milan. The rationale for promoting co-working was three-fold. First, co-working offices can rationalise the costs of business administration and of various business support services. Second, co-working networks facilitate exchanges of entrepreneurial and professional experiences. Third, co-working places provide the opportunity for community-based development of entrepreneurial skills (COWO, 2013; Comune di Milano, 2013).

Sources: Comune di Milano, 2013; COWO, 2013.
There are also many examples of broader business networks that youth can access. The Chambers of Commerce and the various business associations are traditionally strong in facilitating local and nation-wide networking activities. This was further strengthened by the development of business network contracts (*contratti de rete di impresa*), which were introduced in 2009 (Law 23/2009) to facilitate co-operation between firms to support innovation and business development. These business network contracts are recognised as legal entities (i.e. as partnerships) that are registered at the local Chambers of Commerce and are eligible for certain national and local support schemes. In July 2014, 9,095 companies were part of 1,643 network contracts, with the vast majority of them in North Italy (RetImpresa, 2013).

Youth entrepreneurs in Italy are very active in international networks, notably the EU programme Erasmus for Young Entrepreneurs (Box 4.7). Although the programme is for new entrepreneurs, who are not necessarily youth, the programme is heavily used by youth. Italy is one of the most active Member States, both in terms of sending entrepreneurs to other countries and in terms of receiving entrepreneurs from abroad. This active involvement in the exchange offers youth (and other) entrepreneurs an opportunity to not only learn from a coach but also to start building an international network that could be leveraged to expand the base of customers and suppliers.

**Box 4.7. Erasmus for Young Entrepreneurs**

The EU Erasmus for Young Entrepreneurs programme started in 2009. This cross-border exchange programme targets new entrepreneurs and aims to develop entrepreneurship skills through coaching and on-the-job training from experienced entrepreneurs in another Member State. The participants of the programme visit host entrepreneurs abroad and collaborate with them for a period of 1 to 6 months.

Since its beginning Erasmus for Young Entrepreneurs has provided several thousand young entrepreneurs with this networking and training opportunity. Among the participating countries Italy (along with Spain) stands out with the highest number of registered new businesses and is among the most popular host countries. Based on survey results among the participants, the programme helped the majority of the new entrepreneurs to develop their personal and language skills (self-confidence, determination, 69% of respondents), to improve their management skills (60%) and fine-tune their marketing competences (46%).

In Italy regional branches of Chambers of Commerce, Confindustria (Confederation of Italian Industry, the leading organisation representing the manufacturing and service industries) and several private organisations are listed as national contact points and managing agents of the programme.

Source: EC, 2013 ; www.erasmus-entrepreneurs.eu

**Conclusions and policy recommendations**

The strength of Italy’s support for youth in the acquisition of entrepreneurship skills is in the well-established network of Chambers of Commerce and business associations. Historically, they have developed strong links with the business community and offered a plethora of business support services focusing on information sharing and on development of entrepreneurial skills and competences. Youth entrepreneurs can typically access these supports through local offices and increasingly online. A weakness of the existing support is that little effort is made to reach out to disadvantaged youth who have fallen out of the labour market and education system.

Other supports offered by these business organisations include coaching and mentoring and support in building entrepreneurial networks. As with training, these supports are offered widely to the
population of entrepreneurs but youth appear to be able to access these services quite easily. It is, however, difficult to estimate take-up among youth since monitoring and evaluation efforts are quite weak. Similarly, the impact of these supports is largely unknown.

The education system lags behind the training offerings provided by non-government organisations and business associations. Some small experiments are ongoing, which provides an opportunity for policy makers to learn from these experiences and scale them up smartly so that youth can more easily access entrepreneurship education and training. This is particularly important for youth who are at-risk of facing a difficult transition into the labour market, notably in Southern Italy.

Similarly, entrepreneurship education in vocational training and higher education is at the early stages of implementation. As these efforts are scaled-up, training for teachers and trainers will become a priority issue.

**Policy recommendations to improve entrepreneurship skills for youth**

The following recommendations are offered to strengthen the support that youth have in acquiring entrepreneurship skills. This covers the education system, including schools, vocational training and higher education, as well as entrepreneurship training, coaching and mentoring programmes and networking support that are provided by non-government organisations and business organisations.

- Elaborate a national entrepreneurship education action plan (or guideline) for all levels of the education system – schools, in VET institutions and at universities.
- Scale-up ongoing entrepreneurship education experiments, especially those that demonstrate success. Further embed entrepreneurship into secondary school curriculum and into higher education.
- Launch an awareness-rising campaign on the benefits of entrepreneurship education using the OECD/European Commission HEInnovate tool which aims to foster the development of entrepreneurial higher education institutions ([www.heinnovate.eu](http://www.heinnovate.eu)).
- Build partnerships between schools, vocational training centres, higher education institutions, local Chambers of Commerce and other local business organisations. This would establish channels for outreach and information dissemination related to entrepreneurship education and start-up. This is particularly important for vocational training centres which need to respond to the 2013 government decision to incorporate entrepreneurship education into the vocational training curriculum.
- Develop training programmes for teachers so that they are aware of the objectives of entrepreneurship education and are equipped with the latest pedagogies and learning material. This could start with a pilot project that provides training for teachers as part of ongoing professional development and could eventually be expanded and embedded in initial teacher training. It is important to help teachers develop entrepreneurship lessons and exercises that they can use with all levels of students.
- Increase engagement of the business community in teaching entrepreneurship to youth within the education system. Their experience can be a valuable learning tool for youth and entrepreneurs from the community can act as entrepreneurship role models.
• Strengthen coaching and mentoring programmes for youth entrepreneurs by implementing more formalised matching processes that pair youth and experienced entrepreneurs based on gender, sector, business goals. An important first step is to define the matching criteria.

• Encourage and support local authorities to facilitate co-working and any other local skill-development and networking initiatives by providing access to information / statistics / common facilities.

• Improve monitoring and evaluation efforts at the local level. It is also important to encourage non-government stakeholders to improve data collection, monitoring and evaluation. When non-government organisations receive public funding, monitoring and evaluation should be a condition of receiving the funds.

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CHAPTER 5: ACCESS TO FINANCE FOR YOUTH ENTREPRENEURS

This chapter focuses on youth entrepreneurship and access to finance, it explains why access to finance is a particular challenge for youth and youth entrepreneurs, and it, within the Italian context, examines the range of different sources of finance and the role of financial institutions that could be available to youth entrepreneurs. The chapter begins by reviewing some of the issues in youth entrepreneurship and finance.

Facilitating access to finance for youth

Youth entrepreneurs, when compared to older entrepreneurs, face a number of additional challenges when starting a new business and it is arguable that access to finance is the greatest challenge for new young entrepreneurs (OECD/EC, 2013). Youth face a number of difficulties when seeking to obtain credit or other external finance to establish a new business because they have limited resources and experience in the following areas:

- business and management experience;
- own savings that may be used as equity;
- physical assets that can be used as collateral;
- credibility as a business owner;
- business and social networks;
- awareness and information on what financial institutions expect in new business plans;
- awareness and knowledge of alternative sources of finance.

Banks and credit institutions are likely to be the main source of finance for young people, yet when their limited resources, knowledge and awareness are put together, business plans from young people are likely to be assessed by banks as high risk. They will therefore require collateral or guarantees that young people are unable to provide and they will be reliant, more than other entrepreneurs, on the support and finance from their family and friends.

