



Inclusive Entrepreneurship Policies, Country Assessment Notes

Estonia, 2017



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FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group or personal characteristics. This 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. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

Youth, women and older people are very active in business creation in Estonia. During the period 2012-16, youth were 2.5 times more likely than the European Union (EU) average to be active in business creation or managing a new business that is less than 42 months old (19.3% vs. 7.8%). Similarly, women were twice as likely as the EU average to be active in new business creation over this period (9.6% vs. 4.8%). There are some dedicated inclusive entrepreneurship support programmes for youth, women and the unemployed but they are relatively small-scale initiatives. There are a number of opportunities to strengthen support for inclusive entrepreneurship, including by strengthening the tailored support offered to women entrepreneurs (e.g. training, coaching and mentoring).

This note is the second in a series of annual country assessments prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector. The 2017 notes place a special focus on describing the characteristics of self-employment in each country.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, a series of Policy Briefs on specific target groups, policies and issues, country reviews of youth entrepreneurship and women entrepreneurship, and the production of online policy guidance. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

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KEY MESSAGES

- Entrepreneurship policies are primarily designed to increase innovation within SMEs and to support firm growth. There are few tailored and targeted policies and initiatives that seek to support specific social target groups in business creation, with the exception of several support measures developed for youth entrepreneurs as well as a very small number of initiatives to support the unemployed in business creation.
- Although the self-employment rate was below the European Union (EU) average in 2016 (9.5% vs. 14.0%), adults were nearly twice as likely than the EU average to be involved in starting and managing new businesses over the period 2012-16 (13.1% vs. 6.7%). Approximately one-third of youth were involved in business creation or managing new businesses over this period (33.2%), which was above the EU average (21.3%).
- One of the current gaps in the inclusive entrepreneurship support system is that youth entrepreneurship support focuses on innovative start-ups and there are few initiatives to support those not in employment, education or training (NEETs). Furthermore, the potential for business transfers in supporting youth entrepreneurship is not exploited. There are a growing number of business transfers outside of family structures and this presents an opportunity for government to support youth entrepreneurship by ensuring that platforms and mechanisms for business transfer are in place.
- Key recommendations for strengthening inclusive entrepreneurship support are to: i) provide more tailored entrepreneurship training for women and people with disabilities; and ii) design dedicated support measures in order to facilitate business transfers to younger generation.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

SME and entrepreneurship policy in Estonia is outlined in the Enterprise Growth Strategy 2014-2020 (Ministry of Economic Affairs and Communications, 2013), which focuses on supporting innovative and high-growth start-ups and SMEs. The principal policy objective is to increase the growth potential of the Estonian economy through SME innovation, digitalisation of the economy and higher productivity.

While there are no tailored entrepreneurship measures for groups that are under-represented or disadvantaged in the labour market, the Enterprise Growth Strategy includes some measures to strengthen entrepreneurship education and to promote innovative financing instruments. These actions are relevant for potential youth entrepreneurs, as well as those from groups that are disadvantaged in entrepreneurship since they are more likely to have difficulty accessing financing. However, specific targets of inclusive entrepreneurship have not been identified for these measures, nor for the overall objectives of the Enterprise Growth Strategy.

Targets have been defined to support the Europe 2020 strategy. Those that are relevant for inclusive entrepreneurship policy include increasing the employment rate to 76% by 2020 and

