Inclusive Business Creation

GOOD PRACTICE COMPENDIUM

OECD

European Commission

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Foreword

Stimulating successful business creation across all sections of society is an important requirement for achieving smart, sustainable and inclusive growth and responding to economic and social challenges in European Union countries. Entrepreneurship can respond to high rates of unemployment and low levels of labour market participation which are often concentrated in particular sections of society by enabling people to create their own jobs and jobs for others. It is fundamental to the emergence of a more entrepreneurial economy in which new firms offer new solutions to social, economic and environmental challenges. However, many people face barriers to entrepreneurship. They include access to finance, lack of appropriate skills, and lack of business networks. These obstacles are often more important for people from groups that are disadvantaged and under-represented in entrepreneurship, who often face additional barriers related to attitudes, motivations and welfare systems that discriminate against entrepreneurship. Both business development policies and active labour market policies have a role to play in helping overcome these problems. Appropriate actions can be taken at national, regional and local levels and targeted at key groups such as youth, women, seniors, the unemployed, immigrants, ethnic minorities and people with disabilities. This compendium identifies the types of policy approaches that work in overcoming the problems and discusses key factors for their successful implementation.

It is intended to inspire policy makers in Europe and beyond to introduce new national and local actions to give people from all parts of society the opportunity to succeed in business creation and self-employment, drawing on experiences that have been tried and tested elsewhere. Relevant actions can be piloted and implemented using a range of local, regional, national and European Union funds that are available for this purpose, including the European Structural and Investment Funds and national active labour market policy resources, but appropriate plans and proposals have to be put into place and implemented. This compendium contains a variety of examples of approaches that can be taken. The descriptions of these policy actions not only present the programmes' activities, but also discuss the challenges faced in their development and implementation, and the keys to successfully transferring the approach to a different context. The intention is to help transfer the experiences and lessons learned so that others can avoid common pitfalls and achieve results more quickly.

This compendium is part of an on-going collaboration on inclusive entrepreneurship between the Centre for Entrepreneurship, SMEs and Local Development of the Organisation for Economic Co-operation and Development (OECD) and the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. One of the key objectives of this collaboration is to support capacity development for policy makers through the provision of evidence and guidance on what works. Other outputs available include a series of policy briefs and a set of Missing Entrepreneurs reports that provide policy advice on specific target groups and policy tools. For more information on this work programme, please refer to: www.oecd.org/employment/leed/inclusive-entrepreneurship.htm.

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Acknowledgements

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Executive summary

Nearly one decade after the onset of the economic crisis in 2007, job creation continues to be a political priority across the European Union. With nearly 23 million unemployed people in the second quarter of 2015 and another 91 million who were inactive in the labour market, everybody is asking "how can we create jobs?".

There is no silver bullet solution for this employment challenge. A multi-pronged approach will be needed, including measures to strengthen the macroeconomic environment as well as policy actions that address labour market challenges more specifically. Inclusive entrepreneurship policies can be part of this suite of policy actions. These policies aim to ensure that all groups of people, regardless of their background and personal characteristics have an opportunity to create businesses and work in self-employment. They place an emphasis on supporting people in entrepreneurship who come from social groups that are under-represented in entrepreneurship or disadvantaged in the labour market: youth, seniors, women, ethnic minorities and immigrants, people with disabilities and the unemployed.

It is clear that people from many of these social groups are less likely to be new business owners than core-age males. For example, despite having similar levels of human capital, women were less likely to be a new business owner than men in the European Union between 2009 and 2013 (1.8% vs. 3.5%). Older people (50-64 years old) were also less likely to be new business owners over this period (1.6% for older people and 2.6% for adults). Youth (15-30 years old), however, were as likely as adults (2.9% for youth and 2.6% for adults) to be new business owners but their businesses have low survival rates. Among the main barriers to business start-up for these population groups are access to finance and a lack of entrepreneurship skills. Youth in particular cite these barriers. Women are as likely as men to report these barriers but a gender gap emerges with respect to difficulty reconciling self-employment with family responsibilities and a lack of business idea. Older people are much less likely to report barriers to self-employment than youth and core-age adults, but nevertheless suffer from relatively low labour market participation.

Business creation, or more correctly sustainable business creation, is clearly a key outcome sought from inclusive entrepreneurship policies, and with it greater labour market participation by the target population groups. At the same time, however, the generation of sustainable business start-ups is not the sole outcome sought. People who are encouraged to consider and test entrepreneurship will not always wish to go ahead with starting a business, but very often receive a boost to their skills, motivations, networks and employability from engaging in entrepreneurship. This improves their chances of obtaining a job.

This compendium of good practices aims to increase awareness about the potential of inclusive entrepreneurship policies and programmes, and to be a source of inspiration for policy makers at national, regional and local levels. The in-depth case studies from around the European Union illustrate some of the many options that policy makers have in supporting inclusive business creation, including entrepreneurship training, coaching and mentoring, role models, microfinance, welfare bridges, business counselling and entrepreneurial networking.

Looking across these examples, several keys to success can be identified, regardless of the approach taken or the target client group:

- Develop and deliver inclusive entrepreneurship policies and programmes as part of an integrated strategy.
- Define clear objectives and targets for policy intervention.
- Use targeted outreach to engage disadvantaged and under-represented groups.
- Use competitive mechanisms to target intensive support on those with the potential to succeed.
- Use specialist trainers and advisers.
- Learn from experience.

Reader's Guide

This reader's guide provides information on how to use the compendium, including an overview of its structure. It also provides information on how the compendium was compiled.

Methodology

The first step in preparing this compendium was to develop a set of criteria to select the programme examples that would be included. This list of criteria was developed by the OECD and the European Commission, drawing on the advice of a number of international experts in inclusive entrepreneurship policies and programmes. A range of examples was selected to provide a relatively broad coverage of i) the different regions of the European Union, ii) the different policy approaches that can be used for supporting inclusive business creation, and iii) the different social groups targeted by inclusive business creation policies and programmes. The most important selection criterion was that the examples had to clearly demonstrate a positive impact in terms of creating sustainable businesses. Furthermore, an effort was made to select examples that showcase both traditional and new, innovative approaches.

The identification of examples was undertaken by the OECD by surveying international inclusive entrepreneurship experts, policy makers and practitioners around the European Union. From the resulting list of potential cases, the 20 examples presented in this book were chosen according to the selection criteria. The information for each description was gathered through desk research and interviews with programme managers. Each case study was prepared by national experts and the OECD Secretariat.

How to use this compendium

This compendium has two parts. Part I begins with an overview of key data related to inclusive entrepreneurship in the European Union in Chapter 1. This includes the current levels of business creation by key target groups for inclusive entrepreneurship policy (i.e. youth, women and older people), as well as data on the desirability and perceived feasibility of self-employment. Chapter 1 also provides a brief overview of the principal policy approaches used to promote and support business creation by disadvantaged and under-represented groups.

Chapter 2 presents and discusses key success factors for the main inclusive entrepreneurship policy tools. The chapter also contains an overview table that presents

the key characteristics of each of the 20 examples and a list of further reading material on inclusive entrepreneurship. One page summaries of each policy example contained in this book are included in an annex to this chapter.

Part II of the book presents the collection of 20 in-depth descriptions of policies and programmes. The descriptions provide the objectives and rationale for each example, and an overview of the activities undertaken, the role of partners and results achieved. Each description also describes the challenges encountered and keys to successfully transferring the approach to another context.

PART I

Challenges, options and success factors for inclusive business creation policy

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Chapter 1

Key policy issues and approaches to inclusive business creation

This chapter presents key inclusive entrepreneurship data for youth, women and seniors. This includes business creation rates, interest in entrepreneurship and barriers to self-employment. The chapter also discusses the main policy approaches used in the European Union to encourage and support disadvantaged and under-represented groups in business creation and self-employment.

Facts and figures on inclusive business creation

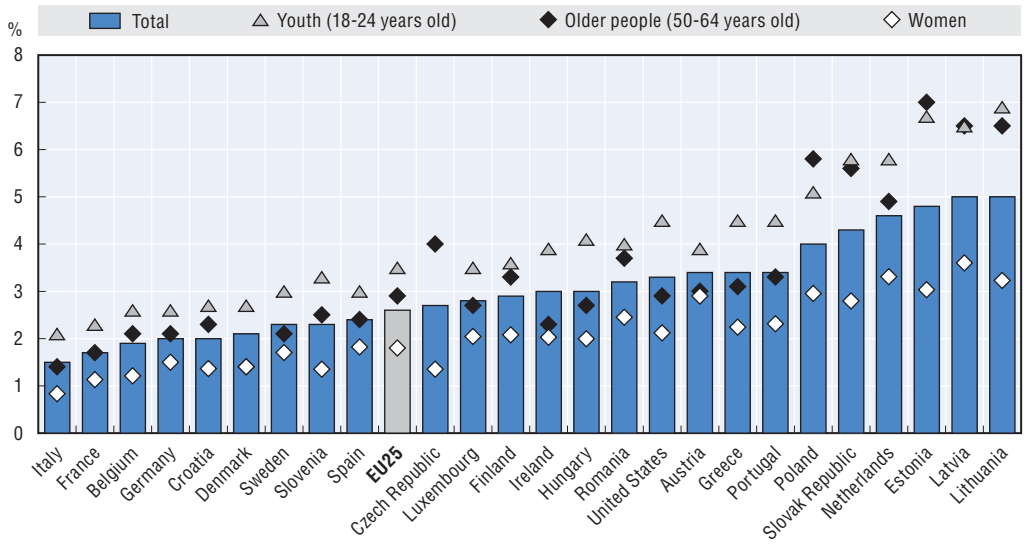
Business creation

Policy makers are interested in business creation for several reasons. New businesses help stimulate innovation and are responsible for nearly all private sector job creation net of closures and job losses in larger established firms. However, only a relatively small part of the population is involved in starting a business, and there are some substantial differences across countries in this propensity. Figure 1.1 compares the rates of new business ownership for the total population, women, youth and older people. This measure captures the proportion of the adult population who report that they are currently an owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than 3 months, but not more than 42 months. Approximately 2.6% of the adult population in the European Union was a new business owner in the 2009-13 period. At the country level, this proportion ranged from 1.5% in Italy to 5.0% in Lithuania. Increasing the rates can be expected to have important benefits for job creation and innovation.

Furthermore, not all people have the same opportunities to create and run a business. It is clear in Figure 1.1 that some population groups are less likely to be new business owners. Despite having similar levels of human capital, women were less likely to be a new

Figure 1.1. **New business ownership rates in the European Union, 2009-13 (combined)**

Percent of adult population (15-64 years old)



Notes:

The European Union countries that participated in the Global Entrepreneurship Monitor survey over this period are: Austria, Belgium, Croatia, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom.

Data presented in this figure are pooled data, combining the annual survey results over the 2009-13 period. A number of countries did not participate in the GEM surveys in every year but were included in the tables: Austria (2012, 2013), Czech Republic (2011, 2013), Denmark (2009, 2010, 2011, 2012), Estonia (2012, 2013), Ireland (2010, 2011, 2012, 2013), Italy (2009, 2010, 2012, 2013), Lithuania (2011, 2012, 2013), Luxembourg (2013) Poland (2011, 2012, 2013), Portugal (2010, 2011, 2012, 2013), Slovak Republic (2011, 2012, 2013) and Sweden (2010, 2011, 2012, 2013).

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.

Source: Global Entrepreneurship Monitor (GEM) (2014), Special tabulations of the 2009-13 adult population surveys from Global Entrepreneurship Monitor.

business owner than men between 2009 and 2013. Across the European Union, women were half as likely as men to be new business owners (1.8% vs. 3.5%) in this period. This gap can be closed with a range of policies, including making business creation more desirable for women, supporting the creation of entrepreneurial networks, implementing family policies that encourage dual earners and offer childcare services and addressing discrimination in financial markets (OECD/EC, 2013).

On the other hand, youth (18-24 years old) were more likely to be new business owners than adults. Over the 2009-13 period, 3.5% of youth in the European Union were new business owners. Despite these high rates of start-up, a body of academic research suggests that businesses operated by youth entrepreneurs are likely to have lower survival rates (e.g. van Praag, 2003). Thus, the challenge for policy makers is to ensure that youth are starting quality businesses in appropriate industries where there is sufficient excess demand to build a sustainable business (OECD/EC, 2012).

The picture is mixed for older entrepreneurs (50-64 years old). In some Member States, older entrepreneurs are more likely to be a new business owner while in others the rate is below that of adults. As the European Union population ages, labour force participation rates among older people are increasing but self-employment rates are lagging (OECD/EC, 2012b). Furthermore, the size and growth rates of businesses operated by older people tend

to be small (OECD/EC, 2012b). Policy makers can seek to increase the entrepreneurial potential of older people by creating a positive awareness of the benefit of entrepreneurship, supporting network development, ensuring access to start-up financing, highlighting the potential of business acquisition rather than start-up and encouraging older people to support start-ups by younger entrepreneurs.

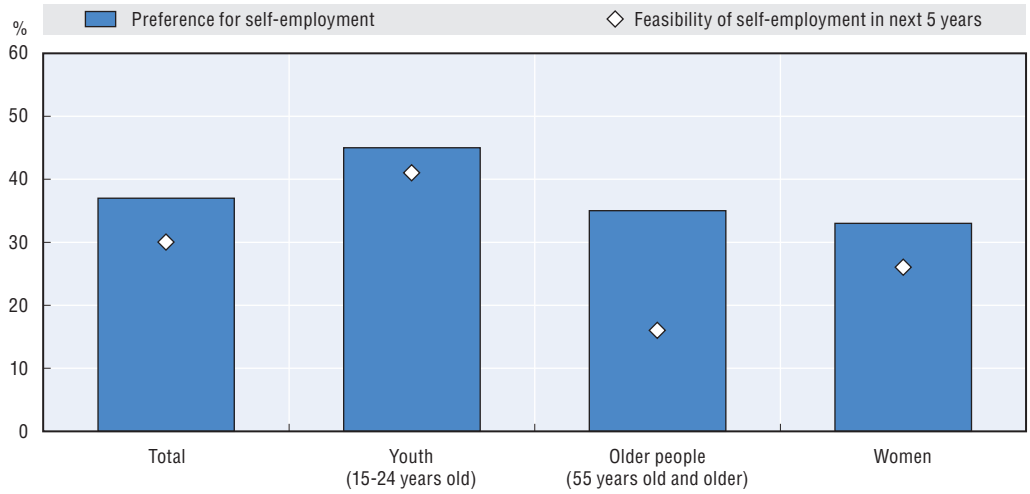
Desirability and feasibility of self-employment

There are many factors that influence the decision to create a business. Data from the recent Eurobarometer survey suggest that having an appropriate business idea (87%) and the ability to access the necessary financing (84%) are two of the most important factors (EC, 2012). However, underlying this decision is the individual's perception about the desirability and feasibility of entrepreneurship. That is, whether business creation is viewed positively relative to working as an employee and whether it is a realistic option.

Figure 1.2 presents the perceived desirability and perceived feasibility of self-employment for the adult population, women, youth and older people. In 2012, women were much less likely than men (not shown) to prefer self-employment to employment (33% vs. 42%) and were also less likely to view self-employment as feasible (26% vs. 35%). Youth, however, were more likely than adults to view self-employment as preferable to working as an employee (45% vs. 37%) and as a feasible activity (41% vs. 30%). This enthusiasm explains high start-ups rates among youth. Older people were as likely as adults to view self-employment as preferable to paid employment (35% vs. 37%) but were much less likely to view it as feasible (16% vs. 30%). The gap in perceived feasibility can be explained by a range of factors, including lifestyle choice, financial disincentives in state benefits and retirement income and the opportunity cost of time (i.e. older people are often less willing to commit time to activities that yield a stream of future payments and are associated with some risk, such as starting a firm, compared to activities that generate instant and riskless returns, such as waged labour).

Figure 1.2. **Preference for and feasibility of self-employment in EU28 countries, 2012**

"If you could choose between different kinds of jobs, would you prefer to be self-employed?"
"Regardless of whether or not you want to become self-employed, would it be feasible for you to be self-employed within the next 5 years?"



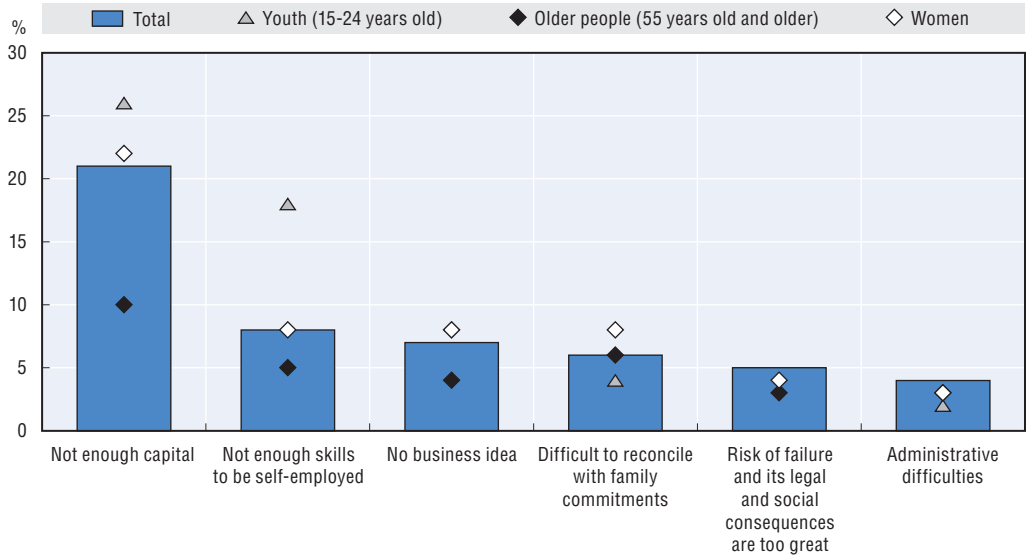
Source: European Commission, 2012, "Entrepreneurship in the EU and beyond", *Flash Eurobarometer*, No. 354.

Barriers to business creation

Perceptions of barriers to business start-up are presented in Figure 1.3. Access to start-up financing is the most frequently cited reason why it is not considered feasible to become self-employed, identified by 21% of adults in the European Union. This was followed by a lack of skills to be self-employed (8%), no business idea (7%) and difficulty reconciling self-employment with family responsibilities (6%). A risk of failure and its legal and social consequences (5%) and administrative difficulties were also identified (4%). There are levers available for public policy to reduce each of these barriers.

Figure 1.3. **Barriers to business creation in EU28 countries, 2012**

"Why would it not be feasible for you to be self-employed within the next 5 years?"



Source: European Commission, 2012, "Entrepreneurship in the EU and Beyond", *Flash Eurobarometer*, No. 354.

There is some variation in the extent to which different population groups experience these barriers. Both men and women identified access to capital for business start-up as the most significant barrier and had similar likelihoods of identifying it as a barrier (22% for women and 20% for men). Men and women also had similar likelihoods of being constrained by a lack of skills, a high risk of failure and significant consequences of business failure and administrative difficulties. However, women were more likely to identify a difficulty reconciling self-employment with family responsibilities (8% vs. 4%) and a lack of business idea (8% vs. 6%).

Youth were the most likely population group to identify a lack of capital (26% vs. 21%) and skills for entrepreneurship (18% vs. 8%) as barriers to self-employment. There was little difference between youth and adults for other perceived barriers. Administrative difficulties do not appear to be a significant barrier for youth, suggesting that efforts to reduce regulatory burden are likely to have a small impact on youth entrepreneurship.

Even though older people were half as likely to view self-employment as feasible (Figure 1.2), they were much less likely to report barriers to self-employment than youth and core-age adults. Only 10% of older people indicated that a lack of start-up capital was a barrier to self-employment. Similarly, only 5% of older people reported a lack of skills and 4% reported a lack of business ideas as barriers, whereas 8% and 7%, respectively, of adults reported these barriers.

Main policy approaches for supporting inclusive entrepreneurship

Entrepreneurship education and training

Entrepreneurship education in schools, vocational education and training and higher education helps youth develop a positive attitude towards entrepreneurship and provides an opportunity to learn basic entrepreneurship skills so that youth can start higher quality businesses that are more likely to succeed (OECD/EC, 2013).

The aim of entrepreneurship education typically varies by age of students. In primary education, the objective is to increase awareness of entrepreneurship as a career option and develop knowledge, skills, and attitudes that are conducive to entrepreneurial behaviour. Often, this is done by inviting local entrepreneurs to speak to students in the classroom about running a business but it is also common to take students to local businesses to watch and learn about the day-to-day operation of a small business.

In secondary school, entrepreneurship education places a greater emphasis on the acquisition of specific technical skills. This is often done by providing opportunities to learn about business planning and accessing start-up financing through simulations or real business start-ups.

This approach goes further 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 importance of networks. Different approaches are used at different universities. Some offer integrated entrepreneurship modules within traditional subjects, while others offer dedicated courses and programmes. Many higher education institutions also have hands-on start-up support services that are available directly from the university or through partnerships with other organisations in the local community.

Vocational training centres have strong links with the business community and therefore offer great potential for supporting entrepreneurship education. Entrepreneurship education at this level tends to be less developed in the European Union than at other education levels. Current approaches tend to concentrate on the development of business plans and while this is important, more attention is needed on ensuring that students get hands-on experience that can be applied in the real world.

Entrepreneurship skills (Box 1.1) can also be developed outside of the education system. **Entrepreneurship training** outside of formal education can be targeted on specific groups of motivated entrepreneurs and can focus more on practical skills development. Training programmes typically deliver entrepreneurship modules over a number of weeks but there is also significant scope for the development of online courses. Often delivered as part of active labour market measures, this is one of the main policy approaches to supporting the acquisition of entrepreneurship skills for older people and disadvantaged youth who do not participate in education.

Box 1.1. **Entrepreneurship skills**

Entrepreneurship skills are a combination of technical skills, business management skills and personal skills required for starting and operating in business and self-employment. They include, for example, opportunity recognition, team building, negotiation, strategy development, risk management, financial planning, and marketing. Supporting the acquisition of entrepreneurship skills is important for not only increasing start-up rates but also improving the quality of business start-ups.