In recent years, the post-crisis recession has exacerbated these problems for young people aspiring to be new entrepreneurs. For example, banks in Italy have been taking drastic steps to reduce their exposure to high risk loans, as is the case in other European economies, yet at the same time Italian entrepreneurs are typically more reliant on bank finance than entrepreneurs in other European countries (OECD, 2014). However, this is likely to be the case only with small and medium-sized rather than micro firms. For example, a survey of Italian manufacturing firms by Guiso (2003) found that nearly 50% of Italian micro firms have no debt, but the proportion of firms with debt increased sharply with firm size.
**Principles of support programmes**

The improvement of access to finance for young start-up entrepreneurs is one of the key policy areas that can be targeted to realise the potential of youth entrepreneurship and maximise the impact of youth entrepreneurship support programmes. For example, research in France by the European Microfinance Network (EMN) indicates that 65% of entrepreneurs under the age of 30 start their business without any bank credit and 55% have less than EUR 8,000 as initial capital (EMN, 2011). Within this broad priority area, however, there are a number of policy guidelines, or principles, of the provision of support based on international experience and there are two areas that are worth considering in more detail: first, microfinance initiatives and, second, the business life-cycle approach to access to finance.

**Microfinance initiatives**

Microfinance is the provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to the high transaction costs associated with serving these client categories. This is typically the provision of microcredit, which is a loan of less than EUR 25,000. Microfinance initiatives can be an effective policy intervention to support youth entrepreneurship. For example, a 2006 ILO paper concluded that “the lack of adequate start-up finance is one of the most prominent obstacles to young people to create their own business”, “(yet) in many countries youth seems to be under-represented as a target group of microcredit programmes” (Schoof, 2006).

In principle, microfinance can be made available to young entrepreneurs as credit, grants or equity. Microcredit measures may be made available at low or zero rates of interest. They make young entrepreneurs more “bankable” since they reduce risks for the bank. However, as indicated by the European Microfinance Network (EMN), microcredit programmes on their own are not sufficient to develop effective youth entrepreneurship programmes and that other measures such as client selection, training of both young entrepreneurs and mentors and technical assistance are all “essential” components of such programmes (EMN, 2012). Youth entrepreneurs lack business experience and their entrepreneurial learning will be critical to their success. However, it is important that mentors are selected with care since they will need to ensure that young entrepreneurs are able to maximise their learning and work to become independent. In general, microfinance institutions (MFIs) can play an important role in providing both microfinance and supporting networks for young entrepreneurs (EMN, 2012). National and international examples of MFIs and how they work to support young entrepreneurs are provided later in this chapter.

**Business life-cycle approaches**

A standard or stylised business life cycle approach to entrepreneurial finance assumes that the entrepreneur has different needs for finance as they pass through stages in the development of the business, as illustrated in Figure 5.1. This approach follows that of Berger and Udell (1998) who suggested that entrepreneurs and small firms have different optimal capital structures during their life cycle, being reliant on internal funds at start-up and early stage and will seek access to external funds as they achieve growth and acquire a longer trading history and track record as they become older and larger. However, this approach needs to be modified for young entrepreneurs since, as we have already suggested, they have limited internal funds (compared to older entrepreneurs) and are more likely to require external finance at an earlier stage. For example, through the provision informal equity finance from high net worth individuals and business angels at an earlier stage that are prepared to provide patient capital. Therefore, the importance of establishing appropriate networks at an early stage could be crucial to enable young entrepreneurs to access external equity finance.
Support programmes for youth entrepreneurship should not be solely concerned with assistance for young people that wish to start new businesses. It is worth bearing in mind that young entrepreneurs’ requirements will change during the life cycle of the business, moving from a reliance on external credit to the introduction of external equity, by individual investors, such as business angels, and eventually venture capital from venture capital companies or corporate venture finance (investments from other private sector limited companies). Thus requirements for different types of finance will change as the business develops and especially if growth is achieved.

Likewise, young entrepreneurs’ business development support needs will also change as their business matures and develops. For example, this may be reflected in the provision of less intensive support, such as less one-to-one mentoring, and ensuring that appropriate networks are in place to give access to sources of funding for growth and development such as business angels, venture capital or other equity investors as well as continued access to sources of information and training through access to appropriate seminars and workshops.

If a young entrepreneur is innovative and perhaps engaged in R&D, they will face additional hurdles in raising external finance, especially credit. More mature entrepreneurs are likely to have greater awareness and networks that can provide contacts and information on alternative sources of finance, especially individual investors such as business angels. Young innovative entrepreneurs will lack an extensive network of contacts and will require advice and mentoring support perhaps requiring special assistance sometimes associated with business incubators.
Findings and analysis

There are several grants available to young entrepreneurs to launch business projects

The National Operative Programme for Research and Enterprises’ Competitiveness (PONREC) was a national programme established under EU funding from 2007 to 2013 with a national priority for research and competitiveness with a priority for the convergence regions (i.e. the four southern regions of Calabria, Campania, Puglia and Sicily). It was managed jointly by MIUR and MiSE. The programme had a budget of EUR 6 billion and aimed to stimulate competitiveness via applied and industrial research. It aimed to create jobs through generating and developing new ideas with commercial potential, especially for youth. Within this programme there were two main initiatives that aimed to stimulate young entrepreneurship and enterprise:

1. Start-up. In line with the aim of PONREC, this initiative was specifically targeted at technology transfer and commercialisation, research must be applied and not at the near market stage. The initiative has a budget of EUR 131.4 million. Although not specific to young people, it is targeted at micro firms doing R&D. To qualify, projects have a subject to a technical assessment by a technology expert and a financial viability assessment by a bank assessment. An important part of the support includes a mentoring service which is allocated to beneficiaries. 1261 projects have received assistance.

2. Social Innovation. This initiative was introduced from 2012. Targeting young people under 30 years of age, projects can run to 2015. Applied to the convergence regions only, the programme has a budget of EUR 40 million and aimed at the development of SMART cities. The call for proposals included the themes of cloud computing, mobility, social inclusion, sustainability and renewable energy. The initiative is administered by the municipalities and projects must employ fewer than 30 people. 56 projects have received funding (MIUR, 2014).

It will be important to ensure that learning from the experience of PONREC is incorporated into the redesign of initiatives in the next EU programme, 2014 to 2020. For example, the experience of involving commercial banks in to programmes (i.e. their assessment of financial viability) should be continued, especially in the convergence regions.

Youth can access several mainstream grant programmes. For example, “Smart and Start” is an initiative that supports innovative and technology-based entrepreneurs in the digital economy. It is aimed at developing the digital economy through technology transfer and commercialisation. Unlike the technology-based initiative, the scheme’s incentives, rather than being based on tax reliefs, are grant-based with grants under “Smart” available for operational costs and grants under “Start” available for initial investments of the starting entrepreneur. Beneficiaries are small starting companies (rather than individuals) with a maximum combined level of grant support of EUR 500 000 per beneficiary. Successful applicants and beneficiaries qualify for the advisory, mentoring and training support provided by Invitalia, up to a value of EUR 5 000 per enterprise. Although previously restricted to applications from individuals in Italy’s seven southern regions, from 2015 it will be made available to starting innovative entrepreneurs across Italy (Invitalia, 2014b).

The programme, although available for all entrepreneurs, is significant for young entrepreneurs. For example, 51% of the 1 092 applications submitted under the programme by September 2014 were from people under 36 years of age (Invitalia, 2014b). However, grant-based support, from a policy perspective, may not be the most efficient form of financial support. Because it is usually provided without any commitments from the beneficiaries it may produce an element of “grant dependency”,
reducing the disposition of the entrepreneur to be independent. Although such incentives are valuable for young entrepreneurs, the lack of external credit finance is a larger barrier and low interest or “soft loans” are likely to be more valuable, particularly if they are available over an extended time period such as five years or longer. However, the provision of advisory and tutoring support within this programme will be a highly valuable element for new young entrepreneurs.