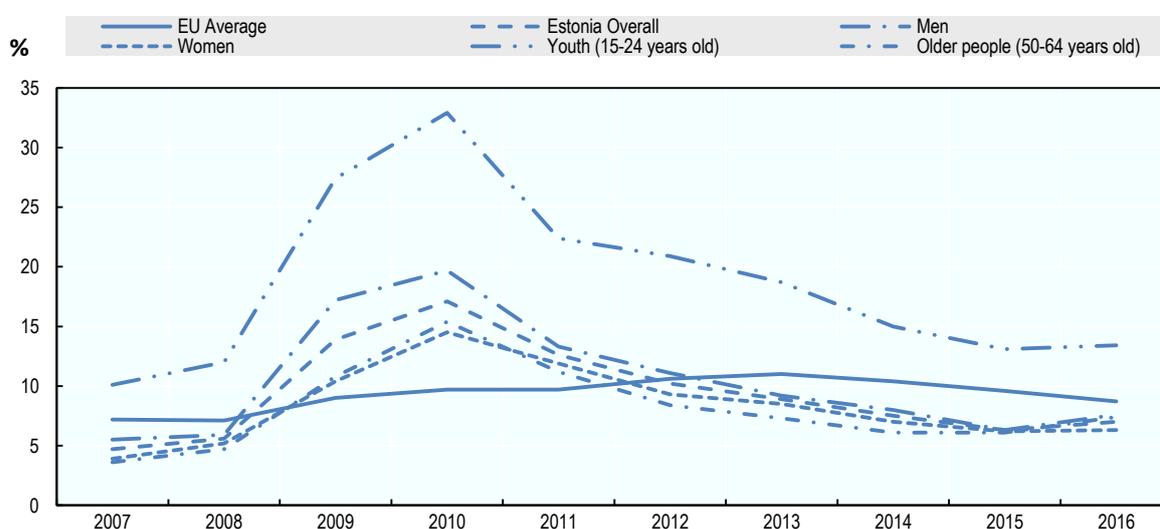
reducing the number of people at risk of falling into poverty by 49 500.¹ The employment rate target was reached in 2015 with an employment rate of 76.5% in 2015 (80.5% men and 72.6% women). Despite reaching the target, there is room to increase the employment rate for women and there is a role for entrepreneurship policy to support this, as identified in the Welfare Development Plan 2016-2023.

2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

2.1. Labour market context

The unemployment rate in Estonia increased rapidly following the onset of the economic crisis in 2008, reaching a peak of 17.1% in March of 2010 before falling to 6.3% in 2016 (Figure 1). The unemployment rate was 7.0% in 2016, which was still considerably lower than the European Union (EU) average of 8.7%. The unemployment rates for key social target groups (i.e. women, youth and older people) were also below the EU averages. The unemployment rate for women was lower the rate for men in 2016 (6.3% vs. 7.6%). The youth unemployment rate was 1.9 times the national average in 2016 (13.4%), which is similar to the EU average.

Figure 1. Unemployment rate, 2007-16



Source: Eurostat (2017), Labour Force Survey 2016.

2.2. Self-employment and entrepreneurship rates

There was a slight upward trend in the self-employment rate over the last decade. In 2016, 9.5% of working people were self-employed, which was the highest proportion since 2006 (Figure 2a).

¹ http://ec.europa.eu/europe2020/europe-2020-in-your-country/eesti/progress-towards-2020-targets/index_en.htm

However, this was well-below the EU average in 2016 (14.0%). Men were nearly twice as likely to be self-employed than women in 2016 (12.1% vs 6.7%). The self-employment rate for older people was at the national average (9.4% in 2016) while youth had a very low self-employment rate (2.4% in 2016). The lower self-employment figures compared to EU average can be partly explained the existence of a legal status for a company without employees, which is different than the self-employed status.

The dominant sectors for self-employment in 2016 were Construction; Wholesale and retail trade, repair of motor vehicles and motorcycles; Manufacturing; and Agriculture, forestry and fishing, which is similar to Top-4 economic activities in the European Union. However, some gender and age differences can be observed. For example, youth and old male self-employed people were concentrated in the Construction sector, which can be partially explained by the tax treatment of self-employed workers relative to employees in these male-dominated sectors, giving incentives for companies to work on this model rather than using traditional employee contracts. Self-employed women and older people were concentrated in Wholesale and retail trade, and repair of motor-vehicles. Women were also very active in Professional, scientific and technical activities, as well as human health and social work.