Coaching and mentoring

Coaching is typically a short-term relationship aimed at developing the skills of an entrepreneur. It is a collaborative process, in which the participants have clearly defined roles. The coach is responsible for developing short-term goals and guiding the coachee towards the goal by providing constructive feedback. The coachee is responsible for generating ideas and options, taking action to achieve the goal, and reporting progress.

Mentoring is also a professional relationship in which an experienced person (the mentor) assists another (the mentee) in developing skills and knowledge that will enhance the less-experienced person's professional and personal growth. These relationships are typically more long-term than the coaching relationship.

Coaching and mentoring schemes can be provided as either stand-alone programmes, or a component of an integrated scheme. To be effective, there must be a high level of trust between the individuals involved in coaching and mentoring relationships. For inclusive entrepreneurship, this means paying special attention to the needs of the client and matching them with a coach or mentor who understands the challenges faced. Often, the coach or mentor is from the same target group.

Most public policy initiatives seek volunteer coaches and mentors from the local business community. To increase the chances of being effective, initiatives should use a matching process that considers both individual and business characteristics and provide training to coaches and mentors to strengthen their communication skills and improve their knowledge about the barriers that clients face (OECD/EC, 2014). It is also important to set a time limit on the relationship to avoid a relationship based on dependency and to track the progress made during the relationship to ensure expectations are met.

Financing

As identified earlier in the chapter, access to start-up financing is often identified as one of the greatest barriers to start-up. This challenge is magnified for those in disadvantaged and under-represented groups (with the exception of senior entrepreneurs), reflecting in large part the relative lack of collateral assets and own financial resources in these groups (OECD/EC, 2013; 2014b). Some potential entrepreneurs may also face discrimination in credit markets. The goal of inclusive entrepreneurship policy interventions in this area should be that everyone, irrespective of gender, age or ethnic background, has access to business financing tools available in the market.

Grants are the most commonly used approaches for inclusive entrepreneurship. These are capital transfers by which money ownership is transferred from one party (i.e. the grantor) to another (i.e. the grantee). It is not uncommon for public programmes to provide grants under certain conditions, for example with respect to its final use. Conditionalities are set to prevent misuse of public resources.

While not every entrepreneur applies for a **bank loan**, there are many that do and whose request is rejected. Governments can intervene by targeting loans to people who would otherwise find it difficult to obtain them, but who nonetheless have a viable business project (or one that can be made viable with complementary policy support). Many European Union countries have introduced subsidised loan schemes. An example is so-called "Honour Loans", which have provided many generations of young and female entrepreneurs in Italy and France with a combination of grants and interest-free loans. Honour loans are called so because they are conceded against the borrower's word of honour, without requiring collaterals or other forms of guarantee.

Alternatively, policy makers can offer a guarantee on private sector loans. **Credit guarantee schemes** are a commitment by an agency to reimburse a lender if the borrower fails to repay a loan. The guarantee fee is covered by the borrower, lender or both. As a risk sharing mechanism, credit guarantee schemes reduce the risks and potential losses of creditors, inducing lending to riskier types of borrowers. These schemes typically generate fewer market distortions relative to direct lending programmes because they use existing market mechanisms (i.e. private banks) as the main vehicles for lending.

Another approach used within inclusive entrepreneurship policies is **microcredit**, which is the extension of very small loans to borrowers who typically lack collateral and a verifiable credit history. They may often come from disadvantaged groups such as unemployed, youth or people with disabilities and may be unable to access the regular credit market. Microcredit is designed not only to support entrepreneurship and self-employment but also to alleviate poverty. Microcredit is a subset of **microfinance**, which is the provision of a wider range of financial services and other supports (e.g. training) to those with low incomes and no savings. Microcredit is typically provided through specialised microfinance institutions. In the European Union, the microcredit threshold is set at EUR 25 000. In practice, microloans supported by European Union funded programmes such as Progress Microfinance or EaSI Financial Instruments are well below this threshold, averaging at less than EUR 10 000.

Finally, an important element of supporting access to finance within inclusive entrepreneurship policies is **financial education** since many potential entrepreneurs from disadvantaged and under-represented groups have low levels of understanding of basic financial concepts and are unaware of their options in seeking start-up financing, for example how to access new forms of finance such as crowdfunding and group lending or how to maximise the use of limited resources through bootstrapping. The goal is to improve financial literacy. This includes the knowledge and understanding of financial concepts, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life.

Inclusive entrepreneurship programmes often develop specific financial actions for disadvantaged and under-represented groups as a whole, or for key populations within this group, such as specific initiatives for women or youth. However, smaller countries and regions often opt to serve these groups through mainstream programmes available to the population as a whole when the size of the client base does not justify a tailored programme. When putting in place finance programmes it is important to recognise that availability of finance alone is unlikely to solve all the business creation problems faced. Financing programmes also need to be aligned with other initiatives, including supporting entrepreneurial skills and market development skills.

Welfare bridges

Welfare bridge schemes pay an allowance or unemployment benefits for a fixed period of time after business start-up to cover social security contributions and living expenses. This approach has been introduced by several governments in the European Union over the past decade in order to ensure that the unemployed are able to secure an income during the period when they are starting and developing their business or self-employment activity and before they obtain a regular income.

With the large number of welfare bridge schemes implemented in the European Union, a substantial body of evidence can shed light on the effectiveness of these schemes. Two-year survival rates tend to be between 66% and 85%, which is only slightly lower than the overall survival rates of new businesses (OECD/EC, 2014). However, examining survival rates is not sufficient when considering the effectiveness and efficiency of these schemes. Programme costs need to be considered, as well as deadweight and displacement costs. Estimates of deadweight costs (usually self-reported measures of "I would have started a business none withstanding the subsidy") vary according to the country and the characteristics of the programme. Displacement effects are rarely investigated in evaluations but warrant consideration by policy makers.

Box 1.2. **Deadweight costs and displacement effects**

Deadweight costs: The cost of supporting participants who would have set up a new business without the subsidy. Since behaviour of these "deadweight participants" is unaffected by the scheme, their participation does not contribute to economic value but involves a public outlay. The social cost of this outlay is the sum of the distortionary cost, the excess burden of the tax that finances it and the expenses to cover arrangement costs.

Displacement effects: The extent to which subsidised businesses take markets from and displace employment in unsubsidised businesses.

Business development support

Business development support services are services that aim to improve the performance of the enterprise by improving its ability to compete and access markets. Support services include information provision, consultancy and advisory services, marketing assistance, technology development and transfer assistance and networking. Both strategic (medium- to long-term issues that improve performance) and operational (day-to-day issues) supports are included (see OECD/EC, 2014).

In practice, policy makers use a variety of tools as part of a suite of business development support. The least intense service is **sign-posting**, which provides information to entrepreneurs about where they can go to seek professional sources of information and assistance. This can be done with websites, with information provided through public employment services and other partners (e.g. chambers of commerce) or media campaigns. The most critical success factor for sign-posting information for entrepreneurs from disadvantaged and under-represented groups is to go through channels that they already use (e.g. community media).

Business counselling is a business development service where professional business advice is provided to an entrepreneur. A common approach to offering business counselling services as part of an integrated support package and often meeting with business counsellors is often a condition for receiving financial support.

The most intensive business development support services are provided while enterprises are hosted in dedicated locations. **Incubators** are facilities designed to support the creation and growth of entrepreneurial companies through an array of business support resources and services, offered both directly in the incubator and through its network of contacts. Incubators vary in the way they deliver their services, in their

organisational structure, and in the types of clients they serve. While virtual/online incubators exist, most programmes host start-up companies on their premises for a limited period of time. Successful completion of a business incubation programme increases the likelihood that a start-up company will survive and grow.

Networking

Entrepreneurial networks provide access to groups of interconnected entrepreneurs, business service providers and various other relevant people whom entrepreneurs can access for information and ideas for the operation of their businesses in reciprocal relationships. These networks can help entrepreneurs obtain financing, find business partners, suppliers, employees and customers, and get ideas for new products, processes, organisational methods and business models. They can also influence an individual's perception of the desirability and feasibility of entrepreneurship (OECD/EC, 2015).

Several key factors for the success of such initiatives can be identified. *First*, network structures and processes should be designed to ensure a high degree of interaction between the entrepreneurs in the network and the wider business community. This will ensure that entrepreneurs from disadvantaged and under-represented groups have access to a greater pool of resources to help them overcome their barriers and obstacles. In addition, building a strong bridge between the network and the wider business community will ensure that the network does not further isolate the group of disadvantaged entrepreneurs and reinforce their disadvantage.

Secondly, policy makers should set up clearly defined objectives for entrepreneurial networks. These objectives will shape the structure and processes of the network. For example, some policy actions combine the creation of networks with delivering entrepreneurship training and access to financing. This type of network will require a very different structure than one that aims to build international connections and facilitate exporting and business expansion. Having a clear purpose will also improve outreach and awareness-raising around the network.

Third, policy makers should not create a plethora of networks. A large number of networks will crowd each other out and will undermine the benefits that each network brings. It is much more important for policy makers to focus on providing high-quality networks.

Fourth, public policy should support the use of online entrepreneurial networks. While their effectiveness is not known, they can be a low-cost and easily-accessed structure. However, policy makers need to ensure that the network is dynamic so that members remain engaged. The impact will likely be greater if combined with face-to-face interactions.

Finally, it is crucial that policy makers design networking initiatives in such a way that the management and ownership of the network are transferred to the members. This is likely to build a higher level of trust and participation by members and potential members.

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Chapter 2

Ingredients of successful inclusive business creation programmes

This chapter presents and discusses six key success factors for inclusive entrepreneurship policies and programmes. The discussion makes links between the success factors and the examples contained in this compendium. The chapter also presents one-page summary tables for each policy example and an overview table that presents the main characteristics of each example. A list of further reading material is provided.

Keys to success

Programmes for business creation and self-employment among disadvantaged and under-represented groups need to respond to differences in the nature and scale of the barriers that these groups face to successful business creation compared with the general population and other disadvantaged and under-represented groups.

Programmes also need to respond to various problems experienced by particular target groups in accessing programmes. For example, women are more likely to prefer local access to business support services such as training and mentoring, youth are more likely to suffer from scepticism on the part of mainstream business advisors, ethnic minorities and immigrants are more likely to lack awareness of support available, and people with disabilities need reassurance about their social security status (OECD/EC, 2013).

To address these two needs, policy makers can use various policy delivery models, ranging from full integration into the mainstream provision to the use of specialist agencies delivering tailored support to specific target groups. The choice of model has implications on the effectiveness and costs of the policy intervention.

A corrigendum has been issued for this page. See:
http://www.oecd.org/about/publishing/Corrigendum-InclusiveBusinessCreation.pdf

Therefore, a key question for policy makers is to what extent can disadvantaged and under-represented groups adequately be served by the same support and delivery arrangements as provided to other population groups (i.e. mainstream support) and to what extent does it make sense to offer partly or entirely different policy measures and delivery routes (i.e. targeted support). One of the advantages of targeted programmes and delivery structures is that they help to ensure that the hardest-to-reach groups receive support, and receive the support that is most appropriate to them. On the other hand, going too far towards different support offerings and structures can run into problems of high costs and lack of economies of scale in delivery, and isolation of target groups from other relevant programmes.

Regardless of the delivery model used, there are six keys to success in designing and delivering inclusive entrepreneurship policies and programmes.

1. Develop and deliver inclusive entrepreneurship policies and programmes as part of an integrated strategy

While the use of inclusive entrepreneurship policies is growing in the European Union, the resulting policy actions in many European Union Member States have been fragmented across different government ministries and levels of government, and across many mainstream and specialist business support organisations. To help ensure that there are no important gaps or duplications in policy, that actions reinforce one another, that bottlenecks are identified and resolved, that successful policy innovations are spread and that entrepreneurs and potential entrepreneurs can find their way to appropriate support, policy actions should be designed together as part of an inclusive entrepreneurship strategy that is linked to mainstream entrepreneurship support. The development of these strategies should be based on an understanding of the policy context, identification of key actors and existing policy supports, identification of the actions needed, and the use of monitoring and evaluation to improve policy interventions.

A number of steps and tools are available to help policy makers design a strategy. One is the policy cycle concept, which highlights the policy development process and information needs at different stages of a programme (see OECD/EC, 2013). A more practical tool is the COPIE diagnostic tool (*www.cop-ie.eu*), which helps policy makers in a given territory collect quantitative and qualitative information on the current policy environment and identify the areas for improvement. An action planning process is also needed with stakeholders to translate this diagnostic information into a set of objectives and prioritised actions, together with a process for selecting the projects to fund within a programme and for determining which bottom-up policy innovations merit continued or expanded support. Finally, an under-utilised tool in the European Union is programme evaluation. This is critical for helping policy makers to understand the additional impacts of policy after allowing for deadweight and displacement. A good strategy depends not just on the collection of such evaluation evidence, but also on its use at all stages of the policy cycle.

Box 2.1. **Examples of developing and implementing projects within integrated strategies**

There are several examples in this compendium of programmes and projects that were designed and implemented as part of a broader suite of support programmes. *Access to Work*

Box 2.1. **Examples of developing and implementing projects within integrated strategies** *(cont.)*

in the *United Kingdom* is a grant programme that supports workplace adjustments (e.g. physical modifications, equipment purchase) for people with disabilities. Self-employed people with disabilities can access all grants in this programme and applicants interested in creating a business are directed to the New Enterprise Allowance by programme staff. Access to Work was developed within the broader suite of social programmes for people with disabilities and use of this programme does not reduce any other supports received.

Women Ambassadors in *Sweden* was developed as part of a national strategy to promote and support women's entrepreneurship. The Ambassadors programme was launched in 2008 to promote entrepreneurship to women. Other programmes were designed to complement it with provisions of training, financing and business counselling.

Women in the Labour Market was part of a suite of pre-accession programmes in *Croatia* that aimed to improve offerings by public employment services. This programme provided both technical assistance for public servants and a number of employment programmes, including three projects to support women entrepreneurs.

2. Define clear objectives and targets for policy intervention

Defining appropriate objectives is one of the most critical steps in policy design because the actions to be taken, the most appropriate delivery model to be used and the criteria used to measure the success of the programme will follow from the objectives. To define objectives and targets, policy makers need to undertake a needs diagnosis and action planning process. These activities involve assembling information and evidence on the problems faced by disadvantaged and under-represented groups in business start-up and self-employment, the current policy offerings and the options for improving policy and filling policy gaps, in order to inform proposals on the most appropriate actions for future implementation. Targets should be set to help guide the development and delivery of the programmes, ensuring that they are on an appropriate scale.

Ex ante evaluations are also very important. They are performed before a policy intervention is implemented in order to assess its relevance and coherence and its implementation arrangements. The *ex ante* evaluation can be used to set up targets and milestones for activities, outputs and outcomes, and to set up procedures for subsequent evaluations over the lifetime of the intervention.

Box 2.2. **Examples of defining objectives and targets**

This compendium contains many examples of practices that used a needs assessment to define objectives. *Kiútprogram* in *Hungary* introduced a group lending programme for Roma populations in disadvantaged areas to support business creation and the formalisation of informal businesses. The first step in developing this programme was to conduct field work in potential regions to assess the need for such a programme.

Box 2.2. **Examples of defining objectives and targets** *(cont.)*

The Adie *Microfranchising* programme in *France* was developed in response to a growing number of clients who had a willingness to create a business but did not have a viable business idea. Traditional start-ups and franchises are not affordable for low-income entrepreneurs so the microfranchise model offers a solution. The programme also anticipates growth, setting 5-year targets for each type of microfranchise model.

3. Use targeted outreach to engage disadvantaged and under-represented groups

The ability to reach potential clients underlies the success of any inclusive entrepreneurship programme or project. Public agencies and those delivering the support should seek to exploit the media channels that are the most widely used by the members of the various groups targeted. This could include, for example, radio, newspapers and social media that already have a strong following in the target client group. In addition, broader awareness campaigns and the promotion of role models in the target groups should leverage these media channels.

Box 2.3. **An example of outreach using the media**

A good example of outreach using the media is *Going for Growth* in *Ireland*, which aims to inspire women to grow their businesses. It uses a network of champions to promote growth entrepreneurship for women and has effectively used media campaigns to reach women entrepreneurs.

While using the most appropriate medium of communication is important, attention is also needed on the message that is being delivered. The messages need to be tailored and differentiated to particular target groups to increase the chances of connecting with them. For example, the messages for potential youth entrepreneurs will need to be different than those for women or seniors. Moreover, outreach to immigrant and ethnic minority groups may need to be done in multiple languages.

Box 2.4. **Examples of outreach using word-of-mouth and events**

A number of examples of targeted outreach efforts are contained in this compendium. In *Denmark*, the *Business Coaching for Ethnic Minorities* project in the city of Vejle uses bi-monthly outreach meetings in various languages to reach entrepreneurs in different ethnic communities. These are typically organised in collaboration with local business associations. Word-of-mouth is also important for promoting this coaching programme.

DreamStart, an integrated entrepreneurship support programme for unemployed youth in *Belgium*, initially put little effort into outreach. It relied on referrals instead. However the result was a stream of potential clients with the same profile and same ideas. To broaden its client base, DreamStart now makes presentations at events, hosts outreach meetings and distributes printed material through the enterprise agency.

4. Use competitive mechanisms to target intensive support on those with the potential to succeed

Many programmes that demonstrate an impact use selection criteria to select participants. Common approaches are to use a competitive mechanism (e.g. business plan competition) to select those who are the most likely to succeed in business creation. The use of strong selection criteria will improve the programme's performance metrics (e.g. participants' business survival rates). The use of such strong selection mechanisms is widely used for costly programmes, such as face-to-face coaching or start-up financing, to help to ensure that programme results are in line with costs.

Box 2.5. **An example of using competition to award support**

Mature Entrepreneur in *Poland* is an example of how a competitive element can be integrated to target the support on those likely to succeed. Participants were selected for its training component through written applications and short interviews. Participants who completed at least 80% of the training could compete for a one-time grant and a welfare bridge allowance for 6 months. This financial support was awarded by a committee that consisted of representatives of local employers organisations.

However, there are risks associated with using competitive selection mechanisms that policy makers need to be aware of. As competitive mechanisms will select those who are most likely to succeed, there is a risk that public supports will be used to assist those who do not need any support (deadweight cost). Furthermore, competitive selection mechanisms will almost always disqualify the most disadvantaged people, undermining the objectives of inclusive entrepreneurship policy. Therefore the selection criteria used to choose the participants need to consider not only skills and capabilities, but also motivations and objectives for the intervention.

Alternatively, staged support can be used to filter participants. Low-cost support can be offered to a broad base of potential clients (e.g. basic entrepreneurship training) and more intensive support can be offered progressively as participants successfully complete each step.

Box 2.6. **Examples of filtering mechanisms**

The "funnel" approach is used widely in inclusive entrepreneurship policies and programmes and several examples are contained in this compendium. The *Measure for Commencing Commercial Activity or Self-employment* in *Latvia* provides support in two phases. First, participants can receive up to 20 business consultations over 6 weeks to help develop a business plan. They can then apply for the second stage of support that provides additional individual business consultations and financial grants. To access this additional support, business plans are assessed by industry experts for the uniqueness of product or service, level of innovation and size of potential market.

BBZ in the *Netherlands* provides financial support, training and business development services to unemployed people who start a business. One of the features of this programme is that participants are triaged into different groups depending on their needs. Different intensities of support are provided to the different groups.

5. *Use specialist trainers and advisers*

Policy makers need to pay attention to the quality of support services provided. Entrepreneurship trainers and mentors, coaches and advisers should have a very good understanding of the challenges and needs of the particular disadvantaged and under-represented groups they work with. Training of the trainers and advisors in working with each target group is therefore important. Recruitment of people from the target group or with experience of working with the target group is also important. Alternatively, delivery agencies can partner with private sector organisations to leverage their experience and expertise.

Box 2.7. **Examples of working with partners to deliver training**

This compendium contains several examples of public-private partnerships. One example is the *Entrepreneurship Promotion Fund* in *Lithuania*, which provides microcredit finance and training. It is managed by INVEGA, the agency that is responsible for the development of small and medium-sized enterprises, in co-operation with the Ministry of Social Security and Labour and the Ministry of Finance. A number of private sector organisations are vital to this programme's operation, including the Lithuania Central Credit Union, credit unions and training organisations. INVEGA leverages the strengths of each private sector organisation for different elements of the programme.

Entrepreneurship Works in *Belgium* is a coaching programme for unemployed people who are interested in entrepreneurship. It relies on a strong partnership between several organisations, notably the Union of Self-Employed and SMEs, which is the primary manager, the Flemish Public Employment Service for outreach and contact with the unemployed and a training organisation to deliver the coaching support.

Similarly, *Invitalia*, *Italy*'s national agency with the responsibility of improving Italy's competitiveness, operates several business creation programmes. Available support includes financing, training, coaching and mentoring. It uses local and regional partnerships to reach potential clients and to deliver high-quality support that is relevant for the local context.

One method to ensuring the quality of business start-up and self-employment support is to build an accreditation system that verifies the experience and skill levels of those delivering support. It is also possible to link public funding for business creation and self-employment support to a requirement that trained and qualified business trainers and advisers are used.

Box 2.8. **An example of accrediting business development support organisations**

An example of an approach to ensure quality provisions by business development service provides is *Prowess*, which was a membership network of organisations of women-friendly business start-up support service providers across the *United Kingdom*. One of its key initiatives was the Prowess Flagship Award, which was designed to recognise women-friendly business support services.

6. Learn from experience

Evaluation is an important tool that supports the design and implementation of inclusive entrepreneurship policies and programmes. Evaluations can be designed to assess policy actions against a range of key success criteria (e.g. relevance, effectiveness, efficiency, impact, sustainability) and, based on the conclusions of this assessment, to identify areas for improvement (Table 2.1). These outcomes of evaluations should then be fed back into the policy design and delivery processes.