Invitalia’s programme “Unemployment to Entrepreneurship” seeks to prepare unemployed people for business ownership through skills development and financial support. Financial support includes grants and low interest loans for five years if the business concerns self-employment only and for seven years if the business includes employees (the formation of a micro business) which can include operating as a franchisee. This programme has recently been redesigned and as a result, grants and low interest loans have been withdrawn and replaced by zero interest loans. Monitoring and evaluation for the period 1996 to 2013 indicated that, for the self-employment assistance, over 273 000 applications for financial support were submitted and over 80 000 received such support; for micro-businesses, over 42 000 applications for financial support were submitted with nearly 20 000 receiving such support. For self-employment, altogether over 108 000 new enterprises were started, with the majority started in the southern regions (Invitalia, 2014b). The programme for the young unemployed is very significant with 18-35 years olds accounting for nearly 60% of those involved in the self-employment programme and those that are under 25 years old accounting for 21% (Invitalia, 2014b).

With youth unemployment rates for those under 25 years old now over 40%, Invitalia’s unemployment-to-entrepreneurship national programme should have a vital role in providing support for young people that have a motivation to follow a route into self-employment and entrepreneurship. In addition the revision of the financial support available under such programmes will improve the value-added and cost efficiency of such support since grants can carry high deadweight and represent sunk costs which are not recoverable by the state (Tokila and Haapanen, 2008). Grants are effective if they make a difference to decision making and the sustainability of new business enterprises, however, as we mention later, reliance on grants as incentives can encourage “grant dependency” rather than encouraging independence and hence sustainability. A greater emphasis has been placed on personal relationships with aspiring entrepreneurs in their first year of start-up, although increased online support such as webinars has been introduced. The renewed emphasis on personal one-to-one mentoring relationship is important for young entrepreneurs and should ensure the continuation of high survival rates.

**Microfinance is a recent development and lags behind other regions of Europe**

Microcredit (i.e. loans of less than EUR 25 000) can provide small amount of credit to young entrepreneurs that would otherwise be rejected by credit scoring systems of the commercial banks. Microcredit initiatives have the potential to help entrepreneurs, particularly youth entrepreneurs and entrepreneurs from disadvantaged backgrounds, because they are often deemed to be too high a risk for banks. Credit scoring systems, which are routinely applied by commercial banks to loan applicants, are objective, computer-based systems which can put youth at a disadvantage when seeking finance because of their lack of experience and collateral.

The development of the microcredit sector in Italy has accelerated in recent years. Changes to the Banking Act (Decree no. 141 of 13 August 2010) created the legal form of MFIs, defined their activities and set limits to the amount of funds that can be lent in articles 111 and 113.

**Ente Nazional per il Microcredito** is the National Board for Microcredit and it aims to institutionally manage public and private funds aimed at fighting poverty and financial exclusion.
through microcredit. The National Board supports programmes that promote a range of financial products including microcredit, microleasing and guarantees and insurance. Alongside the financial products are activities concerned with financial training, research and management for microfinance institutions (MFIs). Other activities seek to promote networks and “microfinance culture” seeking to disseminate experience and share knowledge. The National Board maintains a database of microfinance initiatives and resources for MFIs and an online platform is maintained to direct clients to one-stop-shops (www.retemicrocredito.it). This platform was developed in partnership with municipalities, CPI, Chambers of Commerce and universities in the 4 convergence regions.

Over the next three years the National Board for Microcredit aims to create analytical tools and applications specifically useful for the definition of an “Italian way to microcredit” and the formation of specialised operators in microcredit and microfinance. Resources will be concentrated mainly on the following areas relating to financial exclusion and microfinance programmes (Ente Nazionale per il Microcredito, 2014):

- dissemination of financial literacy (financial education);
- models of feasibility analysis;
- governance models;
- implementation and monitoring of business plans;
- analysis and process mapping.

The National Board identified 163 MFI projects in Italy through its monitoring and evaluation role by the end of 2012. The vast majority of these MFI initiatives are regionally based and in 2013 there were 14 regions who were involved in ongoing microcredit programmes, although these have often been established originally by companies set up by Invitalia (ISFOL, 2014). For example, only 4 were regarded as national initiatives, including PerMicro with the rest being regarded as regional initiatives (Ente Nazionale per il Microcredito, 2014). However, in terms of number of microloans, national programmes account for about 45% of the total (ISFOL, 2014) and the average credit facility granted is approximately EUR 9,500, while under regional programmes, the average is facility is considerably higher at EUR 15,000 (ISFOL, 2014).

Although few microcredit programmes directly target youth, a promising example is Up to Youth (see Box 5.2). Up to Youth is an encouraging initiative with potential for expansion that builds upon the experience and centres of PerMicro Italia through its PerMicro Labs. In addition to providing microcredit, it provides 18 months of mentoring, which is in-line with international good practice. Mentoring needs to be sympathetic to the needs of young people, but it should also encourage independence, so that young people do not become dependent on mentors for business survival. The number of young people supported through the initiative is also encouraging at this stage and the initiative has the capability to be expanded and is, therefore, a programme that has potential for further development.

**Box 5.1. PerMicro Italia and Up to Youth**

Originally starting in 2003, located in Turin, PerMicro Italia is now a national initiative that provides microfinance and coaching support for start-up entrepreneurs through their centres or PerMicro Labs. Finance provided can be in the form of micro-credit, financial grants or subsidised loans. The aspiring entrepreneur with a business idea is assisted to identify the type of finance required at an initial meeting with experts from PerMicro. The initial
meeting is also aimed at the assessment of the business idea and the entrepreneur is, on a one-to-one basis, taken through the steps and challenges required to build a business before an agreement on a micro-finance is possible. Although this programme is not specifically targeted at young entrepreneurs, there are young entrepreneurs that have benefited from their support.

PerMicro Italia has a project, “Up to Youth”, for young people aged up to 35 who want to realise their business idea. The initiative has three main activities:

- A dedicated training group
- Personal, one-to-one mentoring advice which lasts for an average of 18 months
- Coaching through the early stages of start-up by business experts from selected PerMicro Labs

Activities include two group meetings to discover what it means to start a business and analyse the main instruments of credit and a practical lab in which to prepare a business plan. For those young aspiring entrepreneurs that wish to continue to start-up further one-to-one coaching is provided from a network of coach volunteers. Up to Youth has been established in seven Italian cities and is a member of the Prince’s Youth Business International (YBI). The YBI network is discussed later in this chapter (Up to Youth, 2014).

By the end of September 2014, 86 young entrepreneurs were receiving mentoring support (PerMicro Italia, 2014b).

Many regions have also been active in developing microcredit programmes with the support of the ESF and ERDF in the 2007-2013 programming period. These instruments are often managed by local organisations such as Development Campania, Apulia Development and SFIRS, some of which were born out of the closure of Invitalia regional offices. Many of the regional microcredit instruments developed in the 2007-2013 period were targeted at those who are the most disadvantaged in the labour market, including youth. Such instruments can be found in Calabria, Campania, Piedmont, Puglia (see Box 5.2) and Sardinia. There are a few examples, such as GiovaniSi in Tuscany, that were dedicated only to youth.

**Box 5.2. Bollenti Spiriti and the Puglia Microcredit Fund**

Bollenti Spiriti has been developed for the Puglia region in the South of Italy. It is a broadly based project that includes measures to facilitate the participation of young people in the local community in a range of activities that reflect “community life”. Under this project one of the main actions is PRINCIPA ATTIVI which encourages the development of ideas of young people and seeks to promote entrepreneurship and enterprise. PRINCIPA ATTIVI was selected as a national winner for the European Enterprise Promotion Awards 2012.

Bollenti Spiriti is complemented by the provision of a microcredit initiative, the Microcredito d’Impresa della Regione Puglia which is a specific microcredit programme that operates at the regional level in Puglia.

The Microcredit Fund of EUR 40 million was established under the ESF Operational Programme 2007 – 2013. The goal of the Fund is to finance companies which are “non-bankable”, i.e. who do not have the capital requirements and financial resources to obtain external credit financing. Loans from EUR 5 000 to EUR 25 000 are made to eligible business owners at low interest rates with a maximum duration of 60 months. To be eligible for a micro business loan, the business owner must meet a range of criteria including:

- Have fewer than 10 employees and be independently owned.
- Be “not bankable” and have met, within the last 12 months, the following requirements:
– Maximum of cash holdings of EUR 50,000;
– Owner of property and equipment with a value not exceeding EUR 200,000;
– Have a turnover not exceeding EUR 120,000;
– Have not received financing for an amount greater than EUR 30,000.