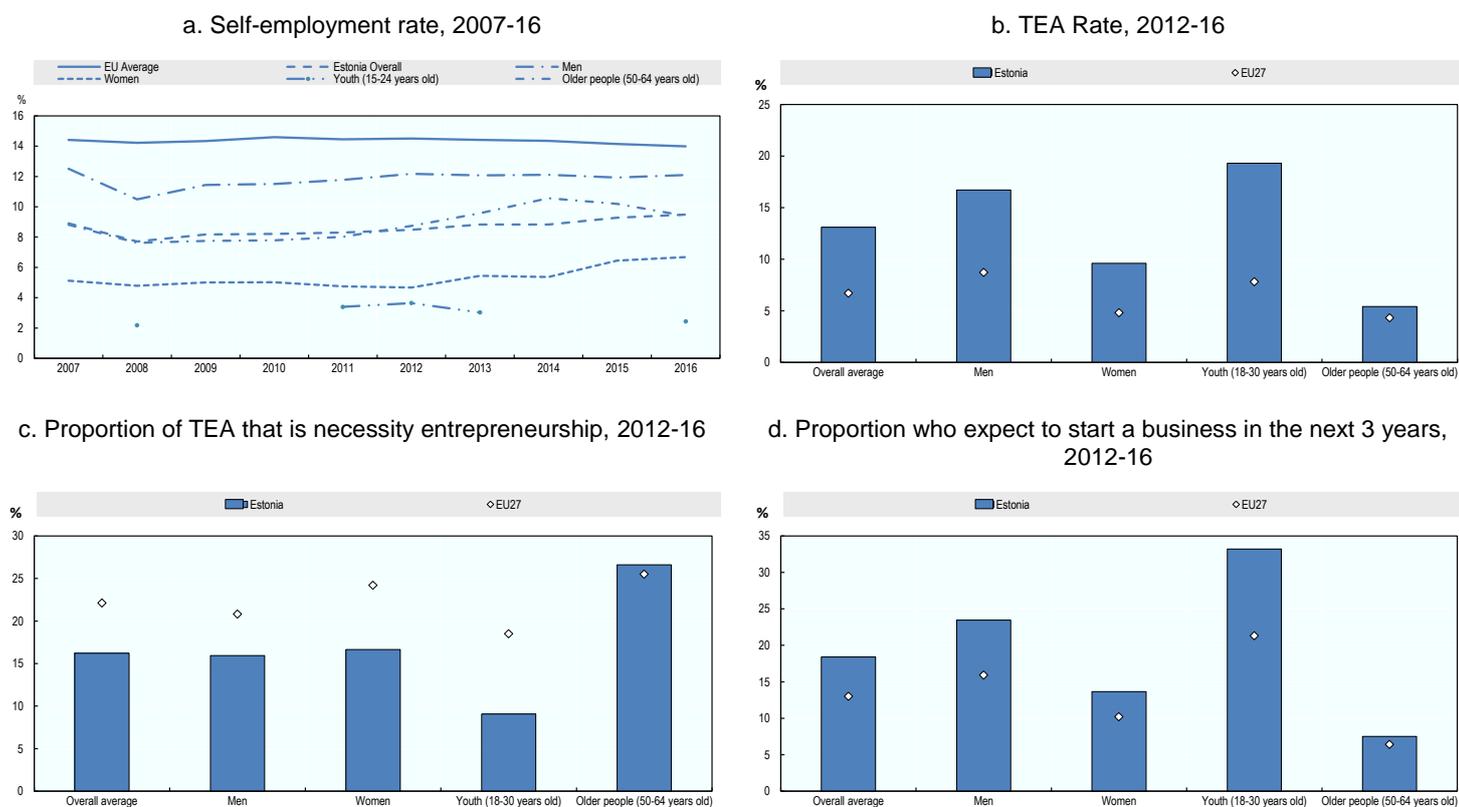
In terms of occupations, most self-employed were Managers; Craft and related trades workers; Professionals; and Service and sales workers. Most of the self-employed had at least a tertiary education (57%), which was greater than the EU average (42%). This is consistent with the high proportion of Managers and Professionals (nearly half), as well a large proportion of skilled workers and specialists among self-employed workers in Estonia.

Despite the lower than average self-employment rates, the Total early-stage Entrepreneurial Activities (TEA) rate in Estonia (Figure 2b) was nearly twice the European Union average for the period 2012-16 (13.1% vs. 6.7%). This can be explained by differences in the two measures. The TEA rate measures pre start-up activities and new business ownership, but does not pick-up the stock of entrepreneurs in an economy that operate established businesses. Men had a substantially higher TEA rate than women over this period (16.7% vs. 9.6%). Youth were the most active social target group in starting a business or operating a new business (19.3%), while older people had low rates of entrepreneurial activity (5.4%). This is likely partially linked to the implementation of policies focused to a great extent on start-ups by youth.