Table 2.1. **Key evaluation criteria**

Measures	Definition	Example question
Relevance	The extent to which the activity is suited to the priorities and policies of the target group, recipient and government (objectives vs. needs).	Is finance still a barrier to female entrepreneurship? Do changes in regulations related to disability benefits make it unattractive for them to start businesses?
Effectiveness	The extent to which the intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance (outcomes versus objectives).	Was the target number of youth enterprises started? Did they survive for two years?
Efficiency	The outputs in relation to the inputs. This is an economic term which signifies that the intervention uses the least costly resources in achieving the desired results (inputs vs. outputs).	What was the cost per person advised? What was the cost per Roma job created? What percentage of clients was from the target group? Were there more efficient ways of implementing the action?
Impact	The positive and negative changes produced by a policy intervention, directly or indirectly, intended or unintended (objectives vs. outcomes).	Is there now a higher rate of business ownership and self-employment in the target group? Is there now a higher employment rate for the target group? Has social inclusion increased?
Sustainability	Whether the benefits of an activity are likely to continue after funding has been withdrawn.	Will the microcredit scheme established for senior entrepreneurs be self-financing? Is the advice centre capable of retaining the skills it has developed? Is there a need for further public support?

Source: OECD/European Commission (2013), "Policy Brief on Evaluation of Inclusive Entrepreneurship Programmes", EU: Luxembourg. *http://dx.doi.org/10.1787/5jxrcmkm81th-en*.

It is important to consider how evaluation is used in the policy process. *Ex ante* evaluation should also be undertaken to assess the relevance and coherence of proposed policy actions. At this stage, monitoring and evaluation indicators have to be identified, a logical framework laid out to make explicit how the policy action is intended to deliver benefits and an evaluation plan designed showing how policy will be assessed during and after its implementation period. It is also important to consider the results of evaluations of similar programmes in the region, country or elsewhere during this process.

It can also be valuable to set up and evaluate a pilot project in order to assess whether a proposed programme logic stands up to the test of action on the ground, whether it proves to be relevant, effective and efficient, and the sorts of issues that may arise in seeking to scale-up or mainstream the initiative.

Ex post evaluation is undertaken once a policy action has been in operation for a sufficient time for results to emerge. One of the most fundamental issues for impact evaluation involves identifying and accounting for the counterfactual, for example by tracking impacts on control groups of non-beneficiaries and comparing with participants in policy support.

Box 2.9. **Examples of learning from pilot projects**

A number of examples presented in this compendium used pilot programmes. *Entrepreneurially into the World of Business* in *Slovenia* is an example of experimenting with an idea on a small scale and then scaling-up once it demonstrates success. This project hires unemployed youth as public service employees, who receive entrepreneurship training and coaching rather than working. This essentially functions as an allowance. It was tested in the Zasavje region between 2009 and 2012, then implemented nationally in 2013 and expanded in 2014.

The *Launching Pads for Employment and Entrepreneurship* project in *Spain* provides both group and individual coaching for unemployed people who would like to create a business or find employment. It was not tested as a pilot project but instead was modelled after another project that provided craftsmen skills to unemployed youth in more than 17 countries.

Evaluation can be a technical subject when sophisticated methods such as counterfactual techniques are used. However, this should not be a barrier to gaining its benefits for learning about what policy approaches work best for particular target groups and how they can be improved. It is important for policy makers to be aware of the main issues so that they can commission evaluation from experts appropriately and that they participate in the creation of cultures whereby policy design and implementation go hand-in-hand with evaluation.

Box 2.10. **Examples of extensive evaluation**

This compendium contains a number of examples of programmes that are extensively evaluated. The *Bridging Allowance* in *Germany* is a large-scale support programme for unemployed people who are interested in self-employment. The large scale of the programme and wealth of administration information and data have allowed for extensive evaluation work. This has informed policy makers about effective measures and areas where the programme can be improved.

Start-up Grant in *Finland* has also been evaluated regularly. There are two main concerns for policy makers with start-up grants for unemployed people: the extent to which public funds are used by those who would have started a business without the grant and the extent to which those who receive public support push others out of the market. In-depth evaluations can identify these impacts and allow for better targeting of the measure and Finland has been a leader in this regard.

The *Business Start-up Programme* in *Austria* aims to support unemployed people in business creation. It initially focused exclusively on pre start-up support but evaluations pointed to a lack of post start-up support as the main reason behind the high failure rates that were observed. As a result, the project was adjusted and participants can now receive business counselling for up to 2 years after start-up.

Overview of featured policies and programmes

	Example	Member State	Target group						Policy approach													Keys to success						Key challenges faced								Cost per person*			Status		Funding source				
										Skills		Finance						Business development services																											
			Youth	Seniors	Women	Ethnic minorities and immigrants	People who experience disability	Unemployed	Role models	Education and training	Coaching and mentoring	Grants	Group lending	Guarantees	Microcredit	Allowance	Welfare Bridge	Sign-posting/referrals	Business counselling	Incubation/premises	Business model	Networking	Part of an integrated approach	Clearly defined objectives	Strong targeted outreach	Selection of participants	Use of specialist staff and partners	Extensively evaluated	Low level of awareness	Participant selection and access to support	Unclear objectives	Determining appropriate delivery methods	Deadweight loss and displacement	Co-ordinating programme partners	Scale and resources	Sustainability	Low (< EUR 2 000)	Medium (EUR 2000 to EUR 10 000)	High (> EUR 10 000)	On-going	Completed	European Social Fund	Other European Union Structural Funds	National Government	Regional Government	Other
1	Business Start-up Programme	Austria						•		•						•			•				•			•		•		•		•					•			•		•		•		
2	DreamStart	Belgium (Brussels Region)	•					•		•	•															•	•								•	•	•			•			•	•		•
3	Entrepreneurship Works	Belgium (Flanders Region)						•		•	•							•								•	•		•			•			•		•				•	•			•	
4	Women in the Labour Market	Croatia			•			•		•	•	•							•				•	•			•							•	•		•				•		•	•		•
5	Business Coaching for Ethnic Minorities	Denmark				•					•							•							•		•								•	•	•					•				•
6	Start-up Grant	Finland						•									•							•		•		•		•			•					•		•		•		•		
7	Adie Microfranchising	France						•	•	•									•		•	•		•			•			•					•					•						•
8	New Start-up Subsidy	Germany						•									•							•	•			•		•			•						•		•		•		
9	Kiutprogram	Hungary				•		•		•	•		•												•		•			•	•					•			•		•		•		
10	Going for Growth	Ireland			•				•													•		•		•	•			•					•	•	•			•		•		•		•
11	Invitalia's Entrepreneurship for the Unemployed	Italy	•					•		•	•	•			•				•				•	•			•			•			•						•	•			•	•		
12	Measure for Commencing Commercial Activity on Self-employment	Latvia						•			•	•					•									•			•						•			•		•				•		
13	Entrepreneurship Promotion Fund	Lithuania	•	•			•	•						•	•				•						•	•	•	•					•		•			•		•		•	•	•		•
14	Welfare Support for the Self-Employed (BBZ)	Netherlands						•		•	•	•			•		•		•				•			•	•							•	•				•	•				•		
15	Mature Entrepreneur	Poland		•						•	•	•					•		•			•	•			•	•		•	•					•			•			•	•			•	
16	Entrepreneurially Into the World of Business	Slovenia	•							•	•					•			•				•				•			•			•						•	•		•		•	•	
17	Launching Pads for Employment and Entrepreneurship	Spain						•			•							•	•	•		•		•			•								•	•	•			•		•		•	•	•
18	Women Ambassadors	Sweden			•				•														•		•					•					•		•				•					•
19	Access to Work	United Kingdom					•					•												•			•		•	•			•					•		•				•		
20	Prowess	United Kingdom			•													•	•					•		•										•					•		•			•

* When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

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Annex: Summary tables

Austria

Business Start-up Programme	
Target group	The unemployed.
Supports provided	Training, business consultancy, allowance.
Objective	The objective of the programme is to reduce unemployment by supporting unemployed people in starting their own businesses.
Status	Launched in 1995; on-going.
Programme snapshot	The Business Start-up Programme (*Unternehmensgründungsprogramm* - UGP) of the Austrian Public Employment Service (AMS) provides an integrated support package for unemployed people who are interested in becoming self-employed. The support programme is structured into four phases: The clarification phase is an intake process that verifies the feasibility of the business idea and identifies the entrepreneurs' needs. The preparation phase includes the bulk of the business-start-up programme, including individual business counselling and start-up workshops. In the realisation phase, participants start their business. They can make use of additional consultancy offerings and receive a business start-up allowance for 2 months. This allowance is equivalent to the benefits that they would have received in the form of unemployment benefits, plus an amount to cover social security contributions. After the business is launched, a follow-up phase includes a "check-up" of the new businesses and additional consultancy is offered for 2 years after the start-up. The programme is managed by the regional AMS offices but is implemented by external consultants.
Rationale	Unemployed people only receive unemployment benefits if they are registered and available to work. Those starting a business have to forfeit their unemployment benefits since they are no longer available to work, which can discourage self-employment as a route back into employment.
Duration of support	Training and business consultancy are provided for up to 6 months, which can be extended for up to 9 months. The allowance is available for 2 months.
Key challenges faced	1. Balancing the need to select participants who are likely to succeed against the need to support those who are the most disadvantaged. 2. Ensuring that the programme is cost-effective since it provides intensive individual support and a non-repayable financial allowance.
Impact	Of the 8 683 people who started the programme in 2013, 5 074 started a business (58%). Survival rates for supported businesses are 89% for 1-year, 75% for 3-years and 64% for 5-years. These rates are slightly above the survival rates of the overall business population. A 2006 evaluation shows that start-ups in this programme created 1.26 net new jobs in addition to the entrepreneur.
Average annual cost	EUR 5 million for consulting and training; EUR 12 million for allowance.
Cost per participant[1]	EUR 1 960.
Sources of funding	The programme is currently funded by the national government; it received European Social Fund funding until 2006.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Belgium (Brussels Region)

DreamStart Facility	
Target group	Unemployed youth (18-30 years old).
Supports provided	Training, coaching and mentoring.
Objective	To support unemployed youth in developing a business idea and preparing a business plan so that they can start their own business.
Status	Launched in 2013; on-going.
Programme snapshot	The project operates as a business plan development course. Participants are selected through intake interviews that assess their business ideas, drive and chances of success. Participants meet for 3 full days per week to study and interact with entrepreneurs, start-up experts and other potential entrepreneurs over a 2-month period. During the 2-month period, participants receive training and advice from volunteer experts in the private, public and financial sectors. Participants work together to develop their business plans during these 2 months. It is up to the individuals to implement their plan and start their own business. While finance and other start-up supports are not officially part of the support package, participants are often able to access microcredit through MicroStart, a sister organisation of DreamStart.
Rationale	The Brussels Region faces a challenge of high youth unemployment and it is increasingly difficult for public employment services to find employment for their clients. Self-employment is one option for some unemployed youth to return to work.
Duration of support	Training, coaching and mentoring are provided for 2 months.
Key challenges faced	1. The project relies heavily on volunteers which hinders its ability to expand the scale and scope of its offerings. 2. Securing sufficient financial resources has been difficult. The project is financed with public funding, private sector donations and in-kind contributions. A fee is not charged because it may deter potential participants. 3. The project focuses its efforts on the pre start-up phase of business creation but participants will likely need post start-up support. More and stronger linkages with business development service providers are sought. 4. Participants need more support in accessing financing than is currently available.
Impact	Support has been provided to 36 young people over 3 project cycles. 60% of those who completed the scheme started a business within a year. One-third of these worked full-time in their business and two-thirds combined their business start-up with paid employment. Many participants formed their own unofficial peer-support groups following the scheme.
Average annual cost	EUR 72 000 for 3 cycles (excludes EUR 70 000 in-kind contribution from volunteers).
Cost per participant[1]	EUR 2 000.
Sources of funding	Public funding (42%), private sector donations (7%) and in-kind contributions (51%).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Belgium (Flanders)

Entrepreneurship Works	
Target group	The unemployed.
Supports provided	Coaching.
Objective	To support unemployed people in starting a business.
Status	2008-12; completed.
Programme snapshot	Entrepreneurship Works was an entrepreneurship coaching scheme for unemployed jobseekers. It was a partnership between UNIZO (the Union of Self-Employed and SME's), VDAB (the Flemish Public Employment Service) and Syntra (the Entrepreneurial Training Network), with the financial support of the European Social Fund and VDAB. Prior to entering the scheme, interested unemployed people had to go through a screening process. External business professionals used a self-assessment tool called "Entre Mirror" to identify candidates with an appropriate idea and skillset for self-employment. The first phase of support lasted up to 6 months. Each participant underwent an in-depth skills and needs assessment, received training and was assigned a coach. The goal of the first phase was to develop an action plan for business start-up and to obtain a business management certificate (required in Flanders). This second phase was also a maximum of 6 months and included the intensive coaching while participants implemented their business plans. It also covered other issues such as applying for loans, searching for commercial property, contacting suppliers and potential customers and preparing a marketing strategy. Participants were also offered workshops and information sessions on the pitfalls of business management.
Rationale	The scheme was launched to address two obstacles that unemployed people face in the process of starting a business. *First*, unemployed people generally lack the motivation and skills for self-employment. *Second*, the employment services for unemployed people in Flanders in the mid-2000s were fragmented and little support was offered to unemployed people who were interested in self-employment.
Duration of support	Two phases of coaching and training last up to 6 months each. Participants without a business management certificate were required to take a 132-hour course (outside of this scheme).
Key challenges faced	1. Entrepreneurship Works had a difficult time reaching some target clients, such as those with an occupational disability and ethnic minority groups. Since all the training courses were organised in Dutch, language was also a considerable barrier for many candidate entrepreneurs. 2. A second challenge was providing professional coaching for 650 participants with a team of only 5 coaches. 3. Finding the right balance between providing a structure scheme to support business start-up and allowing for enough flexibly to encourage creativity.
Impact	2 101 participants completed at least the first phase of the scheme. 52.4% of participants over the period 2011-13 transitioned out of unemployment, of which 90% were self-employed.
Average annual cost	EUR 1 480 000 (for most recent edition).
Cost per participant[1]	EUR 1 250 (for most recent edition).
Sources of funding	Regional government (51.7%), European Social Fund (39.5%) and other (8.8%).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Croatia

Women in the Labour Market	
Target group	Unemployed women; especially long-term unemployed women over 40 years old (over 12 months without a job) and women in the public administration.
Supports provided	Finance (grants), coaching and mentoring, training, business counselling.
Objective	To support unemployed women in moving back to employment through business creation and to increase the capacities of the public administration.
Status	The programme started in 2010 and was completed in 2012. The grant scheme ran from November 2010 to November 2011 and the technical assistance project ran from September 2010 to March 2012.
Programme snapshot	Women in the Labour Market was a two-pronged project implemented by the Croatian Employment Service as part of the Instrument for Pre-Accession Assistance. One aspect of the project was the provision of technical assistance, which aimed to leverage existing tools for women to re-enter the labour market (e.g. training). The main focus of this assistance was to find employment for women (rather than supporting self-employment). There was also a grant scheme that funded various projects to support women entering the labour market. After 55 project applications were reviewed, 18 received grants for implementation. Of these, 3 projects focussed specifically on entrepreneurship activities: "Be Business – Be Competitive" in Brod-Posavina County, "Step by Step Into the Labour Market" by Vukovar-Srijem County and "MOTS – More Opportunities Through New Skills" in Dubrovnik-Neretva. These projects provided a range of supports.
Rationale	Long-term unemployed women in Croatia face a high risk of social exclusion. Entrepreneurship was seen as a way to address this challenge and empower disadvantaged women. It also attempted to fill a gap in public policy support for these women.
Duration of support	Grants supported entrepreneurship projects for 12 months. The technical assistance was provided for 18 months.
Key challenges faced	1. Organisations that disbursed the grants had difficulty complying with European Union requirements and had difficulty with planning and fund management. 2. The technical assistance project faced several challenges, including lower-than-expected participation rates (especially from women in public administration roles). 3. Monitoring and evaluation were not integrated into the projects so it is difficult to learn lessons from the experience.
Impact	Three grant projects directly supported business creation by women: *Be Business – Be Competitive*: Out of 415 women, 55 were chosen to participate. Of these 55, 13 women started their own business or found employment elsewhere. *Step by Step Into the Labour Market*: 262 women participated in the scheme. Of these, 2 started their own businesses (which hired 13 other participants), 3 women founded a business together and 27 women found employment elsewhere. As such, 45 women found productive employment of some kind. *MOTS – More Opportunities Through New Skills*: 239 unemployed women participated, 59 found employment, 9 started their own business. An additional outcome was capacity building within the public administration.
Average annual cost	Grant scheme: EUR 1 853 606 (of which EUR 309 412 was used for the 3 entrepreneurship projects); Technical assistance project: EUR 581 000.
Cost per participant[1]	Grant scheme : EUR 560 (for the 3 entrepreneurship projects).
Sources of funding	EU Instrument for Pre-Accession Assistance; co-funding from national government and local organisations.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Denmark

Business Coaching for Ethnic Minorities	
Target group	Ethnic minority entrepreneurs.
Supports provided	Coaching, referrals.
Objective	The goal of the scheme is to shift the business advisory role from family and friends to a professional coach, making the advice more effective. This should increase the success rate among ethnic minority entrepreneurs in Vejle.
Status	Launched in 2004; on-going.
Programme snapshot	This project builds personal relationships with entrepreneurs in ethnic minority and immigrant communities by providing professional advisory services. The role of the coach is to provide professional advice pertaining to the regulatory and social norms in the new country and to build and strengthen ethnic minority social networks. Consultations are provided through informal and flexible arrangements. The initial focus is on the business plan to identify and develop the central elements of the business idea such as the opportunity, the market, financing needs and the competences of the entrepreneur. Based on these discussions, the coach refers participants to formal business and entrepreneurship training provided by regions and municipalities. Following business start-up, participants can continue to receive coaching and mentoring from their counsellor to help them develop and grow their business. Initially, those receiving aid were mostly of Turkish origin, however now the participants hail from a broader range of areas, including North Africa, the Horn of Africa, and Central and Eastern Europe.
Rationale	The project was initiated because mainstream business support services were not attractive for ethnic minority and immigrant entrepreneurs. One of the greatest challenges that public support programmes face is building a trust with clients. A coach who himself is from an ethnic minority is often able to be more empathetic towards the client, and may have a more in-depth understanding of their challenges and needs (in particular with regard to non-business issues such as immigration and work permit status).
Duration of support	Participants must attend a 2-hour intake interview. Following this, the length and intensity of the coaching relationship is negotiated between the coach and the entrepreneur.
Key challenges faced	1. Securing sufficient financing to keep the project operating.
Impact	Approximately 100 entrepreneurs are coached per year and 50% go on to start a business within a year. The project won the European Trailblazer Award in 2007 and was selected as a European best practice in the Interreg IVC project, Enspire EU (Entrepreneurial inspiration for the European Union), in 2011.
Average annual cost	EUR 20 000.
Cost per participant[1]	EUR 200.
Sources of funding	European Social Fund; in-kind.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Finland

	Start-up Grant
Target group	The unemployed, and those switching from salaried to self-employment.
Supports provided	Welfare bridge.
Objective	The objective of the Start-up Grant is to encourage new business creation and promote employment among the unemployed. It aims to contribute to increasing the number of new start-ups in Finland, maintain and improve the survival rates of new start-ups, and encourage individuals to start-up new businesses and to promote their growth and employment.
Status	Launched in 1984; on-going.
Programme snapshot	The scheme provides an allowance to support new entrepreneurs during the early stages of business development while the business is building a customer base. Those starting a business from unemployment are eligible, as well as those looking for a move from salaried employment to self-employment. The allowance consists of a basic grant to cover the entrepreneur's costs of living for a fixed period of time. The basic grant was EUR 32.66 per day in 2014. The grant is usually provided for 6 months, but it can be renewed for up to 18 months. In addition, a complementary grant can be given which is up to 60% of the value of the basic grant. The average grant was approximately EUR 800-850 per month for 9.5 months. The grant is managed by the TE Office (Employment and Economic Development Office) but recipients are selected by external consultants.
Rationale	The grant was initially created to combat a severe recession and high unemployment rates. It was also seen as a way to promote economic growth, change and development.
Duration of support	Allowance provided for 6 months, can be renewed for another 12 months.
Key challenges faced	1. It is difficult to balance the social objectives of supporting the unemployed and the need to ensure a reasonable chance of success for the start-ups. Furthermore, it is difficult for the government to provide guidance to those evaluating the applications. 2. Grant recipients are often unsatisfied with the amount and duration of the grant. This suggests that the government may need to do more to inform recipients that the grant is not start-up financing. 3. Recipients are often not aware about other financing opportunities that they can access for start-up capital.
Impact	Approximately 50% of recipients stated that the grant was necessary for them to start their business. 38% of companies established in 2005 were still operating in 2012 (along with 41% from 2006 and 61% from 2007). 50-80% of entrepreneurs worked full-time for their start-up (depending on the year) and 66% of them hired employees.
Average annual cost	EUR 37.5 million.
Cost per participant[1]	EUR 7 650 (for grant only, excluding operating costs).
Sources of funding	Ministry of Employment and the Economy (95%); European Social Fund (5%).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