Business owners who are successful are required to participate in a session of technical assistance on financial management to illustrate the methods used for reporting of expenditure and repayment of the loan.


It is also encouraging that several Italian MFIs are members of Youth Business International, which is a network of youth entrepreneurship support agencies (see Box 5.3). This provides an opportunity for learning from international experience.

**Box 5.3. Youth Business International**

Youth Business International (YBI) is an international network of agencies involved in supporting young people to enter entrepreneurship and self-employment in over 40 countries. All members of YBI have similar features of support for young entrepreneurs; namely an integrated offer that combines access to microfinance, training, mentoring and other business development services. Their member organisations’ focus is on disadvantaged young entrepreneurs and YBI claims that “whatever their situation, if a prospective young entrepreneur has a good idea and the business plan to make it a reality, our members will support them”. YBI claims that in 2013 its organisations’ members helped 14,406 young people to start their own business and provided entrepreneurship training to nearly 200,000 young people. YBI members place great importance on volunteer mentors and coaches which are “crucial to the YBI approach”, which is an approach used by many practices that are considered to be international good practice.

Youth Business Italy has recently been established via a partnership between Youth Business International, PerMicro and PerMicroLab. A launch event was held in October 2014. The social mission of the partnership is to expand and enhance support for under-served young entrepreneurs aged 18 to 35 years across Italy to start sustainable businesses.


**Access to microcredit varies greatly by region**

There is considerable regional variation in the number and value of local microcredit initiatives targeted at self-employment. For example, of the 14 regions with ongoing microcredit in 2013, only 10 regions have local initiatives targeted at self-employment. The two most active regions for microcredit, were Abruzzo and Campania respectively. In the former, there were 900 micro loans for this purpose with a value of more than EUR 13 million and in the latter, there were 400 micro loans with a value of EUR 9.5 million (ISFOL, 2014).

The number of MFI projects is clearly impressive, but as noted previously, many are targeted at social exclusion rather than targeted entrepreneurs to achieve self-employment and entrepreneurship. Thus, the objectives of the microfinance offers are to keep someone attached to the labour market and society rather than only creating a business. However, by value, the latter are more important and...
absorb approximately 75% of the total resources. This is also reflected by the average credit facility, being less than EUR 4,500 on average for social purposes, compared to an average of EUR 19,000 in the case of self-employment (ISFOL, 2014). Microfinance for the self-employed is also growing more rapidly than that for social exclusion. Compared to the period 2011-12, finance granted for business purposes has more than doubled, increasing by 112.8% by value and by 104.8% in number and size of the total financing granted (ISFOL, 2014).

**Business angel and venture capital investments are growing but there are currently few opportunities for youth**

Business angels are high net worth individuals who offer equity investments that should be important to young entrepreneurs. However, Italy has been reported to be a “late starter” in the development of business angels and their networks (OECD, 2014). It must be remembered that even if business angel networks are more developed and accessible, obtaining business angel finance is subject to a search, matching and due diligence procedure. Young entrepreneurs will not have the networks and sources of information to gain access to such a search and matching procedure. As pointed out by Mason and Kwok (2010), even if business angels and their networks are well established, many young entrepreneurs will not understand what individual investors are looking for in business plans and, hence, are not investor ready. However, public policy agencies have a role to play in raising awareness and in training in financial literacy and the preparation of young entrepreneurs for such equity investments.

While formal venture capital could be a source of external funding (see also Figure 5.1), its importance for young entrepreneurs in Italy can be discounted because Italy had the lowest volume of venture capital investments as a percentage of GDP of any major economy in the EU (OECD, 2014). Nevertheless venture capital may have potential be attracted from overseas investors, either from venture capital companies or from corporate investors (as corporate venture capital), if Italian entrepreneurs can demonstrate significant global potential from their business plans or ideas.

Other actors are independent organisations that seek, within their role, to support young entrepreneurs. One such organisation is ItaliaCamp (see Box 2.2). It has organised the presentation of Italian start-up cases on Wall Street in the USA. One case company is Remocean, a spin-off from a research centre of Naples. This company was able to enhance the data provided by nautical radar providing real time information about sea conditions and successfully attracted investment by Altante Ventures, the company who were chosen to salvage the Costa Concordia, thus providing a rare example of corporate venturing (ItaliaCamp, 2014).

**Italian youth stand to benefit from an explosion of crowdfunding platforms**

Crowdfunding models have become popular and alternative sources of funding, both credit and equity, for entrepreneurs in some European countries. They have become an alternative platform for entrepreneurs to access funding via the power of the internet and, in the process, to cut out financial intermediaries. The best known platform is Kickstarter in the USA (http://www.kickstarter.com). By signing up to such platforms individual investors can commit small amounts of funding, effectively spreading their risks between a number of projects. This is sometimes described as a peer-to-peer platform (P2P) since it provides a platform for a direct investor-entrepreneur relationship. In a review of crowdfunding developments, Harrison notes their increased importance as sources of both debt and equity funding in the light of the breakdown of the traditional escalator funding model (as shown in Figure 5.1), but concludes that it is too early to judge the significance of the emergence of crowdfunding models (Harrison, 2013). Some crowdfunding platforms, particularly those with social
objectives, go further than providing access to finance and create an online community that will follow projects as they are developed.

In Italy, there is already large number of crowdfunding platforms with 48 listed on the Italia Startup website (Italia Startup, 2014) and an Italian Crowdfunding Network (ICN) promoting the development of crowdfunding in Italy (ICN, 2014). Clearly they have potential as a source of funding for youth entrepreneurs, although it is difficult to tell how many are devoted to attracting start-up business proposals from entrepreneurs, as opposed to other projects seeking crowdfunding, such as one-off events, tours and expeditions.

**Financial education needs to be scaled-up**

There are two national initiatives that promote financial education for youth. The Ministry of Education and the Bank of Italy launched a pilot project in 2007 that provided basic financial education for students at all levels of education, from primary school to high school. This project is ongoing and in 2014-2015, more than 60 000 students in 2 800 schools received the training.

The National Day of Social Security and Labour, an event that aims to help citizens learn about issues such as pensions, labour and health, also features some basic financial education for students. This activity is supported by the European Commission, the Ministry of Labour and the Ministry of Education.

While these two initiatives reach many youth, this education can be integrated into the standard curricula in schools, vocational training and higher education. The pilot project with the Bank of Italy could be scaled-up to reach more youth. Another option to strengthen financial education for youth is to increase the level of co-operation between banks and financial institutions and the network of Chambers of Commerce so that youth can receive basic training on finance as part of their activities with the chambers.

**Conclusions and policy recommendations**

The ease of accessing start-up financing for youth entrepreneurs in Italy varies according to a number of factors such as the region and the sector in which they are looking to launch their business. A number of grants which are targeted at youth concern largely innovative projects and technology-based projects. However, youth who are starting businesses in other fields are not provided the same level of financial support.

Microcredit is in the early stages of development in Italy due to the recent changes to the Consolidated Banking Act, therefore are few MFIs who support youth entrepreneurs. However, this is changing. A number of MFIs have joined the international network of Youth Business International, which would be expected to lead to an increase in the availability of microcredit for youth. Italy can learn from international experience in up-scaling microfinance for youth. Boxes 5.4 and 5.5 provide a brief overview of practices in the United Kingdom and France. These programmes seek to support young people from disadvantaged backgrounds. A feature of both is to enhance networking activities because young people may lack the contacts to build networks to help establish their businesses. They both have a well-established mentoring programme with matching and training of the mentors as well as time to devote to preparation of the young entrepreneurs, which is a weak element of many of the current microfinance offers in Italy.
Box 5.4. The Prince's Business Trust, United Kingdom

The Prince’s Business Trust (PBT) has been established for over 30 years and aims to give disadvantaged and vulnerable young people the practical and financial support needed to stabilise their lives, helping develop self-esteem and skills for work. As part of this role, it has a specific Enterprise Programme that supports unemployed young people aged 18-30 to develop and evaluate their business ideas and enter self-employment. The programme operates in England and Wales, with a separate programme, Explore Enterprise, in Scotland.