Over the period 2012-16, 16.1% of Estonian involved in setting-up or operating a new business were motivated to do so by a lack of better option for work (Figure 2c). This was significantly lower than the European Union average (22.1%). Youth and women entrepreneurs were much less likely than the EU average to have started their businesses out of necessity, but older entrepreneurs were slightly more likely than the EU average (26.6% vs. 25.5%).

The high TEA rate is consistent with the high self-reported expectations to start a business (Figure 2d). Overall, 18.4% of people in Estonia expected to create a business over the next three years, which was higher than the proportion across the European Union (13%). This was driven by a high proportion of youth (33.2%) and men (23.5%) who expected to start a business (respectively 1.5 and 1.6 times the corresponding EU averages). Women's ambitions to create new business were also above the EU average (13.7% vs. 9.2%).

Figure 2. Self-employment and entrepreneurship rates by target group



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average in panels b, c, and d covers all EU Member States except Malta.

Source: Panel a contains data from Eurostat (2017), Labour Force Survey; Panels b, c, and contain data from the 2012 to 2016 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2017).

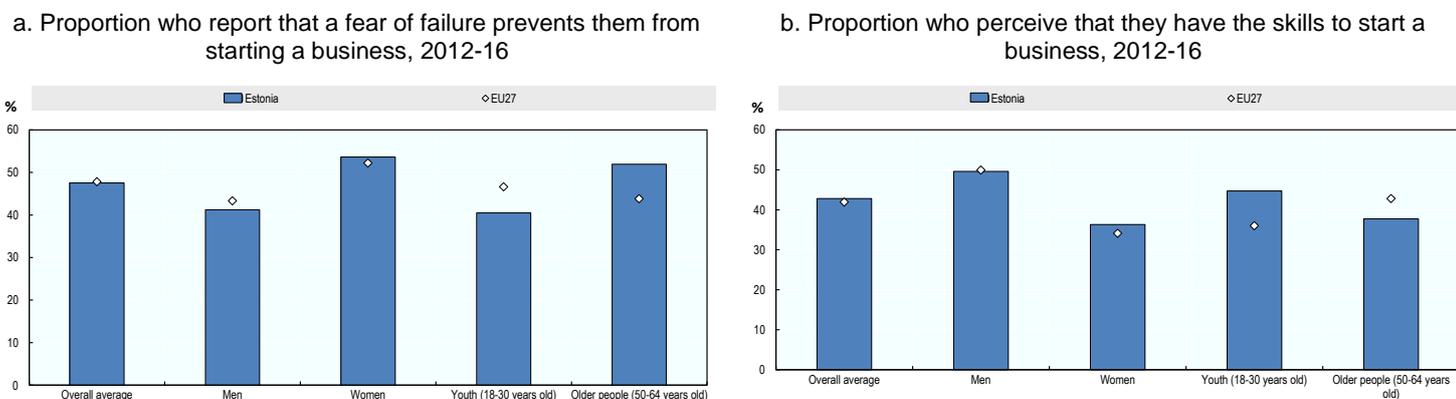
2.3. Barriers to business creation

Potential entrepreneurs in Estonia were as likely as the EU average to report a fear of failure as a barrier to business creation for the period 2010-16 (47.5% vs. 47.8%) (Figure 3a). Youth (40.5%) and men (41.2%) were less likely to cite fear of failure as a barrier than women (53.6%) and older people (51.9%). Young Estonians were particularly confident: they were among the least likely young Europeans to be deterred by a fear of failure over the period. Older Estonians, by contrast, were more cautious than average.

Another important barrier to entrepreneurship for many people from under-represented and disadvantaged groups is a lack of entrepreneurship skills. Over the 2012-16 period, adults in Estonia were slightly more likely than the EU average to report that they have the skills to start a business than the European Union average (42.8% vs 41.9%) (Figure 3b). Women were less likely than men to report that they had sufficient skills to create a business (36.3% vs. 49.6%) but were more likely than

the EU average. Youth were much more confident in their skills to start a business than the EU average (44.7% vs. 36%).