France

	Adie Microfranchising
Target group	Primarily the unemployed but all socially excluded groups are eligible.
Supports provided	A business model (i.e. microfranchise) and integrated support services.
Objective	The objective is to facilitate entry into self-employment by providing clients with a low-risk, turn-key business model that would allow them to be self-employed.
Status	Launched in 2011; on-going.
Programme snapshot	Adie's clients are typically unemployed people or social welfare recipients. The Mircrofranchising Programme provides a turn-key business model and a variety of start-up support services (e.g. training, business advisory) to help ensure the success of the microfranchise. Adie identifies potential microfranchisors through its business networks. There are currently two types of microfranchise networks, those developed in partnership with large corporations and those developed in partnership with entrepreneurs. The only difference between the two models is the potential size of the network. Microfranchisee candidates are interviewed and assessed on their motivations and potential for business management. Adie develops a contractual relationship between all parties and the microfranchisee must pay royalties to the microfranchisor for the use of the business model. Adie may also support the microfranchisee with access to finance and training.
Rationale	Adie launched its microfranchising initiative because an increasing number of people visited its branches with a willingness to create their own business but no viable business idea. Traditional franchises are not affordable for low-income entrepreneurs and there was no other support for low-income entrepreneurs who do not want to start their business on their own.
Duration of support	Duration of support depends on client needs.
Key challenges faced	1. Occupational certification requirements present a challenge because many potential microfranchises operate in sectors where employees would require training and certification. These are often difficult for Adie clients to obtain. 2. Experience to date has not yielded any consistent predictors of success to inform the selection process for candidates. 3. Growing the scheme will require more volunteers and more training for volunteers.
Impact	3 microfranchise networks have been launched, creating more than 150 self-employment opportunities. Five network are currently being pilot tested.
Average annual cost	n/a.
Cost per participant[1]	EUR 8 000.
Sources of funding	Adie.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Germany

New Start-up Subsidy	
Target group	The unemployed.
Supports provided	Welfare bridge.
Objective	The objective of the Bridging Allowance is to offer financial support to unemployed people for setting up a business. The aim of this programme is to give unemployed individuals an alternative option to typical job search strategies for escaping from unemployment.
Status	Start-up Subsidy: 2006-11 (completed). New Start-up Subsidy: 2012-Present (on-going).
Programme snapshot	Subsidies are provided to unemployed individuals in order to facilitate the creation of their own business. The individual receives the same amount they would have from unemployment benefits, with an additional EUR 300 for social security contributions. The benefits are guaranteed for 6 months, with the option to extend for a further 9 months (provided the individual carries on with their self-employment initiatives). To receive this allowance, the individual must have been eligible for unemployment benefits for at least 150 days and have produced a business plan that has been approved by a chamber of commerce or similar institution. The programme has been designed to enable unemployed individuals to focus on setting up their own businesses with their costs of living covered by the subsidy.
Rationale	The rationale for the subsidy is the existence of a start-up finance gap for unemployed individuals and the obligation to give up unemployment allowances when preparing for a start-up. The major aim of the financial instrument is to cover basic costs of living and of social security, thus, to help business founders coming out of unemployment to survive the initial stage of self-employment when the business is highly vulnerable and might not be able to yield an adequate income.
Duration of support	Allowance is paid for 6 months, can be renewed for another 9 months.
Key challenges faced	1. Minimising deadweight losses since some individuals who would have become self-employed regardless of the subsidy still receive funding. 2. Minimising displacement effects for existing businesses that have to compete with publically subsidised ones. 3. Avoiding "false self-employment", where "self-employees" are substituted for employees effectively acting as regular employees at a cheaper rate.
Impact	Survival rates for start-ups 56 months after creation ranged between 55-70% (depending on genders, regions and other factors), over a general average of 50% chance of survival after 5 years. 40% of users had at least one other employee in their business. The job creation ratio was 1:1 for each subsidy. Between 20-23% of users found regular, gainful employment after the programme. Those in the programme spent 20 months longer in employment and had higher labour incomes on average than unemployed individuals who started their business without any support.
Average annual cost	EUR 1.5 billion to EUR 3.5 billion, depending on the year and programme.
Cost per participant[1]	EUR 11 000-EUR 13 000.
Sources of funding	National government (German Statutory Unemployment Insurance fund).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Hungary

	Kiútprogram
Target group	The unemployed in disadvantaged areas (in practice this was largely the Roma population).
Supports provided	Finance (loans), coaching and mentoring, training, business counselling.
Objective	The scheme aimed to promote social mobility and the integration of disadvantaged people in disadvantaged areas by enabling them to become self-employed by establishing and registering a small business.
Status	2010-12; completed.
Programme snapshot	This group lending scheme ran from October 2010 to June 2012 and was based on the Grameen model. Field workers visited potential areas to promote the scheme and then re-visited the area to meet with interested participants for the intake interview. Selected participants were placed into loan groups and group members received their loans sequentially. Repayments were required weekly and missed payment meant that other group members did not receive their loans. Each group had a leader who had the responsibility of ensuring that members were meeting the loan conditions. Group leaders received their loans last. Field workers played a strong role in implementing the project and assisting clients individually. Support included assistance with acquiring the necessary business licenses and opening bank accounts, as well as coaching and training related to business management. The intake process was revised after the first year due to slow uptake and poor performance of the first cohort of clients.
Rationale	The *Kiútprogram* targeted people in the most disadvantaged areas of Hungary, mostly, but not exclusively the Roma population. It aimed to fill a gap in the social support system by providing financial support, training and personal coaching to help people start businesses so that they can remain active in the labour market and society.
Duration of support	18 months.
Key challenges faced	1. Meeting objectives and targets. The scheme changed its target market substantially during its 3-year run. 2. Participant selection was a challenge. It was difficult to identify potential entrepreneurs who met all of the selection criteria and as a result, many participants were not successful. 3. Participants were located in disadvantaged areas and therefore faced the challenge of having relatively weak regional markets and business networks. They heavily relied on their field worker for support.
Impact	192 people from disadvantaged groups applied, with 138 being selected for participation in the scheme. 95% of clients claimed that their main source of funding to start their own businesses was through the scheme. 45% of businesses were still operational one year after the participants had completed the scheme.
Average annual cost	EUR 466 667.
Cost per participant[1]	EUR 10 144.
Sources of funding	European Union (85%); National government (15%).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Ireland

Going for Growth	
Target group	Women entrepreneurs with growth ambition.
Supports provided	Group and peer coaching and mentoring, role models.
Objective	The objective is to support ambitious women entrepreneurs in growing their business and expanding their networks.
Status	Launched in 2009; on-going.
Programme snapshot	Going for Growth supports women entrepreneurs with growth aspirations by supporting the development of their businesses by focusing on growth goals and time-defined milestones. The initiative leverages volunteer contributions from successful entrepreneurs, who lead group and peer coaching and mentoring sessions in 6-month cycles. These group meetings are facilitated by volunteer "Leads" who are successful women entrepreneurs. The Leads share their experience with their group, nurture a culture of trust and collaboration and facilitate the sharing of experiences and challenges. The group mentoring provides support and "good" peer pressure and inspires women entrepreneurs to achieve their goals. The project also includes a National Forum that brings together all of the Leads and participants for developmental workshops and to grow their networks. Going for Growth also champions positive media profiling of women entrepreneurs to promote them as capable of achieving growth.
Rationale	In Ireland, women are less likely than men to be involved in entrepreneurship. Women tend to be less confident in entrepreneurship, less perceptive of entrepreneurial opportunities and have less developed networks than men and accordingly, a smaller proportion of female entrepreneurs has significant growth ambitions.
Duration of support	Each cycle lasts 6 months.
Key challenges faced	1. Funding for the project has been largely public funding, which is often short-term. It has been a challenge to grow the project, both in terms of scale and scope, with a relatively fixed budget. Growing private sponsorships have allowed for the development of new elements and complementary initiatives. 2. Attracting participants was a challenge in the early years of the project because of the number of existing networks and programmes for women entrepreneurs. The challenge now is that demand for participation exceeds capacity. 3. It has been a challenge to attract Lead Entrepreneurs who can volunteer their time to the project.
Impact	The project is currently in its 7th cycle and more than 400 participants have used the project. More than 70% of the participants who completed the 6th cycle reported a growth in sales over the 6-month period. The average growth was 15%. During this period, participants hired an additional 88 people and 10 interns were engaged. There was a 22% increase in the number of exporters among the participants.
Average annual cost	n/a.
Cost per participant[1]	EUR 2 000 per cycle.
Sources of funding	The Equality for Women Measure, which is financed by the European Social Fund through the Human Capital Investment Operational Programme; Enterprise Ireland, the Government organisation responsible for the development and growth of Irish Enterprises. The Department of Justice and Equality, over the period from 2010 to 2014 inclusive. In 2015, KPMG also became a sponsor.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Italy

Invitalia's Entrepreneurship Support for the Unemployed	
Target group	The unemployed, with priority given to unemployed youth (18 to 35 years old) and unemployed people from Italy's southern regions.
Supports provided	Finance (grants and "soft" loans), training and business counselling.
Objective	The objectives of Invitalia's entrepreneurship programme for the unemployed focus on start-up businesses and seek to ensure that all unemployed people have the opportunity to enter entrepreneurship.
Status	Launched in 1996; on-going.
Programme snapshot	This national programme has 4 distinct stages. *Stage 1* is the promotion of the programme including outreach seminars and workshops for applicants. *Stage 2* is the intake process. Applicants are required to prepare a business plan, which is evaluated by Invitalia. Local partners (e.g. local development agencies) assess eligibility of the application and of the business plan and meet the candidates. Approved proposals enter *Stage 3*, which is delivered in 3 different streams of support. A participant is put 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 programme. 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.
Rationale	There is a generic argument that can be made for supporting business creation by the unemployed. Although evidence in the European Union is mixed, increasing unemployment in Italy resulted in a need to explore ways of creating jobs and exploring how to effectively move unemployed people back into work.
Duration of support	Business advisory support during first year of operation. Financial measures can last up to 7 years.
Key challenges faced	1. Managing screening and intake processes with limited resources for programme managers and a high volume of applicants (reaching 10 000 per year). 2. Providing enough high-quality individual support to participants to increase their chances of success. 3. Developing sufficient partnerships to promote the programme and to deliver components of the service provision.
Impact	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.
Average annual cost	EUR 120 million.
Cost per participant[1]	Approximately EUR 36 000 per business created (including financial grant).
Sources of funding	European Regional Development Fund; National government.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Latvia

Measure for Commencing Commercial Activity or Self-employment	
Target group	The unemployed.
Supports provided	Finance (grant, monthly allowance), business counselling.
Objective	To assist unemployed people in returning to work through self-employment and to maintain the start-up for at least 2 years.
Status	Launched in 2008; on-going.
Programme snapshot	The support offered by this measure is provided in two phases. *First*, participants attend a series of consultations that provide individual assistance to support the preparation and development of a business plan. Each participant can attend 20 individual consultation sessions over a period of 6 weeks. Consultations are done by business professionals who are contracted by the State Employment Agency (SEA). These sessions focus on identifying business ideas and building a plan around them. Once the consultations are completed and participants have a business plan, the SEA manages an evaluation process to select those projects that will be supported in the second phase of support. The *second* phase of support provides additional individual business consultations and financial grants. The evaluation process focuses on the quality and feasibility of the business plans developed during the first phase of support. The SEA assembles an evaluation committee that consists of industry experts and experts in business start-up and development. The committee examines the potential of the business plans, considering the product or service innovations made, the uniqueness of the product or service and potential demand for the product or services. Those projects that are selected are eligible for: business counselling in the first year of implementing self-employment or business establishment (20 consultations); a grant for implementation of the business plan – not exceeding EUR 2 845.74 according to the approved estimate; a monthly grant at the early stage of implementation (the first 6 months) – in the amount of the state-determined minimum wage (EUR 320).
Rationale	Following the economic crisis, unemployment increased more rapidly in Latvia than the European Union overall. This strained public employment services and this pilot was launched to test the potential for supporting unemployed people in self-employment.
Duration of support	Pre start-up support includes 6 weeks of individual consultations. Post start-up includes a grant for 6 months.
Challenges	1. Selection of participants has been a challenge. There is a need to achieve results, which led to strict selection criteria for participants. However, this has limited the number of unemployed people who are eligible for the programme. 2. Financing has been difficult to secure and is continually at risk since this is a small pilot project. 3. Convincing unemployed people to return to formal work since there is a high prevalence of work in the informal economy.
Impact	The total number of unemployed people who have participated in the initial consultations on preparing a business plan between 2008 and 2014 was 1 228. At the end of 2014, 267 entrepreneurs had finished the two-year programme. There are currently 129 unemployed people receiving support from this programme.
Average annual cost	EUR 288 300.
Cost per participant[1]	EUR 5 628.83 (maximum including grant and allowance).
Sources of funding	National government.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Lithuania

	Entrepreneurship Promotion Fund
Target group	National programme but priority access is given to unemployed people, youth (under 29 years old), older people (over 50 years old), people with disabilities.
Supports provided	Microcredit, loan guarantees, training, business counselling.
Objective	The Entrepreneurship Promotion Fund (EPF) aims to increase start-up entrepreneurship and self-employment and to include priority groups from disadvantaged and under-represented people in entrepreneurship.
Status	Launched in 2009; on-going.
Programme snapshot	The Entrepreneurship Promotion Fund was established by the Ministry of Social Security and Labour, the Ministry of Finance and INVEGA, which is the agency responsible for SME development. The programme provides microcredit, up to a maximum of EUR 25 000 to start-up entrepreneurs and self-employed people who have operated a business for less than one year. Microcredit is provided as part of a package of complementary support including free training, business counselling and additional financial support through interest rate subsidies and partial employee subsidies (for those start-ups that create jobs). The programme also offers guarantees of up to 80% of the value of the loan. The EPF programme is managed by INVEGA in co-operation with the Lithuania Central Credit Union (LCCU), which acts as the financial intermediary. The loans are granted by credit unions and the LCCU partners with 15 training providers to deliver free training and business advisory services to loan recipients.
Rationale	Access to finance for start-up entrepreneurs has been an issue in Lithuania for some time which was only worsened by the difficult economic conditions in the post economic crisis environment. Start-up entrepreneurs from the priority groups, who are favoured under the programme, face greater challenges in accessing finance than do entrepreneurs seeking to start a business that are from mainstream groups, hence the priority status of these target priority groups under the EPF programme.
Duration of support	Loans are granted within 4 to 6 weeks, guarantees are provided within 8 weeks. There is no maximum term period for loans granted. 64 hours of training are offered.
Key challenges faced	1. To reduce the loan cost for participants, the partial conversion of loans into a grant (of 30%) was originally considered as a strategy when the EPF was initially established in 2009. However, European Union regulations meant that it was not possible to convert part of the loan to a grant. Thus, other means of financial assistance were investigated. The Ministry of Economy reached agreement with the Ministry of Social Security and Labour on the introduction of interest rate subsidies leading to their introduction in 2012. 2. Establishing the EPF programme took more time than expected, partly because of the complexity of European Union regulations related to the European Regional Development Fund. 3. The post-economic crisis environment meant that conditions for business start-up were more difficult than envisaged and the initial demand for loans was not as high as expected. 4. Funding has been a challenge, notably securing sufficient private sector funds.
Impact	The programme has surpassed most of its targets for the 2010-14 period, notably the support provided to the priority groups. Overall, 4 205 people have attended training and 4 117 completed it. There have been 1 017 loans issued, of which 479 were to priority groups (47%). Loan recipients have created 1 758 new jobs.
Average annual cost	EUR 3.62 million.
Cost per participant[1]	EUR 3 500 (computed using the number of people who started training).
Sources of funding	European Social Fund, European Regional Development Fund, National government, private sector funds.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Netherlands

Welfare Support for the Self-employed (BBZ)	
Target group	The unemployed and small business owners facing bankruptcy.
Supports provided	Finance (grants, loans, allowance), coaching and mentoring, training, business counselling.
Objective	BBZ aims to assist people who receive a social welfare benefit to start a small business and become self-employed.
Status	Launched in 1996; on-going.
Programme snapshot	BBZ provides an integrated package of start-up and post start-up support services for entrepreneurs. There are 8 steps in the BBZ programme, including intake, training, business plan development and financing. Participants do not need to participate in all steps but most do. It typically takes 9 months to complete the pre start-up steps. After business creation, participants are offered up to 12 months of mentoring. The Ministry of Social Affairs and Employment oversees the programme which is mainly implemented by the municipal Departments for Social Affairs and Employment. Private sector and semi-public business development service providers and semi-public entities are subcontracted by the municipalities to deliver the services. Municipalities are free to decide how they contract the service providers for training and business advice. Many municipalities use retainer contracts (through restricted or sometimes open tendering) with one or two service providers for a set period.
Rationale	The programme was launched in 1996, when unemployment was high and rising. Entrepreneurship was seen as a productive means to re-integrate the unemployed population back into the workforce, especially for those who were drawing on social welfare services.
Duration of support	Pre start-up support typically lasts 9 months; loans have terms of up to 5 years; allowance can last up to 3 years; coaching and business advisory support post start-up is offered for 1 year.
Key challenges faced	1. Pricing business development services that are provided to clients is difficult so programme managers had difficulty attracting partners and organising the delivery of these supports. 2. Building and maintaining relationships with a decreasing number of local service providers. 3. The main implementer is the municipal governments, which have little experience in co-ordinating such programmes and staff have difficulty adjusting to a changing client base and evolving business environment. 4. Participants who take part in the programme may risk losing their benefit payments, which discourages participation.
Impact	On average, between 1 800 and 2 400 people enter the project each year. Of these, between 900 and 1 200 complete the support programme and start a business Since 2009-10, 72% of participants remained employed 3 years after entering the programme. Of these, 20% found paid employment and 80% continued with their entrepreneurial endeavours. Evaluations estimate that each start-up supported by the programme makes a net contribution to society of nearly EUR 20 000.
Average annual cost	EUR 40.4 million.
Cost per participant[1]	EUR 33 700.
Sources of funding	National government (Ministry for Social Affairs and Employment); European Social Fund; Other EU funding (special projects only).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Poland

	Mature Entrepreneur
Target group	The unemployed over 50 years old.
Supports provided	Finance (grants and welfare bridge), training, coaching and mentoring, business counselling, networking.
Objective	To support older people in starting a business so that they can remain active in the labour market. It also aims to create a more positive attitude towards older people in society and to make the local area more entrepreneurial.
Status	2009-10; completed.
Programme snapshot	Poland's Mature Entrepreneur project, developed by the Gdansk Municipal Employment Office seeks to provide guidance and financial support to people who are 50 to 64 years old who would like to start a business. Eligible candidates are the unemployed, pensioners or those who would like to move from employment to self-employment. The project provides 150 hours of training, covering 8 modules. Those who complete the training can apply for financial support, which includes a grant (up to PLN 40 000 or approximately EUR 9 650) and a monthly welfare bridge allowance (PLN 1 250 or approximately EUR 300). Participants are able to receive up to 4 hours of individual consultancy to develop business and financial plans and 12 hours of individual support after start-up. The project also supports the development of networks by placing participants into small groups and encouraging the coaches and trainers to open-up their networks to participants.
Rationale	Older people in Poland face difficulties in the labour market because they are at a greater risk than younger workers when companies downsize and are often overlooked in favour of younger people when seeking new employment. This age group, however, still has a strong contribution to make to society and in the labour market. Further, many often need to continue to work because they have low savings for retirement.
Duration of support	12 months of support.
Key challenges faced	1. Selection of participants was difficult since many business ideas submitted were not feasible and had little potential to become businesses. 2. Assisting participants in acquiring the skills to implement their idea since there was often a mismatch between skills and qualifications and the business idea. 3. Securing funding for the continuation of the project.
Impact	Mature Entrepreneur fostered the establishment of 33 new companies in the city of Gdansk and in the Gdansk sub-province, which positively influenced the local economy. All of the newly established companies are still active, with some growing so much that further full-time positions were created.
Average annual cost	EUR 240 265.
Cost per participant[1]	EUR 8 009.
Sources of funding	European Social Fund (85%); National government (15%).