The Enterprise Programme offers mentoring and financial support to start a business. If unemployed young people decide against self-employment they have access to mentoring support to help them into jobs and training. Although the Enterprise programme includes a four day training workshop as preparation for business, the key support is through volunteer mentors who work on a one-to-one basis with young people to help them develop their ideas and ensure that their business survives for at least 2 years.

An important element of support is through microcredit. Under the programme beneficiaries can qualify for low interest loans of up to GBP 4 000 for a sole trader and GBP 5 000 for a partnership, with grants for some eligible young people in special cases.

Importantly the programme targets disadvantaged young people who are unemployed, it excludes graduates. The programme has four specific stages:

- Stage 1. An initial local meeting where the PBT Enterprise Team assists young people to decide if entrepreneurship is appropriate.
- Stage 2. A four day workshop to learn about the practical side of starting a business: business planning, marketing, sales, raising capital, budgeting and tax. The course is provided by the PBT’s team, but is attended and supported by mentors.
- Stage 3 involves direct one-to-one support with a dedicated Prince’s Trust advisor or mentor for six months with the aim to develop and test the business idea.
- Stage 4 is the business launch. The young person presents their business plan to the PBT’s Business Launch Group whose job it is to ensure the business idea is viable and sustainable. If the business plan is approved, a business mentor is provided for two years and microcredit granted if appropriate.

An independent evaluation conducted by Ecorys suggests that nine in ten young people who had set up or were in the process of setting up a business (92%) were “very” or “quite” confident that they would be able to support themselves in the future. However, it was considered not possible to give an exact figure on survival rates as the Enterprise programme only exists in its current form since April 2010.


Box 5.5. Adie and CréaJeunes, France

Adie is a not-for-profit organisation established in 1989 with the aim of helping people who are excluded from the traditional banking system to start their own business. Adie provides microcredit and business support. Adie promotes entrepreneurship as a way to fight unemployment and social exclusion. Their programme of support includes:

- Collective group training over a two to four month period.
- Individual one-to-one support with a volunteer coach for a period of up to four months leading up to business start-up.
• Engagement in networking activities.

Young entrepreneurs can also benefit from post start-up support for a period of 18 months.

(EMN, 2012 EMN Study for Youth Entrepreneurship, Brussels, European Microfinance Network)

Launched in 2007 by Adie, CréaJeunes is a national free programme for young people aged 18 to 32 years and the programme is now available in all the major cities in France. This programme focuses on growing the confidence of young people through group-based sessions and modules and improving their practical knowledge of the business world over a period of two to four months. Then through individual coaching support a young person develops the formalisation of the project into business planning and benefits from an action-based "enforcement" network.

Young people can access microfinance of an unsecured loan (at zero interest) and then benefit from one-to-one coaching support in the pre-start and start-up stages and the early stage post start-up development of their business.

According to Adie, between the introduction of this programme in 2008 and the end of 2012, more than 4 000 young people participated in the CréaJeunes programme, and 30% of them have started their own business.


Similarly, business angels and venture capital are generally under-developed sources of financing. Youth who operate high-potential businesses, however, are supported through various organisations such as ItaliaCamp in accessing foreign investment.

Crowdfunding is very popular in Italy, with at least 48 current platforms in existence. This source of funding is popular with youth and can provide both debt and equity financing. Some amalgamation is to be expected in the number of platforms and policy makers have a role in ensuring that information is available to both sides of the market. In other words, investors should have sufficient information on the projects and entrepreneurs should have information on the various platforms and costs of using crowdfunding.

There was little evidence that financial education is provided widely to youth. This puts potential entrepreneurs at a disadvantage when seeking to finance a start-up because they would likely be unaware of the potential sources of financing and unaware about lender or investor requirements. Moreover, all youth would benefit from a financial education as they will need to manage financial risk and debt as adults.

Policy recommendations for improving access to finance for youth entrepreneurs

The following recommendations are offered to facilitate access to finance for youth entrepreneurs in Italy:

• Continue to expand access to microfinance that youth can access. Its membership in Youth Business International will assist learning from international experiences from overseas institutions and experiences such as the Prince’s Business Trust and Adie’s CréaJeunes. There are a large number of regional microcredit institutions which could co-operate with the national PerMicro to devote funds to youth business start-ups under a regional version of "Up to Youth".
Encourage and provide incentives for more MFIs to be dedicated to microfinance for entrepreneurs and small business owners rather than for social exclusion. The current regional disparity in microcredit initiatives demonstrates that there is potential to expand MFIs targeted at entrepreneurship and youth in some regions.

More MFIs dedicated to microfinance for youth entrepreneurs could be assisted by the training and functions carried out by Italy’s National Board for Microcredit, Ente Nazionale per il Microcredito which will have an important role to play in any expansion of the role of MFIs in microfinance for business start-up.

Introduce greater incentives for individual investors and business angels to invest in young entrepreneurship. For example, through a co-investment programme where a public authority or institution can make small equity investments if they are matched by an individual or corporate investor or possibly through tax break incentives for private sector investors.

Develop the potential of crowdfunding models for young people that involve P2P platforms as this can allow young aspiring entrepreneurs to “advertise” their projects and business plans via web-based platforms and offer equity investors opportunities to invest small amounts of equity in young entrepreneurs’ projects.

A greater range of sources of finance will be insufficient on their own and they need to be complemented by a responsibility for appropriate advice, coaching and mentoring support, available from pre-start, through the start-up process and post start-up by any new financial initiatives, such as additional microcredit platforms. However it is suggested that mentoring support should be limited in duration to encourage independence. The long established experience of Prince’s Business Trust and Adie’s Créajeunes suggests that mentoring support should be limited to a maximum of two years.

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CHAPTER 6. KEY CONCLUSIONS AND ACTION PLAN

Key conclusions

In Italy, aspiring youth entrepreneurs face a complex, regionally diverse and inconsistent mix of support programmes, made up of government actors at the municipal, regional and national levels and a similarly complex range of different start-up agencies, business associations, business incubators and accelerators.

Youth entrepreneurship support in Italy has many strengths. First it is recognised widely, both inside and outside of government, that it is an important issue and that it holds potential for addressing (partially) the youth unemployment challenge. Youth entrepreneurs stand to benefit greatly from recent and ongoing actions that simplify the business regulatory environment, particularly business registration requirements. Many non-government actors, including the Chambers of Commerce and numerous business organisations, are actively involved in providing training, coaching and mentoring. Youth entrepreneurs with innovative ideas are a priority group for support. They benefit from several large grant schemes.

However, this support system is hindered by the lack of a cohesive strategy that identifies objectives, targets and priorities. As a result, the support system is uncoordinated and there are examples of duplication of supports. Thus, from the perspective of a youth entrepreneur, the entrepreneurship support system can be difficult to enter and to navigate. The support system also tends to heavily favour youth entrepreneurs who operate businesses that are innovative or based on new technology. This creates a challenge for youth entrepreneurs who do not fit this profile. Two other gaps that were identified in current support offerings were the lack of role models for youth entrepreneurs and the lack of entrepreneurship education across the education system.

There are currently several opportunities for policy makers to improve support for youth entrepreneurship. There are several funding opportunities available from the European Union to fund youth entrepreneurship support, including the European Social Fund and the Youth Guarantee. In addition, while entrepreneurship education is under-developed in Italy, international momentum provides an opportunity for Italy to learn from the experience of other countries. This momentum should provide justification for funding projects in this area. A third opportunity for youth entrepreneurship support in Italy is to leverage the involvement of business and youth organisations in delivering public support. Finally, the development of international partnerships such as Youth Business International can help facilitate the transfer of good practices from abroad.