Figure 3. Barriers to entrepreneurship by target group



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

2.4. Entrepreneurship performance

Estonian entrepreneurs were more likely to offer new products and services than the EU average between 2012 and 2016 (36.4% vs. 28.9%). This was the case for all target groups (Figure 4a). Over 40% of youth entrepreneurs reported that their business offered new products and services, which made them the most innovative target group observed and placed them above the EU average for youth (30.5%). Women entrepreneurs were also more likely than the EU average to offer new products and services during this period (36.7% vs. 28.1%).

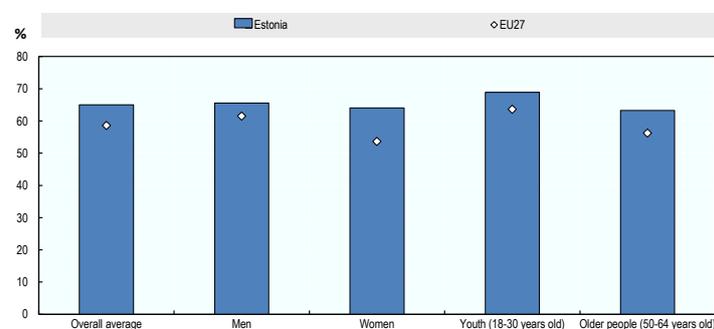
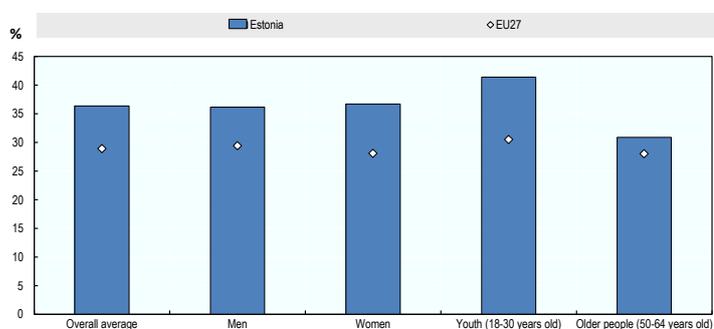
Estonian entrepreneurs were slightly more likely to have customers in other countries than the EU average over the period 2012-16 (65.0% vs 58.6%) (Figure 4b). Youth entrepreneurs were the most likely to have customers in other countries (68.9%), while older entrepreneurs were the least during this period (63.3%).

Even though Estonian entrepreneurs were more likely than the EU average to offer new products and services, and to sell to customers in other countries, they were less likely than the EU average to expect to create at least 19 jobs in the first five years of their business (Figure 4c). Youth entrepreneurs were the most likely among the key social target groups to expect high employment growth between 2012 and 2016 (11.4%), which essentially the same as the EU average (11.1%). Older entrepreneurs were also as likely as the EU average to expect to create 19 jobs over the next five years (9.1% vs. 8.9%), but women were slightly less likely (5.3% vs. 6.0%).

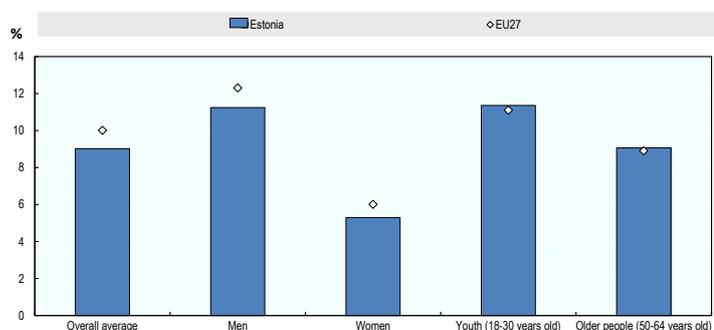
Figure 4. Self-employment and entrepreneurship activities by target group

a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16

b. Proportion who sell to customers in another country, 2012-16



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2012-16



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

3.1. Policy Framework

Entrepreneurship and SME policy is generally guided by the Enterprise Growth Strategy 2014-2020, which emphasises support for innovative start-ups and fostering high-growth businesses. It uses a universal approach to all target groups and is not gender-sensitive. This strategy is under the auspices of the Ministry of Economic Affairs and Communications and is implemented by various agencies.