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Slovenia

Entrepreneurially into the World of Business	
Target group	The unemployed under 35 years old who possess an undergraduate or post-graduate qualification.
Supports provided	Finance (allowance), training, coaching, business counselling.
Objective	To help highly qualified unemployed people under 35 years old enter self-employment or find a job as an employee.
Status	Pilot project (2009-12); national projects (2013-ongoing).
Programme snapshot	The project was designed to help highly educated individuals under 35 years old start a business or move into employment. Participants are hired as public servants and paid a monthly salary of EUR 798 for 4 months, which is essentially an allowance. Rather than working, participants receive entrepreneurship training and individual coaching, mentoring and business counselling through Regional Development Agencies (RDAs) to support them in business creation. Training and coaching are provided by staff in the RDAs and by business consultants. Participants also have access to business counselling for 1 year after start-up. The project has been implemented in three phases; one regional pilot project and 2 national projects in all regions.
Rationale	The project was designed to address the high unemployment rate for young people facing a lack of available jobs. The unemployment rate of young individuals in Slovenia increased rapidly from 10% in 2009 to 25% in 2013. At the same time, the education system did not provide the skills and knowledge necessary for unemployed but well-educated individuals to pursue their business ideas and become self-employed.
Duration of support	Training and allowance for up to 4 months; business advisory services for 1 year after business start-up.
Key challenges faced	1. It has been difficult to find a satisfactory number of quality applicants. During the selection process, rejected applicants from previous years have been called in when there was a shortage of qualified applicants. 2. The development of a training methodology has been difficult. The current method was devised through experimentation.
Impact	Monitoring data suggest that 134 (56%) of those participating in the first national project (i.e. in 2013) successfully started their businesses or found employment.
Average annual cost	Regional: EUR 151 225; National (2013): EUR 3 816 534; National (2014-Present): EUR 4 702 038.
Cost per participant[1]	Pilot project: EUR 15 122; National phase 1: EUR 15 266; National phase 2: EUR 13 061.
Sources of funding	Regional: European Regional Development Fund (28%); Municipality of Zogorje ob Savi (15%); Local Governments (57%). National phase 1 (2013): European Social Fund (85%); Slovenian Ministry of Labour, Family, Social Affairs and Equal Opportunities (15%). National phase 2 (2014-Present): European Social Fund (85%); Slovenian Ministry of Labour, Family, Social Affairs and Equal Opportunities (15%).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Spain

Launching Pads for Employment and Entrepreneurship	
Target group	Long-term unemployed (i.e. more than 12 months).
Supports provided	Coaching and mentoring, business counselling, training, premises.
Objective	This scheme aims to improve the employability of participants with training, strengthening self-esteem, building networks and developing entrepreneurship skills. It also aims to strengthen linkages among business development support providers.
Status	Pilot project (April 2013-December 2013). It has since developed into a network of "launch pads" and is on-going.
Programme snapshot	The scheme is a network of "launch pads" that aim to help the long-term unemployed return to work by starting a business or finding paid employment. Each "launch pad" is a structured project that provides group coaching and training for 3 days per week and individual coaching and business counselling for the remaining 2 days. This is complemented by training, workshops, business visits and networking events. Each "launch pad" is semi-autonomous and is led by a coach. Each has the ability to tailor the support to the needs of participants in their region and receives support from the central office. Coaches are the only paid employees, other support providers are volunteers. Coaches are responsible for developing and implementing the scheme, and developing and managing relationships with other support providers. Coaches receive training from LEES. LEES also organises events for all of the "launch pads", including networking events and conferences.
Rationale	The scheme was launched to help support the unemployed in returning to work and to combat the social stigma of being unemployed by helping the long-term unemployed remain active. It was modelled after an approach used to help youth enter the labour market during the mid-to-late 1980s.
Duration of support	6 months or 9 months, depending on the individual "launch pad".
Key challenges faced	1. The small budget only allows for one employee to be hired per "launch pad" (i.e. the coach), who is fully responsible for developing and implementing the scheme and providing individual support. This is a heavy workload and there is a risk that the job is too great for one individual. 2. Measuring impact is difficult given that the objectives of the scheme are to move a very disadvantaged group into employment. Several outcomes can be considered positive but it is difficult to directly link the scheme to the outcome.
Impact	There were 114 participants in 5 "launch pads" during the pilot phase (April 2013-December 2013): 25% started a business and 63% found employment. The remaining 22% were either still looking for jobs or enrolled in further education to better their job-seeking prospects. There were 40 "launch pads" in 2014 and this number was expected to double by the end of 2015.
Average cost	EUR 40 000 per "launch pad", but there is some variation depending on the length of support provided.
Cost per participant[1]	EUR 2 000.
Sources of funding	European Social Fund (80%); National government (20%).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

Sweden

Ambassadors for Women's Entrepreneurship	
Target group	Women, students.
Supports provided	Role models, coaching.
Objective	The ambassadors project provided a structure for women entrepreneurs to share their experiences as entrepreneurs for the purpose of increasing the visibility of female entrepreneurs, inspiring entrepreneurship through personal stories and role models, making it easier for women to identify themselves with entrepreneurial role models, encouraging more women to view entrepreneurship as a potential career choice and facilitating the sharing of experiences.
Status	2008-14; completed.
Programme snapshot	The ambassadors' project promoted entrepreneurship to women using women entrepreneurs as role models. These ambassadors participated in events and made presentations about their story and entrepreneurship more generally. The ambassadors were managed by regional co-ordinators who organised the schedules for each ambassador. A special focus of the scheme was to reach out to schools and universities to promote entrepreneurship to female students. In addition to these promotional activities, many of the ambassadors acted as coaches and mentors for women entrepreneurs. This was encouraged by the scheme and in 2010 became part of the official offering. These arrangements were agreed on an individual basis or booked at *www.ambassadoerer.se*.
Rationale	This project was part of a suite of policy actions to promote women's entrepreneurship. Surveys suggested that there is a very low level of awareness about the contribution of women entrepreneurs to society and that few female students considered a career in self-employment.
Duration of support	Ambassadors promoted women's entrepreneurship at events and to students. Some women developed coaching and mentoring relationships with their mentor. The terms and duration of these relationships was agreed by both parties.
Key challenges faced	1. Volunteer ambassadors were sometimes discouraged by the high opportunity cost of acting as a role model, particularly in rural regions where they were required to travel extensively. 2. Regional co-ordinators did not have a mechanism to reject volunteer ambassadors who were not appropriate. 3. The scheme faced many questions about whether such a "soft" policy instrument can have an impact.
Impact	From launch (May 2008) to conclusion (December 2014), the scheme's ambassadors reached more than 170 000 people in approximately 11 000 activities. Surveys of participants indicated that 50% became more interested in entrepreneurship as a result of the ambassador.
Average annual cost	EUR 1.72 million (for last phase 2011-14).
Cost per participant[1]	EUR 217 (per participant reached).
Sources of funding	National government.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

United Kingdom

Access to Work	
Target group	Individuals with health conditions/disabilities that affect their capacity to work.
Supports provided	Finance (Grants).
Objective	To provide various supports to adjust workplaces so that people with disabilities can more easily start a business or work as an employee.
Status	Launched in 1984; on-going.
Programme snapshot	The scheme provides advice and practical support to people with disabilities and their employees to overcome obstacles to work. Access to Work pays grants through Jobcentre Plus to cover the costs of providing reasonable work adjustments for people with disabilities (for both employees and self-employed). It can also provide other personally adopted support such as grants for special aids and equipment, adaptations to premises and travel-to-work arrangements. Access to Work reimburses employers and self-employed individuals for taking steps to aid people with disabilities in the workplace. The amount of reimbursement depends on individual circumstances (e.g. the type of action being taken, the level of disability of the individual). Those who are interested in starting a business are also supported with access to the New Enterprise Allowance. Funding received from Access to Work does not impact any other benefits received.
Rationale	The programme supports the implementation of the Disability Discrimination Act. It is designed to provide reasonable adjustments to the workplace for those who experience disability. This scheme is seen as an effective way to encourage and support people with disabilities in moving into work and increasing participation rates.
Duration of support	The duration of support varies by individual case.
Key challenges faced	1. Low and patchy awareness due to the lack of dedicated awareness programmes. 2. Participants often mentioned that they had difficulty explaining their specific needs and the actions that would help. 3. Difficulty of supporting self-employed individuals because Access to Work is a reimbursement programme that requires an initial capital expenditure in most cases.
Impact	Access to Work helped over 30 000 people in 2012 obtain or retain jobs, of which approximately 4 500 worked in small businesses. 45% of recipients would be out of work if the adjustments acquired through the programme were not in place. Together with New Enterprises Allowance, Access to Work contributed to approximately 8 000 businesses start-ups in 2012. The programme provided a clear financial return for the Treasury's investment. The amount saved from unemployment benefits resulted in a return of EUR 1.48 for every Euro invested by the Treasury.
Average annual cost	EUR 138 million.
Cost per participant[1]	EUR 2 875.
Sources of funding	National government (Department of Work and Pensions).

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

United Kingdom

	Prowess
Target group	Women.
Supports provided	Quality certification for business development services for women.
Objective	Prowess was commissioned in 2002 to produce the first UK national strategy for women's enterprise and to develop quality standards for women's enterprise support.
Status	Prowess started in 2002 but re-invented itself as a social enterprise in 2012; on-going.
Programme snapshot	Prowess is a membership network of organisations that deliver women-friendly business start-up support across the United Kingdom. It was established in 2002 as the UK National Association for the Promotion of Women's Enterprise with support from the national government. At its peak, Prowess had over 350 member organisations, which between them supported over 100 000 women business owners. After public funding ended in 2012, the former CEO purchased the organisation's assets and it was re-launched as a social enterprise. One of the key initiatives of Prowess was the Prowess Flagship Award. The designation was designed to recognise women-friendly business support services. The Flagship Award is a designation based on a set of 12 criteria against which mainstream and specialist women's business support providers can be assessed. Assessments were conducted by Prowess of all of its member organisations. Each assessment included a site visit where a small team from Prowess would meet with the organisation and some of its clients to assess its activities against the 12 criteria.
Rationale	In the early 2000s, the government's Small Business Service recognised that business support services were not reaching enough women and other social target groups (e.g. young people, immigrants, people with disabilities). Prowess was set up in 2002 to address challenges related to supporting female entrepreneurship. It was launched during a period when the government was pursuing a policy of developing specialist agencies to support particular target groups.
Duration of support	n/a.
Key challenges faced	1. Changing government priorities, including closure of the Regional Development Agencies which previously participated actively in the initiative. 2. Securing a sustainable source of financing. The loss of European Social Fund funding and the withdrawal of private sector funding due to the financial crisis necessitated a change of legal status of the organisation.
Impact	Of the 68 organisations that were assessed in the first round of assessments, 6 were awarded Flagship Member Status. In addition, 9 member organisations were networks and were assessed against slightly different criteria. 2 members were awarded Flagship Network Member Status. There are currently 24 organisations that have been awarded one of the Flagship Awards.
Average annual cost	EUR 700 000.
Cost per participant[1]	n/a.
Sources of funding	From 2002-09, Prowess received funding from the European Union through EQUAL and from the Phoenix Foundation. It has operated as a social enterprise since 2012, relying on membership fees, special events and consultancy for revenue.

1. When comparing the cost per participant between programmes, attention should be paid to the length of the programmes and the differences in services offered.

PART II

Good practice examples of inclusive entrepreneurship programmes

Business Start-up Programme, Austria

This case study is an example of an integrated programme that supports the unemployed in business creation. Support includes training, counselling and financial support. This case study describes the programme's objectives and rationale, and provides an overview of the key activities. It also presents the impact and challenges faced, and includes a discussion of the conditions for transferring this practice to another context.

Objectives

The objective of the Business Start-up Programme (*Unternehmensgründungsprogramm)* (UGP) is to support unemployed people in starting up their own business. The programme is operated by the Austrian Public Employment Service (AMS) and it helps unemployed people create jobs for themselves through the creation of sustainable new enterprises. Participants must be registered with the AMS as unemployed or looking for work and must also be interested in starting a business, hold a specific business idea and have the relevant professional experience and skills.

Rationale

The Business Start-up Programme was developed in response to challenge faced by the AMS in supporting unemployed people in self-employment projects. In order to qualify for unemployment benefits, an individual must declare that they are available to work. However, unemployed people who were interested in self-employment risked losing their unemployment benefits while working on their start-up (i.e. pre start-up) because this likely meant that they were unavailable to work. Thus, the unemployment benefit system discouraged unemployed people from considering self-employment as a method of returning to work.

To address this issue, the AMS looked to international experiences for a solution that would put the preparation of clients for self-employment on par with the preparation for employment. The goal was to develop a small pilot project to test an approach before implementing it on a larger scale.

Activities

The UGP is an integrated support package that provides training modules, workshops, business advice and counselling from professional management consultants and financial support to cover general living expenses during the early stages of business development.

The Programme was launched in 1995 as a pilot project in the states of Styria and Carinthia and is still ongoing. The Programme is now implemented in all 9 Federal States and is managed by the Federal offices of the AMS in each state. Activities include advice and consulting, entrepreneurship training and financial support for general living expenses.

Support is delivered in co-operation between the AMS and external management consultants who deliver training and business advisory services. Since 2000, the AMS selects external consultancy services to offer business start-up advice in an open award procedure in the European Union according to the national law for awarding of contracts.

The Federal offices of the AMS decide upon the extent and the type of the consultancy services (i.e. individual consultancy, workshops in groups or a combination of both) in each Federal State individually. In each Federal state a specific external consultancy service is responsible for implementing the business start-up programme. The clients cannot select between different providers, they have to make use of the authorised consultancy service in the Federal state where they are living.

To participate in the UGP programme, individuals must be registered as unemployed with the AMS, or be an employee who has received notice their employment will end in the near future. In addition, the individual must also have a willingness to start up a business, hold a specific business idea, and have the relevant professional abilities. Some unemployed people who do not receive unemployment benefits are also eligible to participate in the UGP, such as women after parental leave.

Businesses launched within the framework of the UGP have to be new enterprises or new franchises of existing businesses. Professional services businesses such as lawyers, doctors or pharmacists are not included. The self-employment has to be the main occupation of the participant (AMS, 2014a).

The support provided by the UGP is structured into four phases.

1. Clarification phase

The goal of this phase is to check the feasibility of the business idea, identify the training needs of clients and select those who will receive support from the programme.

AMS clients who are interested in participating in the programme must go through a two-step screening process before receiving any support. First, they must inform their AMS consultant about their intention to enter the programme and their business idea. After this initial pre-screening of the business idea by the regional AMS offices, clients are sent to a consultation with an external business professional who assesses the feasibility of the business idea, the personal eligibility of the candidate and the individual qualification needs. To qualify for participation in the business start-up programme, the applicants must meet the following requirements:

- be unemployed;
- have the intention of entering self-employment;
- have a concrete business idea and have the necessary skills and qualifications for starting a business;
- participate in start-up counselling offered by the Public Employment Service in association with an external start-up counselling firm;
- agree to enter into a formal commitment (i.e. agreement) with the counsellor of the Public Employment Service;
- provide evidence of participation in a social insurance scheme (for the self-employed or for farmers).

This external assessment forms the basis of the decision about whether a client can participate in the Business Start-up Programme or not. Only those who are deemed very likely to start a new enterprise are able to enter into the programme (AMS, 2014a).

The clarification phase typically lasts 8 to 10 weeks. During the clarification phase, clients continue to receive their unemployment benefit payments but no additional financial support is provided.

2. Preparation phase

This phase represents the introduction to the programme and provides advisory support to elaborate the business concept and the financial plan and to develop a skills needs assessment for the client. This is done largely through individual meetings but optional workshops are also offered on various business start-up issues.

The individual consultancy concentrates on different themes related to business creation. While the support concentrates on developing the business idea, it also covers market analysis, assessing business competitors, enterprise location, organisational structure and legal requirements (e.g. trade law, labour legislation, social insurance).

The agencies delivering this support also assess client qualifications and provide training and workshops on business accounting, investment and financial services. They work together with potential financiers and inform clients about their financial support instruments, notably microcredit. Microcredit is heavily used by UGP clients because they have difficulty accessing bank loans due to their unemployment status.

Optional workshops are also offered on marketing, cost accounting, business administration and the legal requirements for starting a business. Soft skills are also covered by the workshops, addressing issues such as leveraging individual strengths and time management. Workshops are offered to small groups of 10 to 12 people. Each client can participate in up to 9 workshops.

Furthermore, the candidates can participate in short individual training courses. The programme provides up to EUR 2 600 per client for courses that align with their needs assessment. Most often, courses are in marketing, cost accounting or preparation courses for a master craftsman's diploma. In practice, few clients make use of this option; it is more common that clients participate in the UGP workshops.

The allowance that was received during the initial support phase ends after 2 months.

3. Realisation phase

In this phase the participants launch their business. Additional business consultancy is offered and clients begin to receive a start-up allowance for 2 months. The allowance is provided retroactively from the first day of the month in which the client enters self-employment. The start-up allowance helps the client cover their living expenses. It is not intended to be used to finance business activities or the acquisition of working capital. The start-up allowance is equivalent to the amount of the unemployment benefits that the client received plus the amount of the social security contribution.

The preparation and realisation phases last 6 months (combined) for individuals. This can, however, be extended to 9 months.

4. Follow-up phase

This phase focuses on monitoring the business activities of the participants by the business consultants to ensure that they are not encountering difficulties. Clients are offered 4 consultancy sessions within 2 years of start-up at no charge.

Participant profile

Approximately 40% of participants in UGP are women, up from 30% in the 1998 to 2005 period. This proportion now corresponds to the share of women among the registered unemployed. The share of older people (45 years old or older) increased from 20% in 2006 to 27.5% in 2012, and the share of immigrants increased from 13.8% in 2006 to 16.8% in 2012. Immigrants are still under-represented in this programme.

More than 40% of participants have achieved at least an apprenticeship training programme or vocational training level (42.3%). Youth participants (25 years old or younger) tend to have attained a high level of education – 56.8% in 2012 had at least vocational training (Bergmann et al., 2013).

Project development

Three principal adjustments have been made to the programme since it was launched. *First*, the programme initially contained only the first three phases of support. The final follow-up phase was added to the programme after the first several cohorts were found to need additional support after the business was created. *Second*, targeted offers have been developed to reach three specific target groups: women returning to work, older people and persons with an immigrant background. *Third*, the nature of business consultancy has been adapted to the changing needs of clients. Early editions of the programme relied more heavily on face-to-face meetings and workshops but this has given way to on-demand advice via email or telephone. There is also a strong focus on delivering online support to reduce programme costs.

In addition, there are on-going discussions about tailoring the programme to the needs of older people (i.e. those over 50 years old) due to the challenges that they face in the labour market. One of the considerations for adapting the programme for this target group is that the group tends to be more risk-averse and therefore may need more time to make the decision to become self-employed. Thus, the length of the support offering may be insufficient.

Project financing

The Business Start-up Programme is financed by the Public Employment Service. In 2013, 8 683 people took part in the programme. The expenses for the consulting services amounted to EUR 5 million. Additionally, 5 074 new founders received start-up allowances to the amount of EUR 12 million in 2013 (AMS, 2014b).

The UGP received funding from the European Social Fund until 2006. Since then, it has been funded from national sources.

Challenges encountered

The main challenge for the UGP is to identify and select clients who will enter the clarification phase. The clarification is the most important phase because it determines the success of the programme. The business professionals who select candidates need to balance the need to develop sustainable business start-ups against the objective of

supporting a broad base of unemployed people. Through experience, the selection method has been refined but it is constantly reviewed.

Further challenges can be attributed to increasing the cost-efficiency of the programme. The consultancy services had to find the best methods to deliver entrepreneurship skills to the candidates. After experimenting with individual consultancy, programme managers switched to an approach that combines personal advice and workshops. An improvement in the skills levels of participants was noticed.

Impact

Between 2006 and 2014, approximately 65 000 unemployed people started a business within this programme. In 2013 and 2014, 5 074 and 5 167 clients, respectively, created a business.

Evaluations show that the programme has been successful at helping unemployed people start businesses and develop them into sustainable and growing businesses. In 2006, the start-up rate was 75% (i.e. the proportion of participants who started a business) and this increased to 83 in 2011 (Bergmann et al., 2013).

Survival rates of these businesses are presented in Table 3.1. Business survival rates for 1-year and 3-years have increased over the last decade, while the 5-year survival rate has been relatively constant. The survival rates of businesses supported by this programme have surpassed the survival rates of the overall business population.

Table 3.1. **Start-up survival rates in the Business Start-up Programme**

	2000 cohort (%)	2009 cohort (%)
1 year	80	89
3 years	70	75
5 years/still active	67	64

Source: Bergmann et al., 2013.

The evaluations also demonstrate that business start-ups supported by UGP create employment for others. A 2006 evaluation found that after 5 years, supported start-ups created on average 1.26 net new full-time jobs. This excludes the client entrepreneur but includes the jobs shed by those businesses that ceased operating (Dornmayr and Lenger, 2006). The 2013 evaluation also found that some of the businesses were successful in creating other employment but that the majority of business start-ups were sole-trader businesses. It showed that 22% of the youth entrepreneurs who participated in the UGP were employers and that women were less likely than men to be employers (15% vs. 28%), which was explained by business activity and work intensity (Bergmann et al., 2013). Nevertheless, the labour market policy objectives of the UGP (i.e. a reduction in unemployment both through the creation of stable self-employment and through the creation of additional new jobs in the new businesses) are therefore largely achieved.

The evaluations also identified some areas where the programme could be strengthened. Although the 2013 evaluation shows that 31% and 55% of the participants are rather or highly satisfied with the consultancy in the programme, the evaluation recommends placing more emphasis on sector-specific advice during the consultancy services provided (Bergmann et al., 2013). In addition, it was suggested that the programme

increase the opportunities for networking activities for the participants and provide more information to clients about the post start-up support available.

Conditions for transfer

The Business Start-up Programme or UGP has the potential to be transferred to other countries and regions and can be successful if it is tailored to the local context. The keys to success are:

1. *Provide financial support*. One of the key success factors for this programme is the financial support that covers individual expenses during the start-up process. It is especially relevant for this client group (i.e. the unemployed), who likely have little savings to draw on during the early stages of business development. It is important to provide an allowance that can cover basic living expenses and basic social security contributions. The financial support should be for a fixed time period to avoid creating a dependence on it.
2. *Do not push participants into the programme*. The consultants in the regional offices of the AMS do not suggest self-employment to their clients. Clients are informed about the opportunity but it is up to them to develop their own business idea.
3. *Select participants with potential*. The 2013 evaluation recommends having an even stronger focus on selecting business start-ups with the potential to make profits since many participants are not satisfied with the income situation of their new businesses. Only 36% of the male founders and 26% of the female founders indicated that their self-employment income was sufficient.

Box 3.1. **Transferring the Austrian Business Start-up Programme experience to Romania**

One of the commissioned external consultancy services, the ÖSB Consulting GmbH, has gained experience in the transfer of the programme to rural areas in Romania in the framework of the project "Create your own job" that was implemented with funding from the European Social Fund in 2010. During the 3-year project, they adapted the Business Start-up Programme to the local needs, institutions and economic conditions. One of the greatest challenges was identifying qualified consultants in the rural regions to deliver the support. One of the key differences in the version of the programme that was implemented in Romania relative to the version in Austria is that a course was used in Romania to deliver entrepreneurship skills in a more structured way since clients are more dispersed than in Austria.

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DreamStart, Belgium (Brussels)

This case study presents a scheme that supports unemployed youth in business creation with training, coaching and mentoring. The case study indicates the scheme's objectives and rationale, and describes the key activities undertaken. It also describes the key challenges faced in designing and implementing the scheme, the impact that it has achieved and the conditions for transferring this practice to another context.

Objectives

DreamStart is an integrated business start-up scheme that aims to support unemployed youth (under 30 years old) in business creation in the Brussels region. It is designed to meet the needs and expectations of youth and was launched in 2013. It continues to operate.

Based on the *CréaJeunes* scheme that was developed by Adie in France, DreamStart addresses the challenges that youth face related to acquiring entrepreneurship skills and accessing finance. It facilitates the acquisition of entrepreneurship skills through formal pre-start-up entrepreneurship training as well as informal methods such as coaching and mentoring. Volunteers, experienced business professionals from public and private sector organisations, play a key role in delivering these services. Access to finance is facilitated through microfinance institutions, most frequently MicroStart which is one of the fastest growing microfinance institutions in Belgium.