Looking forward, a number of threats to the further development of the youth entrepreneurship system were identified. First, survey data suggest that youth are growing less interested in entrepreneurship, which threatens the take-up of ongoing and new policy efforts to support youth entrepreneurship. Second, there is a growing number of youth who fall outside of the labour market and the education system. This increases the likelihood that they will fall into poverty and also makes...
it more difficult for public support to reach this group. Third, the continued fragmentation of policy support reduces the impact that policy has.

These key conclusions are summarised in Table 6.1.

**Table 6.1. Strengths, weakness, opportunities and threats of youth entrepreneurship support in Italy**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td>Youth entrepreneurship is a strategic priority for the national government</td>
<td>There is no cohesive strategic framework for youth entrepreneurship support that clearly identifies objectives and targets</td>
</tr>
<tr>
<td>Youth benefit from a supportive (and improving) regulatory environment for start-ups, especially for innovative start-ups</td>
<td>Little central co-ordination of current activities creates i) confusion for potential youth entrepreneurs because there is a multitude of entry points to the support system; ii) inconsistencies across levels of government; and iii) leads to some duplication of support offerings, particularly for innovative start-ups</td>
</tr>
<tr>
<td>Youth can access a plethora of business support services provided by regional and local actors (both public authorities and business organisations)</td>
<td>Business registration requirements are complex.</td>
</tr>
<tr>
<td>Implementation of support at the local level ensures that youth entrepreneurship support is appropriate for the context</td>
<td>There are very few role models for youth entrepreneurs who can champion and promote entrepreneurship.</td>
</tr>
<tr>
<td>Strong local business networks that youth can access through the Chambers of Commerce</td>
<td>Entrepreneurship education at all levels of the education system lags behind other EU countries and little support is offered to teachers and trainers</td>
</tr>
<tr>
<td>Youth with innovative ideas are eligible for several national grants, entrepreneurship training and coaching and mentoring support</td>
<td>Monitoring and evaluation of support entrepreneurship programmes is quite rare</td>
</tr>
<tr>
<td>Crowdfunding is a rapidly growing mechanism for accessing funding for a wide variety of projects and business ideas</td>
<td>There are few avenues to access financing for youth, especially for those who do not fit the profile of an innovative, high-potential entrepreneur</td>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tr>
<td>Current EU initiatives, notably the Youth Guarantee, can help to improve the co-ordination of national and local programmes</td>
<td>Recent surveys suggest declining entrepreneurial attitudes among youth, i.e. there is a stronger preference for working as an employee</td>
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<td>Entrepreneurship education is gaining momentum internationally (e.g. HEInnovate initiative by the European Commission and OECD) and within Italy (e.g. recent reforms in vocational training)</td>
<td>Growing numbers who fall outside of the traditional support system (e.g. NEETs) increase the risk that these individuals may not return to the labour market</td>
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<tr>
<td>There is a strong contingent of business associations and the Chambers of Commerce who are innovative in their training, coaching and mentoring offerings and outreach method</td>
<td>Continued fragmentation of responsibilities in policies relevant to provide support to youth at risk</td>
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<tr>
<td>Recently developed international partnerships (e.g. Youth Business International) offer opportunities to improve microfinance for youth</td>
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</table>
Summary of recommendations

This report made policy recommendations under four themes: strategies for youth entrepreneurship support; building a supportive institutional environment for youth entrepreneurship; developing entrepreneurship skills for youth; and facilitating access to finance for youth entrepreneurs. These recommendations are presented in Box 6.1.

<table>
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<th>Box 6.1. Summary of policy recommendations</th>
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**Strategies to support youth entrepreneurship**

- Develop a cohesive and comprehensive youth entrepreneurship strategy and embed it within a youth employment strategy. The strategy should indicate the objectives and rationale for supporting youth entrepreneurship in Italy and should also clearly indicate the responsibilities of different levels of government. A strategy should also have measurable targets and a timeline for achieving them. The non-government sector and youth organisations should play a key role in developing a youth entrepreneurship strategy.

- To implement a youth entrepreneurship strategy, an action plan will be needed to identify the steps needed to achieve the targets and to assign responsibility for each step. This is extremely important for Italy given the multi-level governance system. The action plan should seek to improve the co-ordination of youth entrepreneurship policies and programmes across national ministries, with other levels of government and with key non-government stakeholders.

- The national government should do more to foster partnerships between local governments, Chambers of Commerce, schools and universities to promote programmes under the Youth Guarantee.

- Increase the availability of entrepreneurship training, coaching and mentoring within the suite of active labour market policy measures so that youth who are not in education may have an opportunity to be exposed to entrepreneurship so that they can learn.

- Provide training in evaluation to staff in national, regional and local governments. The training can be at a basic level help staff understand the importance of monitoring and evaluation and to learn about basic statistical concepts and methods.

- Strengthen and enforce monitoring and evaluation requirements on projects that receive public funding.

**Building a supportive institutional environment for youth entrepreneurship**

- Expand the national start-up initiative of “fast track” simplified start-up regulation registration for all entrepreneurs, including expanding free registration for all companies started by young people and access to the state credit guarantee scheme of 80%. This would reduce some of the barriers and challenges to young people in starting a new business and improve access to bank credit.

- Promote role models at local level to achieve a positive image of entrepreneurship and to encourage youth to pursue their projects. It is important to facilitate interaction between experienced entrepreneurs (especially experienced youth entrepreneurs) and youth so that they can interact. This could be through schools (e.g. guest teachers, field trips, special projects), or in the community (e.g. special events such as Global Entrepreneurship Week, mainstream media).

- Promote success stories of youth entrepreneurs through mainstream media and as part of outreach for youth programmes to inspire other youth.

- Provide entrepreneurship training to school career guidance counsellors so that they can promote entrepreneurship as a potential career for students.
• Use business idea competitions with cash prizes as a method of generating interest and engaging youth in entrepreneurship. This could be organised in co-operation with Chambers of Commerce and/or schools.

• Organise local entrepreneurship days as a way of reaching youth outside of the education system. Entrepreneurship days could provide workshops and information on entrepreneurship. Engaging local entrepreneurs in such events will not only provide youth with the opportunity to interact with experienced entrepreneurs, it will also promote local entrepreneurs to the community.

• Collect information on how youth access entrepreneurship information and their satisfaction with the information with feedback surveys. Make this a mandatory for organisations and associations that receive public funding.

Entrepreneurship skills for youth

• Elaborate a national entrepreneurship education action plan (or guideline) for all levels of the education system – schools, in VET institutions and at universities.

• Scale-up ongoing entrepreneurship education experiments, especially those that demonstrate success. Further embed entrepreneurship into secondary school curriculum and into higher education.

• Launch an awareness-rising campaign on the benefits of entrepreneurship education using the OECD/European Commission HEInnovate tool which aims to foster the development of entrepreneurial higher education institutions (www.heinnovate.eu).

• Build partnerships between schools, vocational training centres, higher education institutions, local Chambers of Commerce and other local business organisations. This would establish channels for outreach and information dissemination related to entrepreneurship education and start-up. This is particularly important for vocational training centres which need to respond to the 2013 government decision to incorporate entrepreneurship education into the vocational training curriculum.

• Develop training programmes for teachers so that they are aware of the objectives of entrepreneurship education and are equipped with the latest pedagogies and learning material. This could start with a pilot project that provides training for teachers as part of ongoing professional development and could eventually be expanded and embedded in initial teacher training. It is important to help teachers develop entrepreneurship lessons and exercises that they can use with all levels of students.

• Increase engagement of the business community in teaching entrepreneurship to youth within the education system. Their experience can be a valuable learning tool for youth and entrepreneurs from the community can act as entrepreneurship role models.