There are several important actors that support the implementation of the Growth Strategy including the Innovation and Entrepreneurship Committee, which functions as an advisory and assessment body for implementing and updating the Growth Strategy. Enterprise Estonia is responsible for implementing much of the strategy, as its mandate is to support innovation and enterprise policy. Therefore, it delivers several entrepreneurship support schemes, including business counselling and entrepreneurship training. In addition, KredEx (a public financing institution) undertakes monitoring of entrepreneurship and SME financing, which inputs into long-term policy planning and public investment in the venture capital market.

In addition to this strategy, the Welfare Development Plan 2016-2023 (Ministry of Social Affairs, 2016) outlines actions on female entrepreneurship. It indicates an intention to examine the factors behind the low level of entrepreneurial activities by women and also foresees some small-scale promotional activities to encourage female entrepreneurship, such as improving the capabilities of business advisors in County Development Centres to offer specific advice to starting female entrepreneurs, supporting mentoring and networking opportunities for women in business.

There is no dedicated national strategy for inclusive entrepreneurship and currently very little co-ordination of activities between different ministries and stakeholders takes place in this regard, the few examples being support programmes for youth and the unemployed.

Non-governmental organisations play an important role in delivering complementary support to various disadvantaged groups, helping them better integrate into the labour market and entrepreneurial community. This includes entrepreneurship training, mentoring, networks and even micro-credit facilities.

Schools and higher education institutions also have a strong role in supporting youth entrepreneurship. Entrepreneurship education is part of secondary- and vocational schools' curricula, lots of training courses and programmes exist, but there is a tendency to focus on IT-based, high growth start-ups and scale-ups, which excludes many potential youth entrepreneurs.

One of the gaps in the current enterprise policy is the lack of support to business transfers to younger generation (with the small exception of farming enterprises). With an aging population, many older entrepreneurs are expected to retire in the coming years and many of them will rely on the sale of their business to fund their retirement. However, SME surveys identify regulatory challenges related to business transfers and exits, especially for those that are not transferred within a family. There is scope for policy actions to support business transfers, which could also support youth entrepreneurship.

Monitoring and evaluation of public policies is relatively strong. This includes, for example, a sound monitoring system of the Estonian Enterprise Growth strategy that also includes *ex-ante* analysis of the strategy, continuous monitoring of output indicators and strategic evaluations every two years.

3.2. Government regulations

The Estonian regulatory environment for entrepreneurship is considered to be positive. The World Bank's Doing Business report ranks Estonia 14th in terms of administrative burden related to business creation in 2016. This is due to advanced e-government services, including the Company Registration Portal (RIK, n.d.), which is a one-stop-shop for business creation and registration as well as a public support service for new start-ups and SMEs. This portal allows entrepreneurs to submit documents electronically to the Business Register for registering a new company, changing registry

data, liquidating a company and deleting a company from the registry without the need of notarisation. Administrative procedures following the company establishment (e.g. licences, taxation, reporting etc.) are quite SME-friendly and mostly based on e-services. While there are no specific measures to support entrepreneurs from under-represented or disadvantaged groups with administrative procedures, the regulatory environment is not viewed as a significant obstacle to business creation and self-employment.

People from under-represented and disadvantaged groups are more likely to receive financial support from the social welfare system and therefore likely face two strong disincentives for benefit recipients to move into self-employment. First, the self-employed and small business owners do not have access to all of the benefits enjoyed by employees. Second, there are currently no mechanisms such as welfare bridges that can help transition benefit recipients (e.g. unemployment benefits, disability allowances) into self-employment. This could result in an individual abruptly losing the benefits even if they are not earning an income from self-employment (as is common during the early stages of business ownership).

3.3. Financing entrepreneurship

Although the availability of start-up financing has increased in recent years, the majority of entrepreneurs and SMEs in Estonia still perceive access to finance as a significant obstacle for doing business. This is especially true for new start-ups and very small businesses.