Rationale

The Brussels region faces a high youth unemployment challenge. In January 2013, nearly 1 out of every 3 unemployed people in the Brussels region was under 30 years old. This high youth unemployment rate presents a challenge for public employment services which have an increasingly difficult time finding employment for these youth. Self-employment is viewed as one potential (partial) solution to this unemployment challenge.

There is an urgency to address the youth unemployment challenge because there are long-term consequences for youth who have long spells of unemployment (so-called "scarring" effects). For example, they are more likely to be unemployed as an adult and face reduced earnings over their lifetime.

Activities

DreamStart provides 2-months of support, including pre-start-up training and coaching and mentoring to assist unemployed youth in developing a business idea and preparing a business plan.

Outreach and information provisions

DreamStart is promoted through each of the main project stakeholders. This includes the organisation that implements the project, MicroStart, and the local enterprise agency in the Brussels Region. Promotion is done verbally through presentations and meetings, and with printed material on display in offices of the enterprise agency. Outreach efforts are increased in advance of each new cycle.

Participant selection

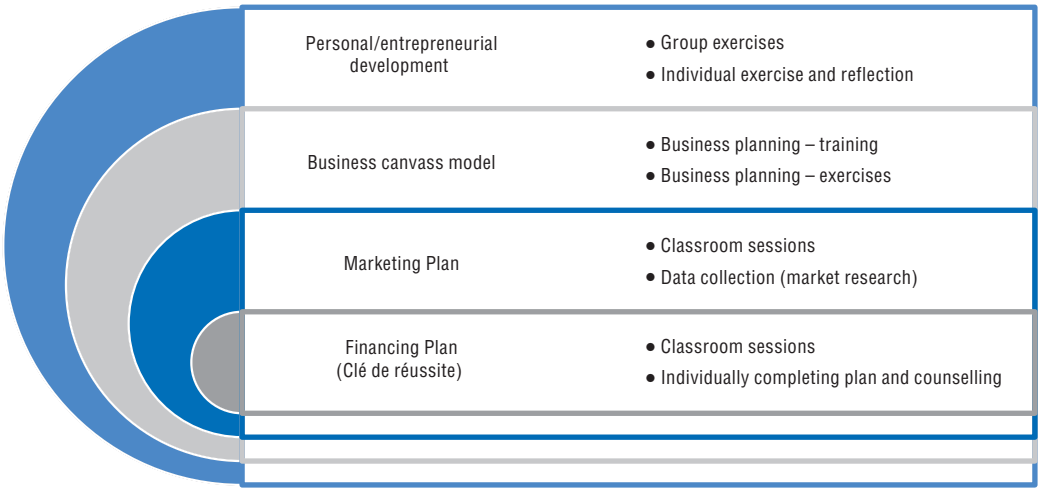
The primary intake mechanism for DreamStart is individual interviews that project managers have with potential clients. Three key criteria are used by project managers to select participants:

- their attitude towards becoming self-employed and their desire to start a business;
- the viability of the business idea and the anticipated results of the proposed product or service;
- the match between the business idea and the participant's professional and technical expertise and experience in that area.

Training and coaching

The training provided by DreamStart covers four elements: entrepreneurship development (36 hours); marketing and market plan development (24 hours); business planning (18 hours); and financial planning (48 hours) (see Figure 4.1). This approach builds on the Business Canvas model that combines all elements of a business and marketing plan into one plan and the *Clé de Réussite* model which focusses on financial planning. The total duration of support is 2 months with approximately 126 hours of training. It is delivered as a mixture of classroom sessions, group work and individual assignments.

Figure 4.1. **The components of DreamStart's training**



This multi-faceted approach to training allows the scheme to simultaneously address personal development as well as business start-up, which is important to build self-confidence and reduces the chances of social exclusion. Further, the delivery of training by professionals from the private and public sectors ensures that the training is practical and

relevant. In parallel to the training, each participant can benefit from individual coaching and mentoring from the trainers.

Support officially ends once participants have developed their business plan and have received feedback on it from an external evaluation panel. However, it is quite common for participants to form informal support groups in which they assist and advise each other. This informal networking is something that the DreamStart staff would like to embed more formally within the scheme in the future.

Microcredit

Microcredit is not directly part of DreamStart; participants are free to seek external financing from any financial institution or bank. However, in practice MicroStart frequently provides microcredit for those who have completed the scheme. On average, the total amount of credit provided per participant is between EUR 15 000 to EUR 25 000, which is more than the typical loan provided by MicroStart.

Project partners

MicroStart is the project manager. It designed the support and co-finances its operations with private sector donations through MicroStart Support vzw, which is a sister organisation that is registered as a not-for-profit organisation and is therefore legally permitted to receive such donations.

MicroStart was founded by Adie (France) and BNP Paribas Fortis. It consists of two entities that are each legally registered as independent social enterprises: MicroStart Support vzw, which manages the training and coaching, and MicroStart cvba, which handles microcredit. MicroStart receives financial support from the European Commission under the Progress Microfinance Facility.

MicroStart has two dedicated staff members who organise, develop and implement the scheme. These two experienced business advisers manage the scheme, function as trainers and supervise and manage the volunteers in the scheme.

A special feature of the DreamStart project is the engagement of volunteers as trainers and coaches. Most are experienced business professionals who work as business advisers or as professionals working in the financial sector (e.g. business analysts, credit advisers, accountants), while some are retired professionals. Volunteers actively approach MicroStart to get involved in their activities and some are referred to this scheme. All volunteers go through a special training course which consists of the following:

- an induction course where they receive general orientation and information about DreamStart;
- training on how to deliver the support and training modules; and
- mentoring and on-the-job counselling during one cycle.

After having attended one cycle the volunteers are expected to operate on their own in the scheme abiding to the set structure. Volunteers work with the DreamStart co-ordinators to ensure that the scheme is delivered as intended. Other partners involved in training are Group One (training organisation), BECI (chamber of commerce) and impulse.brussels (Brussels Enterprise Agency).

Project development

The only change made to the project since its launch was an adjustment to the intake process. Initially, DreamStart relied very heavily on referrals from partner organisations. While this reduced the need for extensive outreach, it resulted in a very uniform group of participants and limited the scheme's reach. This method has been abandoned and the scheme now promotes itself widely to better reach its target clients.

Project financing

The annual cost for DreamStart, including organisation, management, and training courses, is estimated to be approximately EUR 72 000. The expenses are wages for the project organisers and supervisors (EUR 60 000), cost of facilities for training (EUR 5 000) and promotion and other costs (EUR 5 000). The use of volunteer coaches and trainers generates a saving of approximately EUR 70 000 per year (estimated at a cost of EUR 1 000 per volunteer per day).

These costs cover 3 cycles of the scheme per year, at a cost of EUR 24 000 for each cycle. Each cycle has 12 participants; the cost per participant is EUR 2 000.

There are three main sources of financing for this scheme. Public funding accounts for approximately 42% of operating costs and this comes from the Federal Ministry of Social Integration and the Brussels Capital Region. Private sector funding is received through corporate social responsibility policies, accounting for approximately 7% of operating costs. Key contributions are received from the BNP Paribas Fortis Foundation and the Levis Strauss Foundation. The largest contribution is in-kind contributions from the volunteers, which is estimated to cover nearly 50% of operating costs.

Challenges encountered

DreamStart currently faces several challenges as it seeks to scale-up its activities. First, the scheme relies very heavily on the use of volunteers to deliver the training and coaching so that operating costs can be kept to a minimum. Any increase to the scale or scope of the scheme will increase the need for volunteers. This presents a challenge as it is increasingly difficult to secure the participation of volunteers.

A related challenge for DreamStart is to assign a price to the service for participants. Support is currently provided at no charge to participants, which ensures that it is accessible for unemployed youth. The scheme is always at risk of losing public and private funding, or facing a reduction in the number of volunteers. Further, increasing the scale and/or scope of the scheme would require more volunteers, which may not be feasible since it is difficult to attract and retain volunteers. Thus, the scheme is considering charging a small fee for participants so that they can cover a portion of the operating costs but this would likely discourage some from participating.

The scheme focuses its efforts on the pre-start-up phase of business creation. However, it is likely that many clients will continue to need support after their business is created. Therefore, the scheme is seeking a way to better integrate itself with the business development service network so that participants can access further support. Other considerations in terms of increasing the scope of the scheme include the provision of more intensive coaching and mentoring to guide participants through the start-up process and beyond.

Similarly, access to finance is a challenge for some participants. DreamStart can facilitate access to microcredit from MicroStart for some participants but it is an independent organisation that does not accept all of DreamStart's clients. DreamStart is therefore seeking to build partnerships with other financial organisations to provide more options to access finance for participants and to provide access to more specialised products, such as insurance for those who have difficulty accessing mainstream products and services.

Finally, DreamStart is seeking to become more active in policy dialogues to inform policy makers about the challenges faced by their clients. For example, some participants seek to combine their start-up with other activities (i.e. "hybrid entrepreneurs") but risk losing their social welfare benefits because they may not be considered available to work.

Impact

Since the beginning of 2013, DreamStart has run four cycles of the project. Each was successfully completed by between 10 and 12 participants. Approximately half of the youth who participate in the intake interview are accepted and the dropout rate is two per cycle.

Approximately 60% of youth who finish the scheme and present their business plan to the panel start a business within a year. Monitoring shows that one-third of participants who complete the cycle go on to start a business and work full-time in this activity and two-thirds work part-time and combine self-employment with paid employment. This allows them to finance their business start-up with the earnings from employment.

An unexpected result of the scheme was that it created networks of youth entrepreneurs. Participants typically stay in contact with each other following the training and provide peer-support.

Conditions for transfer

To adapt this scheme to another context, the implementing organisation will increase its chances of success if the following conditions are met:

1. *Ensure an adequate supply of volunteer business professionals*. Replicating this scheme in another location would require access to volunteer business professionals who are willing to share their knowledge and expertise. This likely requires a project manager who is known and respected in the business community with a large, developed network that can be used to seek volunteers.
2. *Provide training for volunteers*. The implementing organisation must have the capacity to train and guide the volunteers. This goes beyond an explanation of procedures and should include training in communication and coaching so that the volunteers can reach their potential as support providers.
3. *Secure sufficient financing*. Transferring the scheme would require financing. It is likely that multiple sources will need to be drawn on, as is done in DreamStart. Financing will be needed to develop and promote the training component, train and support volunteers, secure a physical location for the training and to cover the salary of the project manager.
4. *Offer a physical location*. The implementing organisation must have the facilities for training the youth entrepreneurs. While the training requires only a small room and a computer, careful consideration is needed about the location of the training centre. It is important that youth can access the training centre with public transportation and, if implemented on a larger scale (i.e. national), that training centres are set-up in all regions.

5. *Partner with supportive stakeholders*. Partnerships will be important for the successful transfer of the experience to another context. Working with other stakeholders will improve promotion and outreach, which is particularly important during the initial project cycles. The partnerships can also be valuable in securing the participation of volunteer professionals.
6. *Hire a knowledgeable project manager*. A strong project manager has been important for DreamStart, with expertise in entrepreneurship, as well as in fundraising and securing volunteer participation. It is also important to have a small staff with knowledge and experience in business planning and entrepreneurship training, who can assist in preparing the training.
7. *Ensure the credibility of the implementing organisation*. To successfully reach potential project participants, the implementing organisation should have a history of working with that client group so that it is seen as a credible support organisation by the clients and scheme supporters. It must have professional staff who are capable of running intake interviews and organising the training.
8. *Build a network of complementary organisations*. While it is important to have a strong implementing organisation, it is also important that it is surrounded by a network of other support providers who can address gaps in the scheme's offerings. For example, this would include microfinance institutions which can provide start-up financing for participants and other business development support services for post-start-up assistance.

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Entrepreneurship Works, Belgium (Flanders)

This case study presents a one-year coaching project for the unemployed to help them start a business. The description includes the project objectives, rationale and activities. It also presents the challenges faced when implementing the scheme and the impact that it has had. The conditions for transferring this practice to another context are included.

Objectives

Entrepreneurship Works ("*Ondernemen Werkt*") was a 1-year coaching scheme that ran from 2008 until 2013 in Flanders, a Dutch-speaking region of Belgium. It aimed to help unemployed job-seekers start their own business. The coaching combined business advisory, personal development and entrepreneurship skills enhancement. Compared with group training courses, this individualised approach allowed for better guidance during the pre-start-up phase and for more responsive referrals to other support providers (e.g. business professions, microcredit).

The project aimed to screen 650 potential participants in each year over a 4-year period and to have 25% of these people start a business.

Rationale

In Flanders, very few unemployed job seekers returned to work through self-employment. The project was therefore launched to address two obstacles that unemployed people often faced starting a business. *First*, unemployed people generally lack the motivation and skills for self-employment. *Second*, the employment services for unemployed people in Flanders in the mid-2000s were provided by multiple actors that worked independently. This system was fragmented and little support was offered to unemployed people who were interested in self-employment.

Activities

Initial screening

An initial screening of interested potential entrepreneurs was undertaken by VDAB using business professionals (i.e. external consultants) specialised in self-employment. Potential participants were invited to an interview for an assessment of their entrepreneurial skills, business ideas and motivations. The business professionals used a tool called "*Entre Mirror*", which is a self-assessment questionnaire that scores respondents on entrepreneurial skills like decisiveness, independence, persuasiveness, perseverance, financial literacy, networking and organisational skills. In addition, the screening interview was used to assess their business idea because the scheme was only available for

unemployed job seekers with a concrete, feasible business idea that could be implemented within one year. Candidates were also required to possess the necessary professional and occupational-specific knowledge and the necessary start-up capital.

Based on this screening interview, the VDAB made one of three recommendations: those who passed the screening were referred to UNIZO for participation in "Entrepreneurship Works". Candidates who passed the screening but appeared to require more intensive support were directed to a Flemish Activity Co-operative (i.e. a social enterprise) for training before entering 'Entrepreneurship Works'. Finally, those who did not pass the screening were declined admittance into the scheme.

Phase 1: Exploratory phase

The initial phase lasted a maximum of 6 months and included an in-depth intake assessment and orientation in order to identify entrepreneurial skills and training needs. Based on this analysis, the applicant was provided with a coach to develop a Personal Development Plan and an Action Plan to ensure the feasibility of starting the business within the time foreseen by the project.

During the Exploratory phase, participants had to take the necessary steps to obtain a business management certificate, which is mandatory for starting a business in Flanders. This involved taking a course (132 hours) that covered a wide range of topics that an entrepreneur needs to master to manage his or her own business. One key focus was the development of a business plan. The course took 3 months to complete and individuals with a low skill level could take a preparatory course of 40 hours. Non-native speakers were guided by a language coach.

The aim of this phase was to develop the entrepreneurial competences and to explore the feasibility of the business idea. At the end of the phase, the participants decided whether they wanted to go to the second phase of Entrepreneurship Works or withdraw from the scheme and return to seeking a job in the labour market.

Phase 2: Preparatory phase

This phase lasted a maximum of 6 months and included intensive guidance towards the actual setting up of the self-employed activity. In the Preparatory phase the entrepreneur received individual coaching and could also attend group workshops. The objective of this phase was to execute the skills acquisition plan that was developed during the Exploratory phase and focused on practical tasks such as applying for a loan, searching for a commercial property, contacting suppliers and potential customers and preparing a marketing strategy. Furthermore, candidates were offered workshops and information sessions from which they could choose to gather knowledge about pitfalls for start-ups and ways to reduce them to a minimum.

Project partners

Entrepreneurship Works was a partnership between UNIZO (the Union of Self-Employed and SME's), VDAB (the Flemish Public Employment Service) and Syntra (the Entrepreneurial Training Network). UNIZO provided a team of 5 coaches to give free coaching during 1 year to people who were unemployed and were interested in self-employment (candidate entrepreneurs). These coaches were located at regional offices in each of the 5 Flemish provinces.

The VDAB offices are spread over Flanders; all unemployed jobseekers are registered with the VDAB. VDAB has 40 self-employment counsellors that screened candidate entrepreneurs who were interested to participate in the scheme.

There was intensive co-operation with Syntra Flanders and 4 regional Syntra offices to enhance the competences of the candidate entrepreneurs. Amongst others, Syntra offers the course "Business Management", which is mandatory to start a business in Flanders.

Participant profile

Table 5.1 presents administrative data that were collected on participants that entered the Exploratory phase of the project. The table shows a number of socio-demographic characteristics of the participants. As a benchmark exercise, the table also includes data for the Flemish population of unemployed job seekers and self-employed entrepreneurs. In that way, it is not only possible to verify which type of participants the scheme attracted, but also to examine to what extent the participants represent the typical unemployed jobseeker or the typical self-employed person.

Table 5.1. **Profile of the participants in Entrepreneurship Works, 2009-14**

Proportion of total (%)

Characteristics	Entrepreneurship works		Unemployed jobseekers VDAB population[1]	Flemish population of self-employed entrepreneurs[2]
	(Phase 1) N = 2 589	(Phase 2) N = 534		
Female	39.4	43.6	47.4	33.7
50 years old or older	7.3	6.7	25.0	34.8
No high school degree	33.3	27.0	49.1	-
High school degree	39.9	38.7	34.7	-
Bachelor's or Master's degree	26.8	34.3	16.2	-
Persons with an occupational disability	6.3	4.1	13.9	4.6
Ethnic minority	18.7	10.6	24.3	6.4
Groups at risk in the labour market	52.8	42.1	72.0	-
< 6 months unemployed	43.8	12.5	39.3	-
6-12 months unemployed	27.4	31.1	18.5	-
> 1 year unemployed	28.8	56.4	42.3	-

1. The VDAB-data reflect the composition of the population of unemployed jobseekers in the observed period. The average percentage was calculated based on Arvastat-data for the period going from January 2009 to June 2014.
2. 2012 data from the Action Plan Entrepreneurship of the Flemish Government (Department of Economy, Science and Innovation).

The data show that the group of participants was very diverse and included a substantial share (52.8%) of people belonging to at least one group considered to be "at risk" in the labour market according to the VDAB. This includes those at least 50 years old (7.3%), those without a secondary school degree (33%), those with an occupational disability (6.3%), those belonging to an ethnic minority group (18.7%) and women (39.4%). Furthermore, 28.8% of the participants had been unemployed for at least one year at the start of the first phase of the scheme. When comparing these shares with the population of unemployed job seekers, it is clear that there was an under-representation of women, people 50 years old or older, those with low education levels, people with an occupational disability, ethnic minorities and long-term unemployed compared with the population of self-employed people, the scheme had an under-representation of seniors but a slight over-representation of women, people with a disability and ethnic minorities.

Table 5.1 also shows a number of differences in the profiles of participants for the first and second phase of the scheme. As UNIZO closely monitored the trajectory of every participant, it was possible to analyse the dropout during the scheme. After the first phase, 386 participants (15%) received a negative assessment, 102 participants (4%) were transferred to another counselling project and 1 117 participants (45%) decided to quit the scheme. Furthermore, 371 (41%) of the remaining 905 participants who had completed the first phase and received a positive assessment, decided not to start the second phase of the scheme. Logistic regression analysis showed that people with an occupational disability and ethnic minorities were significantly more likely to drop out (due to a negative evaluation or transfer to another scheme) (IDEA, 2014). These groups also had a higher likelihood to quit the scheme themselves. This was also the case for youth under 25 years old and people with a low education level (i.e. participants who did not have a high-school degree).

Project financing

The Entrepreneurship Works project was developed through 3 consecutive European Social Fund (ESF) projects jointly funded by the ESF-Agency Flanders, the Flemish government as well as additional co-funding. Table 5.2 shows the evolution of the budget over the entire period of the project, namely Entrepreneurship Works I (1 November 2008 to 30 September 2009), Entrepreneurship Works II (1 October 2009 to 31 October 2010) and Entrepreneurship Works III (1 November 2010 to 28 February 2013).

Table 5.2. **Financing of Entrepreneurship Works I, II and III**

		Entrepreneurship Works I (1 year)	Entrepreneurship Works II (1 year)	Entrepreneurship Works III (2.5 years)
Requested budget	ESF-financing	EUR 270 000	EUR 292 500	EUR 585 000
	Flemish co-financing	EUR 330 000	EUR 357 500	EUR 765 000
	Additional funding	EUR 66 692	EUR 65 000	EUR 130 000
	Total requested amount	EUR 666 692	EUR 715 000	EUR 1 480 000
Total amount granted		EUR 648 525	EUR 710 600	n/a

Source: IDEA Consult, based on data from the ESF-Agency Flanders.

Based on these data, the average cost per initiated counselling trajectory can be calculated. The project call for Entrepreneurship Works (I, II and III) budgeted an average cost of EUR 1 100 per initiated trajectory. This estimation turns out to be quite accurate if the total amount granted (EUR 2 839 125) is divided over the total number of intakes (i.e. 2 611 participants) (see Table 5.3).

Table 5.3. **Average cost per counselling trajectory in Entrepreneurship Works**

	Entrepreneurship Works I (1 year)	Entrepreneurship Works II (1 year)	Entrepreneurship Works III (2.5 years)
Total amount granted	EUR 648 525	EUR 710 600	EUR 1 480 0001
Number of participants that started the first phase of the scheme	442	475	1 184
Average cost per actually initiated scheme of 12 months (phase 1)	EUR 1 467	EUR 1 496	EUR 1 250

1. For Entrepreneurship Works III, the final invoice had not been made at the time of the evaluation. Therefore, the planned budget has been used in the calculation.

Source: IDEA Consult based on data from the ESF-Agency Flanders

Challenges encountered

As the Entrepreneurship Works project comprised three generations of ESF projects, a number of learning effects could be taken into account when developing the counselling component.

First, Entrepreneurship Works had a difficult time reaching some candidate entrepreneurs, such as those with an occupational disability and ethnic minority groups. Since all the training courses were organised in Dutch, language was a considerable barrier for many candidate entrepreneurs, even though there was a language coach for non-native speakers in the main course of business management. Furthermore, throughout the three editions of scheme, it remained difficult to reach the group of bankrupt entrepreneurs.