• Improve coaching and mentoring programmes for youth entrepreneurs by implementing more formalised matching processes that pair youth and experienced entrepreneurs based on gender, sector, business goals. An important first step is to define the matching criteria.

• Encourage and support local authorities to facilitate co-working and any other local skill-development and networking initiatives by providing access to information / statistics / common facilities.

• Improve monitoring and evaluation efforts at the local level. It is also important to encourage non-government stakeholders to improve data collection, monitoring and evaluation. When non-government organisations receive public funding, monitoring and evaluation should be a condition of receiving the funds.

Access to finance for youth entrepreneurs

• Expand access to microfinance that youth can access, which could include upscaling PerMicro’s “Up for Youth” programme. Its membership in Youth Business International will assist learning from
international experiences from overseas institutions and experiences such as the Prince’s Business Trust and Adie’s CréaJeunes. There are a large number of regional microcredit institutions which could co-operate with the national PerMicro to devote funds to youth business start-ups under a regional version of “Up to Youth”.

- Encourage and provide incentives for more MFIs to be dedicated to microfinance for entrepreneurs and small business owners rather than for social exclusion. The current regional disparity in microcredit initiatives demonstrates that there is potential to expand MFIs targeted at entrepreneurship and youth in some regions.

- More MFIs dedicated to microfinance for youth entrepreneurs could be assisted by the training and functions carried out by Italy’s National Board for Microcredit, Ente Nazional per il Microcredito which will have an important role to play in any expansion of the role of MFIs in microfinance for business start-up.

- Introduce greater incentives for individual investors and business angels to invest in young entrepreneurship. For example, through a co-investment programme where a public authority or institution can make small equity investments if they are matched by an individual or corporate investor or possibly through tax break incentives for private sector investors.

- Develop the potential of crowdfunding models for young people that involve P2P platforms as this can allow young aspiring entrepreneurs to “advertise” their projects and business plans via web-based platforms and offer equity investors opportunities to invest small amounts of equity in young entrepreneurs’ projects.

- A greater range of sources of finance will be insufficient on their own and they need to be complemented by a responsibility for appropriate advice, coaching and mentoring support, available from pre-start, through the start-up process and post start-up by any new financial initiatives, such as additional microcredit platforms. However it is suggested that mentoring support should be limited in duration to encourage independence. The long established experience of Prince’s Business Trust and Adie’s CréaJeunes suggests that mentoring support should be limited to a maximum of two years.

Implementing priority actions

**Action 1. Develop a national youth entrepreneurship strategy**

**What**

The development of a national youth entrepreneurship strategy will provide a framework for youth entrepreneurship support in Italy. This framework can be used to improve co-ordination across the different actors in the support system by creating a vision for youth entrepreneurship and by identifying key objectives for youth entrepreneurship support. In the case of Italy, a youth entrepreneurship strategy could also be helpful in building linkages across different levels of government and between government and non-government organisations.

A youth entrepreneurship strategy should also provide an indication of how complementary policy areas interact. This is particularly important in the area of youth, where education policy, employment policy and social policy intersect. For Italy, it is crucial that the strategy recognises all different types of youth entrepreneurs, ranging from innovative entrepreneurs to social entrepreneurs to those who are NEETs.
The first step in building a vision for youth entrepreneurship is to identify the overriding objectives of public support for youth entrepreneurship. These objectives should respond to the question of why the government is supporting youth entrepreneurship and what does it hope to achieve by supporting youth entrepreneurship. A good model for a youth entrepreneurship strategy is the Welsh Youth Entrepreneurship Strategy, which identifies its objectives as:

1. to prepare youth with confidence and positive attitude towards entrepreneurship; and
2. to equip youth with the skills, values and experience to be entrepreneurially aware, active and successful.

A framework can then be developed around these two points. To continue with the Welsh example, the strategy is structured around three levels that support these two points. The first level is “awareness”, which aims to inform youth about entrepreneurship, its potential and build a support entrepreneurship culture among youth. This directly addresses the first objective of the strategy. The second level is “learning”, which aims to provide youth with skills, knowledge and experience related to entrepreneurship. The third level is “support”, which is to help youth entrepreneurs once they have started a business idea. This includes support with business development services, training, coaching, and mentoring. Additional details on the Welsh Youth Entrepreneurship Strategy are provided in Box 6.2.

<table>
<thead>
<tr>
<th>Box 6.2. Key elements of Welsh Youth Entrepreneurship Strategy</th>
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<tr>
<td><strong>Action Area 1: Awareness – Developing the culture</strong></td>
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<tr>
<td>• Deliver a communications campaign to raise awareness of enterprise and entrepreneurship among young people</td>
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<tr>
<td>• Encourage all primary, secondary and special schools to include a strategy for enterprise and entrepreneurship within their development plans</td>
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<tr>
<td>• Support all formal education and higher education institutions in embedding entrepreneurship within their strategic planning processes</td>
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<tr>
<td>• Support Community Consortia for Education and Training (CCETs), Young People’s Partnerships (YPPs) and 14-19 Networks to develop a strategic role for stimulating entrepreneurship education</td>
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<tr>
<td>• Encourage all organisations working with children and young people, both within and outside formal education, to embrace enterprise and entrepreneurship in their provision</td>
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<tr>
<td>• Support employers in promoting the value of entrepreneurship to their young employees</td>
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| **Action Area 2: Learning – Equipping young people with relevant skills, knowledge and experience** |
| • Embed enterprise and entrepreneurship within the school curriculum |
| • Embed enterprise and entrepreneurship within curriculum development in FE and HE |
| • Maximise the use of existing resources and develop new materials to support enterprise and entrepreneurship learning, both within and outside formal education |
| • Provide opportunities to apply entrepreneurial skills |

| **Action Area 3: Support – Providing an effective and demand-led support infrastructure** |
| • Embed enterprise and entrepreneurship within the school curriculum |
| • Embed enterprise and entrepreneurship within curriculum development in FE and HE |
| • Maximise the use of existing resources and develop new materials to support enterprise and entrepreneurship learning, both within and outside formal education |
The process of building a strategy is nearly as important as the strategy itself, as long as it is developed collectively. It is important to engage all relevant stakeholders in the development of the strategy because it would allow the government to leverage the experience of the private and third sector, who are critical for supporting youth entrepreneurship in Italy, and stakeholder participation builds a sense of responsibility and helps to create buy-in.

Different approaches can be used to manage a consultation process that leads to a collective strategy. Events or conferences are commonly used to launch processes, bringing all key stakeholders together to explain the process and its objectives. It is then important to ensure that channels are established for disseminating and collecting information. This could be a website (see, for example, the website for the development of the Irish National Youth Entrepreneurship Strategy within the education system: http://educationentrepreneur.yolasite.com).

It is however, suggested that the website is not the only means of managing the consultation process. It is recommended that working groups are set up to manage work on each of the key themes. Using the Welsh strategy as an example, this would suggest that three working groups be established, one each for “awareness”, “learning” and “support”. This would allow the Ministry of Education, Research and Innovation and the Department of Youth to become heavily involved by managing a working group.

Once the strategy is finished, it would be important to launch it publically and to seek media coverage. This would help increase the profile of youth entrepreneurship in society, demonstrate that it is an important issue for the government and illustrate how the government intends to implement action. A launch could be done in conjunction with a high profile entrepreneurship event, such as Global Entrepreneurship Week.

An action plan would need to be subsequently developed to identify more precise action items and a time frame for when they would be achieved. It is important to indicate in the action plan who would be responsible for outcomes.

Finally, it is important to track progress. Monitoring and evaluation will need to examine data to measure how actions measure against objectives. These results need to be used to make adjustments to implementation as needed. It is also important to report on progress and results.

Who

It is recommended that the Ministry of Labour and Social Policies agrees a Youth entrepreneurship strategy with the Department of Youth and the Ministry of Education, Research and Innovation. It is also extremely important to involve youth stakeholders (e.g. the National Youth Agency), business organisations (e.g. Unioncamere, Confindustria) and representatives of the financial sector (e.g. Italian National Microcredit Agency).