Since 2014, policy makers have clearly put an emphasis on shifting from grants to state-backed loans and guarantees. Approximately one-third of all enterprise-related funding from the European Regional Development Fund for 2014-2020 was assigned to KredEx. The main instruments for new and small businesses are publicly guaranteed start-up loan and small loan schemes which are delivered through private sector banks. However, a personal guarantee is required and the evaluation criteria used to assess loan applications are very stringent – 30% of loan applications that are accepted by the banks are rejected by KredEx. Consequently, there is a risk that this scheme provides access to finance only to those who would have been able to access bank loans without the guarantee. Moreover, it appears unlikely that this scheme supports entrepreneurs from under-represented and disadvantaged groups.

There are also a number of microfinance schemes available. Notable schemes include ETNA (ETNA, n.d.), which targets women entrepreneurs in rural areas who are self-employed or owners of a micro-enterprise. The scheme was established with support from the Open Estonia Foundation and has also established loan groups for women in ten rural regions. Participants in the microfinance and loan group schemes are also supported with entrepreneurship training and individual mentoring. A notable feature of these schemes is that repayment is flexible and can be adjusted if the women face difficulties. In addition to ETNA, microfinance is also available from MES (Rural Development Foundation) to farming and food-processing enterprises, from LHV Bank, which is supported by the European Union's Employment and Social Innovation (EaSI) programme and from Citadele Bank. These schemes, however, are not targeted at any specific groups of entrepreneurs – they are open to all entrepreneurs.

The supply of risk capital has grown in recent year with the support of the Baltic Innovation Fund (established in 2013) and the EstFund (established 2016), both co-financed by the public sector and international financial institutions. The EstFund also has seed capital and business angel facilities. A national business angel network EstBan has grown its membership base from 59 to 119 members during the last year. However, this type of financing is not commonly used by most target groups of inclusive entrepreneurship policies.

In addition, the Estonian Ministry of Finance launched a programme promoting financial literacy among Estonian people for the period 2013-2020. The Financial Supervision Authority (FSA) is operating a financial literacy website (Estonian Financial Supervision Authority, n.d.) providing objective and reliable information and guidance on budget planning, saving, borrowing, investing, pensions and insurance products. All financial services are explained in detail and complemented with several tools, calculators, comparison tables, jargon buster, games and tests. The comparison tables of bank fees, savings accounts and deposits, credit cards, consumer loans and fees on selling or buying stocks are created in cooperation with the Estonian Banking Association. Data is inserted and updated directly by the banks. However this programme, like others, is not targeted to any specific disadvantaged groups.

3.4. Entrepreneurship skills

Support for the development of entrepreneurship skills has increasingly gained attention over the past decade, including growth in the number of tailored entrepreneurship training offers for specific groups of entrepreneurs from some under-represented and disadvantaged groups.

Youth have benefited from this increased attention to entrepreneurship skills development as there has been an increase in the amount of entrepreneurship training and education available to them. Upper secondary schools introduced optional courses in entrepreneurship in 2013 and many other projects have been introduced in schools and universities, as well as outside of the formal education system. Some of the notable initiatives include:

- Programmes offered at Tallinn University of Technology (TTÜ, n.d.), including; a pre-incubation program for students' start-up ideas;
- Business accelerators for youth entrepreneurs, e.g. Start-Up Wise Guys (Start Up Wise Guys, n.d.; Build it, n.d.);
- Business competitions, e.g. *Ajujaht* (“Brain hunt”) (Enterprise Estonia, n.d.) , which has been the largest competition of business ideas in Estonia, initiated by Enterprise Estonia (EAS) in 2007; the Youth Start-up Competition Bright Minds; and the *Mektory* Start-up competition; and
- Junior Achievement Estonia (Junior Achievement Estonia, n.d.), which developed entrepreneurship curricula for secondary schools and organises student business competitions and teacher training.

In addition to these public initiatives, there are several private sector initiatives and non-governmental organisations that are active in supporting youth entrepreneurship:

- The Junior Chamber International provides an international network for young entrepreneurial people (JCI, n.d.);
- Garage48 is a business incubator that organises weekend events where participants work in teams to develop business ideas and prototypes for a jury who picks winners (Garage48 Foundation, 2016).
- “INTENSE”-project for NEETs, funded by EU Erasmus+ programme started in 2016 and will continue until 2019. The project involves partners from Estonia, Germany, the

Netherlands, Spain, Cyprus and Turkey. It mainly focuses on improving employability of the target group, but has strong ties with SME-stakeholders.