A *second* challenge was providing professional coaching for 650 participants. A team of only 5 coaches was responsible for managing the entire counselling component. Even though there was a clear path leading to the start-up of a new business, each candidate entrepreneur was coached both individually and in a group together with other candidate entrepreneurs. Since every start-up process is very specific, the implementation of the scheme and training needs of the participants differed strongly according to the situation of the candidate entrepreneurs. The flexible approach was a challenge for the small team of coaches, especially since every participant should be able to get in touch with his or her personal coach in an easy and quick way.

A *third* challenge was finding an appropriate balance between the need to stimulate independence and creativity while providing enough structure to guide the participants through the scheme. In some cases the individual relationships fostered a dependence which hindered the ability of the participant to develop entrepreneurship skills and to leverage other resources.

Impact

Since Entrepreneurship Works was an activation project, the impact was mainly assessed by evaluating the participants' transition to self-employment (and employment). Table 5.4 shows the transition rates for participants that completed and participants that stopped the scheme. For most participants, the measure after 6 months coincides with the end of the scheme (as the second phase could take up to 6 months). Hence, the measure after 18 months shows the result one year after completing the scheme.

The impact of the scheme in terms of moving people back to employment was very high. The average transition rate to employment (measured 1 year after registration at the VDAB) for unemployed jobseekers (overall in the Flemish provinces) was 52.4% for the period 2011-13. The scheme achieved transition rates of 66.6% after one year for those seeking self-employment and 81.3% for those who sought employment following completion of at least the first phase of the scheme.

Logistical regression analysis showed the factors that contributed to the likelihood of finding employment or self-employment (IDEA, 2014). The analyses were performed for four groups of participants:

1. all participants that initiated the first phase of the scheme;
2. candidate entrepreneurs that did not pass the intake interview or were transferred to another counselling project;
3. participants that completed the entire scheme; and
4. participants that did not complete the scheme.

Table 5.4. **Number of Entrepreneurship Works participants transitioning to self-employment and employment**

		Months after completing the first phase	%
All participants that completed at least the first phase of the scheme	Transition to employment	6 months	73.6
		12 months	81.3
		18 months	83.7
	Transition to self-employment	6 months	61.4
		12 months	66.6
		18 months	63.8
At-risk groups that completed at least the first phase of the scheme	Transition to employment	6 months	74.1
		12 months	79.4
		18 months	82.4
	Transition to self-employment	6 months	62.2
		12 months	64.2
		18 months	62.4
Participants that stopped the scheme	Transition to employment	6 months	46.5
		12 months	55.8
		18 months	57.8
	Transition to self-employment	6 months	10.7
		12 months	13.8
		18 months	15.0

Source: Monitoring data from the PES (VDAB), processed by IDEA Consult.

The results from the analyses among all participants that initiated the first phase of Entrepreneurship Works clearly show that completing the scheme had a strong, positive relationship with both the likelihood of finding employment and the chance of becoming self-employed. However, the analysis could not identify whether this can be ascribed to the content of the scheme or whether this was due to a selection bias because the data could not determine whether only the stronger profiles gained access to the scheme.

The socio-demographic characteristics determining the probability to make the transition to employment or self-employment differed according to the extent of experience with the scheme:

- For participants who completed the scheme, female candidate entrepreneurs and participants who were unemployed for at least one year at the start of the scheme appeared to be significantly less likely to have made the transition to employment or self-employment 6 or 12 months after completing the scheme.
- Candidate entrepreneurs that ended their participation in the scheme, turned out to be less likely to be employed if they had an occupational disability, were at least 50 years old or had been unemployed for at least one year. In addition to people with an occupational disability, those with a low educational attainment were less likely to become self-employed when they dropped out of the scheme.
- Among the participants that transferred to another counselling project, the likelihood to make the transition to employment was significantly lower for people with an occupational disability, ethnic minorities, people over 50 years old and the long-term unemployed. However, in this group of participants, only people without a high-school degree were significantly less likely to become self-employed.

Box 5.1. **Looking forward: Entrepreneurship Works – The sequel**

After three generations of Entrepreneurship Works, a new coaching project was launched in October 2013 to help unemployed job seekers start up their own business: "Make your business work" ("*Maak werk van je zaak*"). Like Entrepreneurship Works, this scheme is also funded via the ESF-Agency Flanders with Syntra-Limburg as promoter. Like Entrepreneurship Works, it targets unemployed jobseekers, but also targets people at risk of collective layoffs.

The main features of Entrepreneurship Works return in the new scheme. That is, it consists of two phases and has a maximum duration of one year. Before entering the scheme, there are initial screenings and information sessions at the regional Syntra offices. These are organised on a weekly basis. If candidate entrepreneurs pass the intake, they enter the orientation phase (up to 6 months), which is about creating a Personal Training Plan and a Personal Action Plan. This phase results in a business plan, a feasibility study, and – if no exemption is made – a business management certificate. The second phase is the coaching phase (up to 6 months). This phase is about the implementation of the Personal Action Plan, it comprises concrete actions towards the actual start-up.

An important difference between this scheme and Entrepreneurship Works is that each participant is entitled to customised coaching throughout the scheme via a virtual backpack (i.e. funds for training) of EUR 500 for training from an exhaustive menu. This menu comprises short-term training initiatives from both private and public providers.

The total funding for this scheme is EUR 600 000 to coach 800 candidate entrepreneurs and EUR 400 000 for the training backpacks (i.e. EUR 500 per participant). Since the scheme attracted a lot of candidate entrepreneurs, both the targets and the funding have been increased. Since the initial 800 trajectories were started in June 2014, another EUR 334 147 were budgeted for the coaching of 250 extra participants together with EUR 125 000 to fund the training backpacks. This extension of the budget was financed by the VDAB. If the budget from the training backpacks is ultimately not fully used, it will be used to finance an additional scheme.

The intake period for "Make your business work" ended in June 2015. More than 1 600 unemployed jobseekers were reached (twice as much as originally planned), of which 43% belonged to groups at risk in the labour market. Thanks to the coaching and guidance about 400 unemployed jobseekers started as a self-employee, a success ratio of 25%.

Due to the success, a new project "Make your business work 2" was launched, funded by ESF with co-financing from VDAB, SYNTRA Flanders and Enterprise Flanders. From July 2015 until the end of 2017, the promotor SYNTRA Limburg coaches 1 250 to 1 500 unemployed jobseekers in starting a business.

Conditions for transfer

Key design features of Entrepreneurship Works that could be important to include when transferring this approach to another context are:

1. *A well-developed network of partners*. There was a strong partnership between several organisations (i.e. UNIZO, VDAB and Syntra). The close co-operation with VDAB facilitated access to the target group (job seekers), whereas the partnership with Syntra created opportunities regarding competence enhancement. As Syntra primarily focuses on entrepreneurial training, shared activities made it possible for participants of Entrepreneurship Works to get in touch with other candidate entrepreneurs. In this way,

the partnership stimulated networking and peer support. It moreover created direct links with experts. Using such a network of experts, the coaches of Entrepreneurship Works could customise individual counselling trajectories to the needs of each candidate entrepreneur.

2. *Continued access to benefits*. An important characteristic of the scheme was that participants remained entitled to unemployment benefits. The financial risk of starting up a business forms a significant hurdle to taking the step towards entrepreneurship. Even though unemployment benefits decrease over time, this kind of financial support is key to entice people to give the scheme a chance and to support them while their business develops.
3. *High-quality coaches*. Throughout the evaluation, the key role played by the coach in the scheme was repeatedly emphasised. Coaches' knowledge about entrepreneurship was at least as important as their experience as counsellors. This suggests that coaches should be knowledgeable about potential partners in the marketplace and have contacts within support organisations to efficiently refer the participants during, or even after, the scheme. Ideally, the participants were brought into contact with the right people within the organisations that could provide efficient further assistance.

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Women in the Labour Market, Croatia

This case study presents an example of an integrated approach to support unemployed women in business creation as a way to return to the labour market. The description covers the objectives and rationale of the project, and outlines the main activities undertaken. It also presents the key challenges face and the impact that the project had. Conditions for transferring this experience to another context are also discussed.

Objectives

The project "Women in the Labour Market" was implemented by the Croatian Employment Service (CES) in the framework of the Instrument for Pre-Accession Assistance (IPA), 4th Component "Human Resources Development" for the period of 2007-09. Project implementation began in September 2010 and finished in March 2012. It included a grant programme to support unemployed women in business creation as a way to return to work, as well as a technical assistance programme for policy makers.

The overall objective of the project was to increase the employability of disadvantaged women and support their entry into the labour market. The target groups for this grant were unemployed women over 40 years old, unemployed women who had been unemployed for at least 12 months, inactive women, unemployed women from counties with higher than average unemployment rates, and unemployed women belonging to ethnic minority groups, with a focus on the Roma minority.

Rationale

The main rationale for launching this initiative was to reduce the labour market disadvantages faced by unemployed Croatian women. Key labour market indicators show that although gender disparities have decreased, a gender gap remains. For example, the employment rate for women was 9.1 percentage points lower than employment rate for men in 2014. Croatian women also have lower economic activity rates and monthly earnings than men. Women face greater difficulties in accessing, returning and staying in the labour market for a variety of factors. A disproportionate number of women are working in temporary and insecure jobs, making them more vulnerable and more exposed to poverty or external shocks, such as the current economic crisis.

Disadvantaged women experience these problems more intensely. Unemployed women, especially those between 40 and 65 years old, face obstacles in finding and securing employment, not only because of the general unfavourable economic cycle, but also due to lack of education and skills. The absence of life-long learning systems reduces the likelihood that this gap will close over time.

The programme aimed to respond by providing funding to a range of gender-sensitive and tailored active labour market policies for disadvantaged women, including those over 40 years old, long-term unemployed living in counties with the highest unemployment rates and coming from minority populations such as the Roma.

The programme overall engaged local partners to the CES in designing and implementing support for women in the labour market, including regional CES offices, social welfare centres, municipalities, relevant government agencies, trade unions, employers' associations and civil society representatives.

Activities

The grant scheme was launched in August 2009 with a call for proposals that was published on the EuropeAid and CES websites. Eligible applicant organisations could apply individually or in partnerships for 12-month projects with funding of EUR 90 000 to EUR 140 000 for the following types of activities (the list was not exhaustive and appropriate actions that were not mentioned could also be considered for support):

- provision of assistance and information on labour market opportunities, and incentive measures for employment;
- activities aiming at creating new methods of work and services that will facilitate access of disadvantaged groups of women to the labour market;
- activities aiming to increase employability of disadvantaged groups of women;
- activities aiming to create networks, partnership and new methods of support for disadvantaged groups of women.

55 project applications were received and underwent a 3-phase assessment: i) administrative compliance (e.g. complete application, received on time) ii) evaluation of concept (e.g. relevance of proposed action, its merits, effectiveness, viability and sustainability) and iii) evaluation of full applications (e.g. quality check, including budgets, capacity of applicants and their partners – based on the pre-defined evaluation criteria). The evaluation process lasted 9 months and was implemented by the contracting authority with the assistance of external assessors, such as representatives of line ministries relevant to the grant scheme's focus.

This process selected 18 proposals that were awarded funding November 2010. Three of these projects were designed to address unemployment of disadvantaged women through provision of support for self-employment, namely:

- Project "Be Business – Be Competitive" in Brod-Posavina County.
- Project "Step by Step to the Labour Market" in Vukovar-Srijem County.
- Project "MOTS – More Opportunities Through new Skills" in Dubrovnik-Neretva County.

The principal tools used by these projects to promote women's entrepreneurship were:

- Provision of information and training on basic entrepreneurship skills, business planning, business management, marketing, accounting, financial planning, computer skills, and communication.
- Development of publications, manuals and websites.
- Organisation of business-to-business meetings connecting project participants and potential employers.

The project "Be Business – Be Competitive" (EUR 91 605) was implemented by the Brod-Posavina County in partnership with the regional CES office in Slavonski Brod. It planned to assist 48 unemployed women in active job search and pursuing entrepreneurial activity. Unemployed women registered in the CES database in Brod-Posavina County (415 women) were invited to take part in the project and, based on a survey of participants, the project selected a group of women (55 out of 131 who expressed interest) to undertake the educational programme on enhancement of competences in the labour market and ICT skills (all 55 participants), and starting a business (21 participants with entrepreneurial ideas). The project also developed visibility activities (e.g. flyers, posters, and website) and a "Practical Guide to Women Entrepreneurship" booklet. Monitoring data indicate that 13 participating women started their business or found employment.

The project "Step by Step to the Labour Market" (EUR 110 268) was implemented by the regional CES office in Vukovar in partnership with two local civil society organisations, the Association of Women and the PRONI Centre for Social Education. It focused on long-term unemployed women in Vukovar-Srijem County and helped them acquire new skills and competences to increase their options for employment and develop innovative business models for self-employment. The Regional CES office underwent a process of training of trainers as a preparatory activity, followed by a series of workshops with participating women on motivation for active job searching, psychological counselling, ICT skills and starting a business. In total, 262 women participated in the project with 88 participating in motivation workshops, 155 in psychological counselling, 57 in ICT workshops and 28 in entrepreneurship workshops. The project resulted in the creation of two business (in which 13 participating women found employment) and one civil society organisation founded by 3 participating women. In addition, 27 women found employment elsewhere.

The project "MOTS – More Opportunities Through new Skills" (EUR 107 539) was implemented by civil society organisation *Deša* in partnership with the regional CES office in Dubrovnik and the Entrepreneurship Centre Dubrovnik. It was designed to increase the employability of 120 long-term unemployed women over 40 years old in Dubrovnik-Neretva County. The activities included seminars on entrepreneurship, finance and accounting, as well as training on ICT and how to develop and promote authentic local souvenirs and products. In addition, the project organised a B2B meeting where participating unemployed women were able to present their skills and CVs to local employers. 233 unemployed women participated in the project, of which 59 women found employment and 9 started a business.

The total contracted value of projects implemented through the grant programme was EUR 2 017 480. The programme could only provide financial support worth from 70-85% of the total eligible costs, meaning that the applicants had to co-finance the balance from their own resources or non-European Union sources. In practice, the grant scheme funded between 77% and 85% of each contracted project.

Challenges encountered

All grant recipients went through a series of preparatory workshops and consultations and the contracting authority was available to grant recipients for clarification and support. Despite this, project implementers encountered difficulties. Out of the total contracted amount of EUR 2 017 480 for all 18 grant contracts, only EUR 1 853 606 (91.8% of the total contracted amount) was actually disbursed. The main reason for the gap in disbursements was inadequate planning for grant budgets by the applicants and

inadequate financial management of grant contracts by the applicants. These led to a decrease of total eligible costs.

Impact

This programme enabled numerous institutions at the national, regional (i.e. county) and local levels to develop new knowledge and support measures for various vulnerable groups of importance to the labour market, notably women. Another key outcome was that the call for proposals for the grant scheme was sufficiently specific to stimulate competitive bidding from all parts of the country but also sufficiently flexible to allow bidding institutions to form consortia and to develop bids which they thought would best fit the needs of their communities and stakeholders. This was important in allowing innovative proposals to be developed and implemented within the framework of the specified criteria. This allowed the CES to learn from the experiments.

With respect to the clients, the 3 projects that supported unemployed women in business creation helped to support 105 women into self-employment or paid employment.

Conditions for transfer

It is important to recognise that Croatia was undergoing the process of accession to the European Union at the point in time when this initiative was conceived and implemented. The initiative was designed to sensitise the relevant stakeholders to the importance of focusing on the needs of unemployed women, in various categories, and develop appropriate policy initiatives. Despite this specific context, the experience offers two important lessons for the use of a similar approach in other places:

1. *Use calls for proposals to engage the private sector*. This allowed suitable flexibility for bidders to interpret the criteria in a sense that best fits the actual needs of their communities and stakeholders, enabling alternative approaches and innovation to be stimulated. Such an approach can be particularly important in the context of vulnerable groups which are particularly difficult to access. However, the use of European Union procurement procedures is demanding for all participants, including authorities and bidders. It is crucial that training and support is provided when implementing systems with inexperienced users.
2. *Plan ahead for monitoring and evaluation*. The lack of thought and priority accorded to the issue of monitoring and evaluation was one of the key weaknesses in the experience. With so many projects, implementers and users, it was not possible to consistently implement monitoring and evaluation systems afterwards.

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Business Coaching for Ethnic Minorities, Denmark

This case study presents an entrepreneurship coaching project for entrepreneurs from ethnic minority groups. The case study discusses the objectives, rationale, activities and impact of the project. It also presents the challenges faced in delivering the project and the conditions for transferring this project to another context.

Objectives

The objective of the business coaching scheme in Vejle, Denmark, is to coach potential entrepreneurs from ethnic minority groups that are residents of the town. The coach provides information services not only about business support but also about issues related to immigration, health, housing and other aspects of living in a foreign country like Denmark. Referrals are made to formal business support organisations and to other service providers when appropriate. The project does not provide any financial support but is able to refer clients to other providers and give advice on presenting business plans to lenders.

Vejle has a growing ethnic minority community which, back in the 1990s, was mainly from Turkey, with other immigrants from parts of North Africa, especially Tunisia, Morocco, and Algeria. In recent years, and especially since 2003, the range of countries from which immigrants come has increased. There are increasing numbers from the new European Union Member States, notably the Baltic States and Poland.

The coaching project started in 2004 and continues to support entrepreneurs from ethnic minority groups. It began as an informal initiative, building on the experience of its founder, Muhsin Türkyilmaz, who was already advising friends and contacts on an informal basis. Since he could speak Danish, he was often asked to accompany people on visits to public offices, where he either acted as an interpreter or explained the situation to the authorities. He became trusted within his community in this role. Increasingly he found that, because it was so difficult for immigrants to go into mainstream employment, many were instead seeking to start their own businesses. Some of them had been business owners in their home country, and had already shown entrepreneurial zeal by moving to another country.

Rationale

Immigrants' backgrounds are extremely diverse. Some will have arrived as refugees fleeing war or repression. Migrants in this group are often unsure of their rights concerning work during the many stages that it takes to move from being an asylum seeker to a refugee to achieving citizenship. There is a natural reluctance to risk their status by going to a public office. Others will have come for economic reasons or through family

connections, either as part of an existing family or through arranged marriages and other arrangements. This extremely heterogeneous group presents a challenge for public services, especially business support services. Most business advisors have little knowledge about immigration issues, work permits and social integration challenges, which hinders their ability to provide relevant support to immigrant entrepreneurs. Business advisers need to be more sensitised to these issues and have some familiarity with other agencies that work in these areas.

In addition, immigrants typically have difficulty navigating the institutional and regulatory environment in their new country because it is different from their home country. Examples include knowledge of how to get housing, understanding what is needed to access health services, which public office performs which functions, as well as other issues which come up in everyday life. Even European Union citizens from the new European Union Member States find that many assumptions from their home country are not transferable to other Member States.

As a result, immigrants rely on friends and family (who may be in a different country) for advice. This advice from family and friends can be wrong and mistakes are made as a result. These missteps can drain the self-esteem and confidence of the immigrant and lead to depression and despair.

On the service delivery side, few ethnic minorities work for the public services in Denmark, although this is beginning to change in the larger cities. This makes public services less appealing to immigrants because it is more difficult for them to gain trust in the front line support staff. In some cases, language also acts as a barrier. The lack of sufficient interpretation services in many public administrations means that encounters with officials are frequently halting, strained and frustrating for both the immigrant and the official. It is not uncommon for the children of the family to end up interpreting in meetings with officials; however, while the children might have picked up enough Danish to communicate, they often have no knowledge about technical words, generating further misunderstandings and confusion. The problem is more serious where the parents' personal issues, such as money, health and marital relations, are being discussed.

Although language is important, another communication challenge is trust. The issue of respect is often linked to language, although there may be other prejudices that are more entrenched. Migrants are extremely sensitive to disrespect. There is a universal tendency to regard people who do not speak your country's language well as being unintelligent. Most often the problem is not of intelligence but of comprehension. Most immigrants to Denmark arrive without being able to speak Danish. While children might pick up the language through total immersion at school in a few months, it is much harder for adults, some of whom may speak only a little Danish even after several years in the country.

Empathy is critical for building trust in a relationship. For example, many immigrants would be quite reluctant to answer questions about their financial resources honestly, often because they do not really know how the tax system operates and fear that they might have transgressed in some way. But this can be a major sticking point for a potential business plan, as the adviser then cannot judge which real resources exist to start up the business. Financial channels within diaspora communities are often quite complex. A person may have diaspora kinship links to people in a range of countries from which money can be sought. Many refugees leave their countries with nothing, but are able to build up connections and resources over time. A skilled coach understands the sensitivity

of these issues, and is able to phrase questions about finance in such a way that a more honest answer is given.

The reduced economic performance in many immigrant communities compounds the problems of service delivery and the lack of empathy and trust. Although quite variable between groups and by gender, immigrant communities often demonstrate lower employment rates and activity compared to the host population. This is especially true for women, and in particular women from Muslim backgrounds in Denmark. The economic immigrants mentioned above often migrated for a specific job in a factory. When for whatever reason that position ends, they may find themselves unable to find an equivalent job and start to think of self-employment as a necessity.

Activities

The project works on two main levels, group information sessions and one-on-one coaching. Information sessions are delivered throughout the year to provide information on business creation, self-employment and available support services. The information sessions also act as marketing for the more intense one-to-one coaching. Coaching concentrates on identifying whether potential entrepreneurs are ready to start a business, and assistance to ensure that more of them are successful. The project focuses on ethnic minorities in the town. Initially, those receiving aid were mostly of Turkish origin, however now the participants come from a broader range of areas, including North Africa, the Horn of Africa, and Central and Eastern Europe.