Action 2. Strengthen entrepreneurship education throughout the school system, vocational training and higher education

What

Entrepreneurial capabilities and competences can be supported and nurtured through education and training. Italy is only just beginning to embed entrepreneurship across different levels of the
education system and now is the time to build on international momentum to learn from international experiences and to utilise currently available opportunities from EU Funds (e.g. the European Social Fund).

The content of the entrepreneurship education and training programmes need to be defined, but they should mirror more general learning objectives. The objectives of entrepreneurship education typically address at least one of the following approaches:

- learn to understand entrepreneurship: education “about” enterprise deals mostly with awareness creation and increasing theoretical understanding about entrepreneurship.
- learn to become entrepreneurial: education “in” enterprises deals mainly with management training for established entrepreneurs and employees.
- learn to become an entrepreneur: education “for” enterprise deals more with encouraging people to set-up and run their own business.

How

Entrepreneurship education should be adapted to the age and level of the students. In primary education, the objective of entrepreneurship education should be to build a basic understanding of entrepreneurship and an awareness of entrepreneurship as a career option. It should aim to develop a set of knowledge, skills, and attitudes that are conducive to entrepreneurial behaviour. A common approach used is to invite local entrepreneurs to visit the classroom to speak to students about running a business. Other programmes take students to local businesses to watch and learn about the day-to-day operation of a small business.

In secondary school, entrepreneurship education often places a greater focus on developing specific technical skills. This requires more in-depth training and activities that facilitate active learning. This could include for example, mini-companies, where students learn about business planning and accessing start-up financing through the setting up of simulation business enterprises. This applies even more at vocational training levels and in higher education, where it is important for students to gain the basic skills for starting and operating a business, as well as learning about the value of networks.

To strengthen entrepreneurship education, the subject needs to be formally recognised as important. The most common approaches to accomplishing this are to develop an entrepreneurship education strategy and to include entrepreneurship in the curriculum at all levels. Alternatively, entrepreneurship education could be embedded into existing education strategies and given prominence.

Another crucial task is to training teachers and educators on entrepreneurship and how to teach entrepreneurship. The European Social Fund can be used for this purpose. There needs to be an offer of basic training that would cover what entrepreneurship is and why it is important so that teachers have an understanding of why they are teaching entrepreneurship and how they can be successful. This also needs to be complemented with more advanced training on pedagogy. To accomplish this, the following steps need to be undertaken:

- Identify entrepreneurship experts who are qualified to train teachers, vocational trainers, professors and university staff, which could include international experts or teachers and Italian trainers that currently work in the private or third sectors;
• Start a working group to develop training programmes that includes the Ministry of Education, Research and Innovation as well as international experts and teachers with experience in training trainers;

• Develop training manuals for teachers and trainers;

• Develop teaching materials and course content for entrepreneurship teachers and trainers to use for different levels of students and for different programmes of study;

• Embed entrepreneurship training in initial teacher training; and

• Build networks of entrepreneurship teachers and trainers to facilitate good practice exchanges.

Who

It is recommended that the Ministry of Education, Research and Innovation take primary responsibility for embedding entrepreneurship education throughout the education system, at all levels. Many youth entrepreneurship stakeholders (e.g. Invitalia, ItaliaCamp, Chambers of Commerce) have experience in providing entrepreneurship training and they should be engaged in the development of the curriculum, teaching material and student exercises.

Action 3. Promote role models for youth entrepreneurs

What

More needs to be done to celebrate successful student entrepreneurs and to promote local entrepreneurs as role models. The goal is to increase interest in entrepreneurship among youth and to encourage more youth to become involved in learning about entrepreneurship and if interested, gain experience related to business start-up. The European Social Fund could be used to co-finance these activities because they help to promote a culture of entrepreneurship.

How

Making successful entrepreneurs and role models visible can be an effective way to stimulate interest in entrepreneurship. It is important that youth are able to identify with the success stories and roles models. Many different approaches can be taken, including promoting success stories in the media (e.g. television, websites, and radio), notably university media, or showcasing role models at events and incorporating them into teaching, coaching and mentoring.

Another approach is to use short-term events such as “Career Days” and “Start-up Days”. These events bring youth and entrepreneurs together to inform youth about entrepreneurship and to provide them with a taste of what entrepreneurship is about so that they are inspired to become entrepreneurs at some point in their life. One way of creating awareness and interest in entrepreneurship is to showcase success stories from within the region. A number of approaches to showcasing and celebrating success have demonstrated success. One example is “Start-up Days”, where local and graduate entrepreneurs tell their story to inspire interest in enterprising behaviour. Such events could be arranged in a co-operation between the local authorities and business organisations, the university, and graduates/alumni. It is important that the venue is on campus because familiarity with the venue and the presence of faculty will support the credibility and integrity of the event. The visibility of such
initiatives for the students (and faculty) is important when establishing an entrepreneurial culture on campus and in the local area.

At the same time, it is important to celebrate successful youth entrepreneurs. These ventures are often easier for other youth to identify with because these entrepreneurs are their peers. Universities often have several channels that can be exploited to promote these success stories such as campus website, radio, television and newspapers. Successful student entrepreneurs could also be featured at entrepreneurship events and even within entrepreneurship education.

Who

It is recommended that the Ministry of Labour and Social Policies have the principal responsibility and oversight for promoting youth entrepreneurship role models but all youth entrepreneurship stakeholders can be involved.

Action 4. Create a single entry point for youth entrepreneurs to enter the support system

What

An effective way to create a single entry point into the entrepreneurship support system for youth entrepreneurs is to create one-stop shops that provide information about entrepreneurs and direct youth where to go for appropriate support. These can make support more accessible and can contribute to creating a more co-ordinated support system. Some of these exist at the local level and there is evidence in Tuscany that suggests that one-stop shops can have a slight positive impact on start-up rates as they decrease the administrative burden of starting a new firm (Ferrara and Marini, 2004).

Key activities include supporting the development of women business networks, raising awareness (e.g. campaigns, exhibitions, action days), the provision of online assistance (e.g. news, factsheets, specialist publications, business plan information, expert database), and linking the provision of business development services (e.g. training seminars and events, e-training, symposiums, trade fairs, coaching and mentoring).

How

Policy makers in Italy can build on the experience of others in setting-up one-stop shops for youth entrepreneurship. First, there are entrepreneurship one-stop shops in Tuscany that target disadvantaged youth, students and researchers, which could be replicated in other regions. The strength of the approach in Tuscany is providing an integrated approach to addressing the challenges that youth face. It provides loan guarantees and information on local business development services. The structure developed a relationship with Fidi Toscana Giovani, which is a youth assistance network, to help reach out to one of its target client groups.

Partnerships are key to developing one-stop shops. It is therefore essential that the government build on its relationships with the Chambers of Commerce and other key business organisations (e.g. Confindustria) to develop a signposting system that would allow the one-stop shop to direct youth to the appropriate places to receive support. These relationships are also important to promote the service to potential youth clients.

A critical element of developing a single entry point into the support system for youth entrepreneurs is to undertake a mapping exercise of the key stakeholders and their activities. This
would allow the entry point to direct new youth entrepreneurs to the most appropriate assistance. It is critical that this database of supports be maintained.

While some of these information services could be provided online, a physical location is also important so that youth can receive face-to-face support. This increases the effectiveness of the service and increases the likelihood that the youth will follow-up on the information that is provided.

Who

An appropriate Ministry will need to take responsibility for organising and managing the one-stop shops for youth entrepreneurs. It is recommended that Ministry of Economic Development lead the exercise but it is important that the Department for Youth are involved as well as local governments. To maximise effectiveness, a network of one-stop shops for youth entrepreneurship will need to have partnerships with business development services and other business organisations. Therefore, the Chambers of Commerce and Confindustria will be important partners.