Most of these initiatives are considered to be of high quality, and there is clearly a strong focus on promoting innovative projects. There is a risk that these measures will not be accessible or appropriate for youth that are at-risk of dropping out of the labour market. It is also important to note that a number of youth entrepreneurship initiatives have ceased operations recently, including a Youth Entrepreneurship Ideas Contest *Entrum* (Entrum Foundation, n.d.) and the youth social entrepreneurship incubator *SEIKU* (SEIKU, n.d.).

There are also a number women-specific entrepreneurship training and networking programmes, most of which are operated by non-governmental women's organisations. Examples include:

- The Estonian Association of Business and Professional Women, a women's entrepreneurship network founded in 1992 to facilitate information and idea exchanges (BPW Estonia, n.d.);
- *ETNA Eestimaal*, the Association of Rural Women-entrepreneurs in Estonia which offers entrepreneurship training, networking opportunities and operates a small micro-credit scheme (ETNA, n.d.);
- The Estonian Women's Studies and Resource Centre, a non-profit organisation that promotes gender equality, including in self-employment (ENUT, n.d.);
- QUIN-Estonia, a local chapter of the Global Women's Inventors and Innovators Network (QUIN-Estonia, n.d.).

There are also several associations of foreign business owners, representing Finnish, Swedish, or Norwegian entrepreneurs who live and work in Estonia. However, these entrepreneurs are foreign investors rather than entrepreneurs who would benefit from inclusive entrepreneurship programmes.

An integrated scheme to support business creation by the unemployed is operated by the Estonian Unemployment Insurance Fund. It provides a training course and a small start-up grant (EUR 4 474). Take-up, however, has been quite modest: less than 0.5% of registered unemployed have been provided with a grant.² Moreover, only a small proportion of the unemployed move into self-employment (approximately 2% in Estonia).

3.5. Entrepreneurial culture and social capital

Overall, entrepreneurship is viewed positively and is promoted by government and others as an important activity for society and the economy. However, entrepreneurship and business start-up promotion is oriented towards innovative scale-ups and high-tech businesses. The use of entrepreneurship as means to integrate disadvantaged groups into the labour market is not part of the public policy strategy on entrepreneurship and neither of labour market policies.

No public initiatives exist to support network-building within the target groups. Some target group-specific networks exist as private initiatives or are supported by NGOs. Some generic business associations further provide platforms for networking, such as the Estonian Association of SMEs, Estonian CCIs, some sectoral and regional associations. Estonian Social Enterprise Network (ESEN)³

² See the impact analysis for more information: www.tootukassa.ee/content/tootukassast/uuringud-ja-analuusid.

³ www.sev.ee/eng.

advocates for and runs development programmes for social enterprises, many of which provide jobs and advance entrepreneurial skills of the disadvantaged.

4. POLICY RECOMMENDATIONS

Entrepreneurship policies in Estonia are designed to support innovation and economic growth in general. However, there are some tailored entrepreneurship schemes to support youth and women, although their objectives are often not aimed at strengthening social inclusion. The only other social target group that benefit from tailored support is the unemployed, who can access a training course and small grant. To strengthen the inclusive entrepreneurship support system, the following recommendations are offered:

1. *Provide more tailored entrepreneurship training, coaching and mentoring for women.* There is a considerable untapped potential in boosting the level and quality of entrepreneurship activities by women. Women are very active in entrepreneurship relative to other countries but they are less likely to operate businesses that offer new products and services, and much less likely to expect to create a substantial number of jobs. This calls for more tailored training and coaching and mentoring to improve the quality of businesses started by women.
2. *Design dedicated support measures in order to facilitate business transfers to young entrepreneurs.* This requires a transfer-friendly regulatory framework and appropriate support structures (e.g. database, matching events). Transfers can take place within the family, to employees or to third parties. There might be an opportunity to promote business transfer as an alternative to start-ups to young people. The government could support business transfers through tailor-made training and management tools on transfer of know-how, dedicated information for young entrepreneurs and matching platforms.

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ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains 5 pillars:

1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?

- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

4. Entrepreneurship skills

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

5. Entrepreneurial culture and social capital

- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?