The Vejle model relies on face-to-face support combined with approximately 6 outreach meetings to local associations each year. The individual coaching element begins with an intake interview that lasts up to 2 hours. This is much longer than the typical 30 minute interview offered in mainstream business support organisations. The coach's goal is to gain in-depth information about his client's situation. In many cases, the client has already started their business in a small-scale way and has received support through family connections, many of whom are based outside of Denmark.

The role of the coach is to provide professional advice pertaining to the regulatory and social norms in the new country and to build and strengthen ethnic minority social networks. This helps to shift the business advisory role from family and friends to professional coaches and counsellors, making the advice more effective. Consultations are provided through informal and flexible arrangements. The initial focus is on the business plan to identify and develop the central elements of the business idea such as the opportunity, the market, financing needs and the competences of the entrepreneur. Based on these discussions, the coach refers participants to formal business and entrepreneurship training provided by regions and municipalities.

Following business start-up, participants can continue to receive coaching and mentoring to help them develop and grow their business.

The project's approach relies on respect and understanding. In the Vejle model, the coach takes a holistic approach to ascertain if there are other employment-related issues that will prevent the business from being a success. Poor health might be a barrier to starting up a business for example. This is especially true for those who have arrived as refugees and have experienced deep traumas in their country of origin. Women face particular barriers to entrepreneurship in some ethnic communities as well, especially where religion or culture prescribe a role focused on home life.

This project started in the Municipality of Vejle but projects are now running across Denmark.

Box 7.1. **A Business Coaching for Ethnic Minorities participant profile: Maria, psychologist**

Her business idea was to import goods from Poland. Further questioning revealed that it was her husband's idea but he could not speak Danish and so therefore Maria was proposing the business. Muhsin asked her whether she wanted to be going to her office as a psychologist or running the import business 5 to 10 years in the future. He advised her that she should do what makes her happy. She replied "Are you the psychologist, or am I the psychologist?".

Box 7.2. **A Business Coaching for Ethnic Minorities participant profile: A refugee shoemaker**

A refugee shoe maker from Iraq was told by the Danish business adviser that he visited that shoes in Denmark were made in factories and that he cannot work as a shoemaker. But he got a job in an orthopedic shoemaker and subsequently bought the company with the guidance of a coach. This business now employs five people. The role of the coach was to help the entrepreneur apply their skills in another context and to identify opportunities.

Challenges encountered

The largest challenge that the project faces is obtaining financial support. In the past two years (2012-14), the project received support from the European Social Fund under the national programme. Prior to this, the municipality was not prepared to pay a person to coach ethnic minorities but preferred them to participate in the mainstream business support system. But, the mainstream system did not work well for ethnic minorities, which consequently led to a lack of expressed demand from ethnic minority entrepreneurs. The coach has successfully changed this dynamic by going into the communities and by demonstrating that this addition to the mainstream service can work without creating a parallel system.

Impact

This is a low-cost project which achieves good results for the money spent. It has won several awards, including a European Enterprise Award in 2007. The programme has supported more than 250 entrepreneurs at a cost of about EUR 2 000 per individual supported. It is estimated that approximately 50% of those coached go on to create a business. The programme self-reports that nearly all entrepreneurs who receive coaching survive at least one year.

Conditions for transfer

This low-cost coaching model can be easily adapted for different target groups and/or regions. The keys to successfully transferring the experience are:

1. *Use advisers from within the client's community group*. The use of business advisers and coaches who belong to the client group improves the ability to attract potential clients to

the support offering. It can also increase the speed at which trust can be built between the coach and the client because they are more likely to share the same cultural values and attitudes. Advising and coaching can also be more relevant because the coach is likely to understand the challenges that they client faces.

2. *Use professional advisers*. The objective of the project is to improve the quality of advice that entrepreneurs receive. Research shows that ethnic minority entrepreneurs avoid using public business development services and instead rely heavily on family and friends (e.g. Ram and Smallbone, 2003). The use of a professional adviser improves the quality of business counselling provided.
3. *Aim to develop personal relationships*. This project relies on a personal approach that was developed and refined by an individual coach. The personal relationships were essential for motivating clients and for building a trusting relationship.
4. *Ensure flexibility in the relationship*. Allowing for flexibility in terms of meeting frequency, length and location improves the ease of access to support and increases the likelihood of take-up within the client group. This is especially true for entrepreneurs who may have family care responsibilities to manage in addition to running a business.

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Start-up Grant, Finland

This case study presents an example of a welfare bridge scheme, which supports the unemployed in business creation. The description presents the objectives of the Start-up Grant, as well as the rationale. It also describes how the scheme works and the impact that it has had. The case study also discusses the challenges faced and the conditions for transferring it to another context.

Objectives

The objective of the Start-up Grant is to encourage new business creation and promote employment among the unemployed. Its goals are to encourage individuals to start up new businesses and to promote their growth and employment, thus maintaining and improving the survival rates of new start-ups (Lehto and Stenholm, 2001). The grant provides new entrepreneurs with a secure income to help secure the entrepreneur's subsistence during the time of business launch and initial development. The grant is usually provided for 6 months, but it can be extended twice so that the maximum period is 18 months.

Rationale

A nationwide system of start-up grants was launched in 1980s. It was widely used during the severe recession in the early 1990s to promote self-employment and entrepreneurship among unemployed people when other job opportunities were scarce. Over recent years, labour markets have changed and atypical forms of work have gained in importance relative to standard employment contracts (Lehto and Stenholm, 2001). These trends have made entrepreneurship and self-employment more viable and relevant options for individuals to earn a living and for Finland to improve its competitiveness. However, one of the barriers faced for the unemployed to start-up businesses is lack of finance to cover living, working and investment capital expenses.

Activities

The scheme was originally launched in 1984 as a pilot project, which was re-launched on a larger scale in 1988. It continues today. The scheme was initially targeted to unemployed people to support their business start-ups and employment. Those entitled for the Start-up Grant have to be registered as unemployed job seekers with the TE Office (Employment and Economic Development Office). However, since 2008 the Start-up Grant may also be granted to persons who are not unemployed, but are in process of moving from salaried employment, studies or domestic work into full-time self-employment.

The Start-up Grant consists of a basic grant, which in 2014 was EUR 32.66 per day (payable on 5 days per week based on the days the applicant works in the start-up company), and an extra grant worth up to 60% of the basic grant (i.e. EUR 19.60 per day),

which can be awarded for ideas that are assessed to have high potential. The Start-up Grant is usually granted in periods of 6 months, for up to 18 months. The average grant in 2013 was approximately EUR 800-850 per month for 9.5 months. It is paid on a monthly basis and is considered to be taxable income.

The Start-up Grant is provided by the TE Office. The main criteria for the Start-up Grant are (Ministry of Employment and the Economy, 2014):

- full-time self-employment;
- sufficient skills and competences for the intended business;
- potential for sustainable, profitable business;
- necessity for individual to earn a living;
- company is started only after the grant has been granted.

Applicants are required to briefly present the following in their application: personal work and entrepreneurship experience; education and training related to business management and entrepreneurship; name of the planned company; the legal form of the planned company; proposed ownership structure; business idea (including strengths and weaknesses); details of the proposed activity (e.g. premises, staff needed); production processes (e.g. facilities, factors of production); customers profiles (e.g. who, amount, regional coverage, needs); marketing plans (e.g. means and costs); distribution methods; competitor analysis (e.g. competitors and their offerings, own strengths in competitive arena); measures taken in advance of start-up; financing needs and sources (e.g. investments, working capital, own-finance, loans, grants); profit and loss statement (e.g. sales forecast, expected turnover and costs); organisation of accounting (e.g. needs for expert advice); and other grants received. The Start-up Grant is granted as *de minimis,* implying that a maximum of EUR 200 000 can be granted during the current and two previous taxation years for the applicant or company. The grant receiver is responsible for not exceeding the total threshold for *de minimis* grants provided by various public organisations (such as Finnvera – public risk financier), municipalities and provincial federations.

The TE Office consults third-party experts during the evaluation of applicants. The role of the third-party experts is to give general information and advice on starting up a company and to determine whether the business concept is viable and competitive. In its decision, the TE Office also considers the competitive situation and the need for the intended businesses in the region. Evaluation studies indicate that the application process functions relatively well; 70% of those receiving the grants report that it is easy to apply for the grant (Stenholm and Aaltonen, 2012; Stenholm, 2007; 2006).

One criterion for awarding the grant is that the applicant has entrepreneurial experience or training. When applicants are lacking this, they can attend free labour market training offered by the TE Office, including entrepreneurship courses organised by different educational institutions. The length of the courses is usually 4 to 8 weeks. Each service provider designs the training offer based on its own expertise and specific goals set for the course. During such training the applicant is expected to further develop the business idea and business plan and to gain better understanding on the measures to be taken when preparing start-up. The training also provides participants with basic skills in finance, accounting and taxation; marketing; managing risk; and human resource management. The aim of the training is to develop the areas that may prevent the applicant from running a viable business.

Project financing

The provisions of the Start-up Grant are contained in the *Act on Public Employment and Business Service* and a Government Decree (Ministry of Employment and the Economy, 2014). The annual budget for Start-up Grants is approximately EUR 38 million. The scheme received approximately EUR 2 million annually from the European Social Fund between 2010 and 2012.

Challenges encountered

The Ministry of Employment and the Economy has commissioned several studies on the Start-up Grant (Stenholm, 2013; Stenholm and Aaltonen, 2012; Stenholm, 2007; 2006) to learn about its impact and effectiveness.

Evaluations consistently identify the challenge of assessing an entrepreneur's need for the grant and how the grant impacts their start-up decision and process (Stenholm 2006; 2007; Stenholm and Aaltonen, 2012). It is difficult to balance the criteria of "necessity" on one hand, with the pre-requisites of profitable businesses on the other hand. This conflict is further demonstrated when discussing the potential secondary market effects of the scheme – about half of the start-up entrepreneurs perceived that they would have started the company without the grant received (Stenholm and Aaltonen, 2012).

More broadly, the scheme faces the challenge of providing guidelines for the experts who assess the entrepreneurs and the potential of their businesses. The application process relies partly on the expert statements assessing the potential of the intended business and although the officials preparing and making the grant decisions were relatively satisfied with the quality and content of the statements, these decisions were made based on individual perceptions. There is a need to ensure consistency across these decisions.

Evaluations also suggest that more support and advice for the applicants would have been helpful during the start-up process (Stenholm, 2006). To increase efficiency of the grant, it was suggested that public actors should increase collaboration as they may be serving the same potential entrepreneurs and it is an inefficient use of resources to analyse the same business idea and the entrepreneur multiple times (Stenholm and Aaltonen, 2012).

The Start-up Grant is a widely known and well-established instrument supporting business start-ups. Even though there is no particular awareness-raising campaign, the grant is visible in public sector Internet pages promoting support services for those considering entrepreneurship as an option. In addition, TE Office officials inform unemployed people searching for a job about the availability of the grant. However, the grant recipients are often not aware of some of the other related supports and the potential for extending the grants. Therefore, related information could be better promoted by the TE Offices (Stenholm and Aaltonen, 2012).

Finally, entrepreneurs who received the grant were unsatisfied with the amount and duration of the grant. The Ministry acknowledges that the grant is not enough to establish the business in the market but its goal is to support the living of the applicant (Stenholm, 2006). Those least satisfied were entrepreneurs who used the Start-up Grant along with other public financing, were unemployed before the business start-up, were older than 40 years old and had prior entrepreneurial experience (Stenholm and Aaltonen, 2013).

Impact

The Start-up Grant is considered to have had a positive impact on many individual entrepreneurs. Based on the recent evaluation, it has enabled entrepreneurs to accelerate their start-up process and approximately half of the respondents considered the grant necessary for their subsistence. In addition, nearly half of the entrepreneurs felt the grant provided them with encouragement from the government – the grant was a positive signal for entrepreneurship at a societal level. The greatest impact was reported among women and those with modest prior experience in entrepreneurship or industry indicating that the grant may compensate the lack of individual networks (Stenholm and Aaltonen, 2012).

The grant also has positive impact on the survival rates of the businesses: 38% of the businesses established in 2005 were still alive in 2012, for example. The respective figures for those started in 2006 and in 2007 were 41% and 61%. However, the longitudinal evaluations show that the survival rate is higher among the businesses started by non-unemployed individuals than among those started by the unemployed. Further, the results indicate similar differences in the development of turnover and employment of the studied businesses. Those who started their ventures while being unemployed estimate their turnover and number of employees to be lower than their non-unemployed peers. In general, the higher survival rates are found among those with higher education degrees, more social capital and starting as a non-unemployed (Stenholm, 2013).

Conditions for transfer

The Start-up Grant scheme has run in Finland for about 30 years, and the result of several evaluations have been taken into consideration when renewing the scheme. A number of success factors have been identified and should be central to transferring the experience to other contexts.

1. *Provision of subsistence*. The scheme is highly applicable for the unemployed, but is also relevant for other groups as it simply supports one's subsistence during the early months of the new business. Given the modest amount of money granted and the relatively short period over which it can be received (up to 18 months), the grant is not enough to finance a new start-up and ensure its survival, but it does increase the incentive for a start-up decision.
2. *Support access to business financing*. Since the grant is provided to support the entrepreneur rather than the business enterprise, it does not solve the start-up capital gaps of the company. Other financing schemes or bank loans need to be facilitated to complement this grant. Approximately half of the grant recipients also applied for finance from different sources, mostly from banks and Finnvera Plc, which is the state-owned risk financier. The financial needs of these start-ups are usually relatively modest as the businesses established with the support of the Start-up Grant often operate in service and retail industries.
3. *Define clear selection criteria*. On the one hand, evaluations indicate that the grant might be more important for those starting businesses from unemployment. On the other hand, companies started by people moving to self-employment from paid employment have greater turnover and potential for employment creation. Their survival rates are also higher. Thus, when transferring this experience to another context, the objectives (i.e. social vs. economic) need to be clearly defined so that the appropriate mix of recipients is selected and the deadweight costs are minimised.

4. *Involve the private sector in selection*. Using private sector expertise in the selection process can lead to better outcomes because they are likely have more expertise than the public sector in evaluating business proposals. It is important to select grant recipients who have a feasible business idea and a reasonable chance of success. It may even be damaging to provide the grant to those who are likely to fail because they may suffer personal financial losses and reduced self-confidence. For the unemployed population, this can increase their chances of social exclusion and falling into poverty.
5. *Have reasonable expectations*. The Start-up Grant is not likely to create highly innovative and growth-oriented companies. However, this does not diminish the value of such a scheme, which has contributed to a high number of new companies and new employment both in terms of self-employment and new jobs created in the start-up companies.
6. *Promote widely*. The Start-up Grant was able to achieve a sustained high take-up by promoting itself widely on many public websites and through public employment services.

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Adie Microfranchising, France

This case study presents a new, innovative model of supporting the unemployed in business creation by offering them a turn-key business franchise, along with training, counselling and other supports. It presents the objectives and rationale for this approach and describes how the model works. The case study also discusses the initial results achieved, the challenges faced in setting-up the scheme and the conditions for transferring it to another context.

Objectives

The mission of Adie is to finance and support the unemployed who wish to create their own business and who cannot get a standard bank loan. Adie's target clients are low-income entrepreneurs who lack access to standard financial services, namely the unemployed, people who receive social welfare benefits and those with low educational attainment. Adie's principal support schemes provide microcredit at market rates (up to EUR 10 000) and assistance when applying for national and local start-up grants and non-interest bearing subordinated loans. In addition, Adie staff and volunteers provide post-loan business advice to clients in the areas of business management, administrative requirements, marketing and legal advice.

Adie has recently introduced a new initiative to support entrepreneurship by low income entrepreneurs through giving them access to franchises, carrying with them a business idea, model, possible support from the franchisor or other franchisee peers and a brand. The objective of the microfranchising project is to facilitate entry into the entrepreneurial process with a lower level of risk. It aims to support the microfranchisees by providing them with a product or service, and a "turn-key" business model that has already been tested.

Rationale

Research undertaken by the French National Institute for Statistics and Economic Studies has found that there are two main barriers that discourage business creation in France: difficulties adhering to administrative requirements and a fear of not being able to access sufficient start-up financing (INSEE, 2011). These barriers are even greater for potential entrepreneurs from disadvantaged groups since they typically have little savings, low skill levels, poorly developed networks and lack experience with entrepreneurship. Adie aims to address these barriers by facilitating access to financing and a suite of start-up supports.

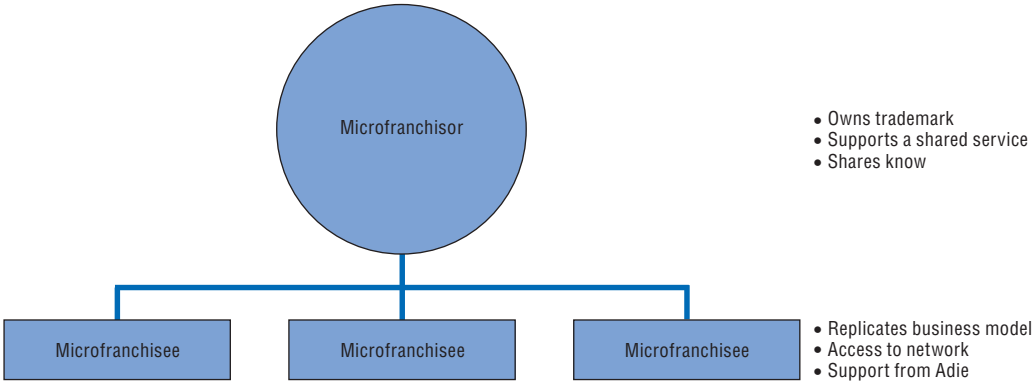
Adie launched its microfranchising initiative because an increasing number of people visited Adie's branches with a willingness to create their own business but no viable business idea. Traditional franchises are not affordable for low-income entrepreneurs and therefore not a potential route into entrepreneurship for this group.

Activities

The microfranchising scheme differs from Adie's traditional support schemes in that the clients do not propose their own project. Instead, Adie introduces clients to the different microfranchising networks to find a suitable project. Adie provides the microfranchisees with a full array of integrated services, including a personal needs assessment, support developing a business plan, business advisory services, training and finance.

The microfranchising concept can be explained by dissecting the term into its two roots: micro and franchising. The "micro" in microfranchising refers to the social aspect of assisting the poor at the base of the economic pyramid. "Franchising" refers to the systematisation and replication of enterprises. Thus, the Microfranchising Scheme uses the replication process of a franchise but applies it to those who are disadvantaged to alleviate poverty. This system differs from traditional franchising in one important respect: microfranchisees are unlikely to be able to sell their ownership stakes to another operator. What microfranchisees "own" is not the right to certain assets, which are minimal, but rather a particular relationship with the microfranchisor. The general framework is illustrated in Figure 9.1.

Figure 9.1. **Adie microfranchising framework**



Adie microfranchising "turn-key" business models are simple, accessible and can be easily replicated. Microfranchisees benefit from access to a trademark, know-how, shared services and assistance provided by the microfranchisor. The franchisors are selected and developed through Adie's relationships with national and international business groups (e.g. Veolia, SAUR, L'Oreal). Adie is responsible for identifying and testing the robustness of the different projects and negotiates the franchising arrangements. Adie has a dedicated staff of 2 full-time employees, 1 intern and 10 volunteers.

To create a franchise in this scheme, the microfranchisee is required to provide or acquire the start-up capital for their franchise. This is typically less than EUR 10 000 and microcredit from Adie can be used. Candidates are selected through an interview process that assesses their motivation and qualifications. The franchisees are either admitted directly into the scheme, or Adie proposes training to help the candidate develop their skills.

There are contractual relationships between the microfranchisor, microfranchisee and Adie. Microfranchisees must provide a small amount of royalties to the microfranchisor for the right to use their business model. A majority of microfranchise projects are concentrated in the retail and service sectors. This includes, for example, graphic

designers, house painters, florists, grocers, beauticians, restaurants, architects, farmers and photographers. There are two models of microfranchises (Box 9.1).

Box 9.1. **Types of Adie microfranchises**

1. Partnerships with large companies

- Large job creation potential (minimum 200 microfranchisees targeted per network).
- Example: Microfranchise O2 Adie, which is a network of gardening microfranchises. It was launched in 2011 and is currently a network of 30 gardeners.
- Other projects are being studied for their potential, including street food vendors and household services such as ironing.

2. Partnerships with entrepreneurs

- Medium job creation potential (approximately 50 microfranchisees targeted per network)
- Examples: i) Chauffeur&Go, which is a short-term chauffeur service that was launched in 2010. It had 90 drivers in its network in 2013 and aims to grow to at least 130 drivers by 2015; ii) *Mon Coursier de Quartier*, which was launched in 2015. It is a cyclotaxi service that provides passenger transportation and small package delivery.
- Other driver services are being assessed for their potential as a microfranchise network.

Adie manages the network of microfranchises through its local agencies. It also provides financing which is either provided through Adie's microcredit schemes or through a dedicated microfranchise investment fund. For those seeking microcredit, microfranchisees apply through the standard microcredit procedures where an application is make to a credit committee that is composed of Adie staff and volunteer business managers, accountants, and bankers. The investment fund, *Adie Microfranchise Solidaire Investissement*, has a mandate to support and finance the creation and development of microfranchising networks by acquiring equity shares in the capital of microfranchising businesses. Both financing instruments base their decisions on the capacity and motivation of microentrepreneurs, as well as the feasibility of the project.

Challenges encountered

Several institutional and external barriers had to be overcome to conceive and implement the Microfranchising Scheme. The administrative environment created some challenges as complex national legislation does not always support social innovation. For example, there are education and certification requirements for bicycle repair people or home delivery services. This impacts microfranchisees since many of these low-skill occupations require training and certification. Adie will propose and guide training, but this cost and time-investment is borne by the microfranchisee. One of objectives of the scheme is to overcome this challenge by proposing business models that do not require training or certification.

Another challenge faced by the scheme is selecting appropriate clients who will likely succeed at operating microfranchises. Adie uses motivation and education as predictors of success but the experience to date has not been successful at refining the selection criteria to better predict success as a microfranchise operator.

As Adie develops this scheme, it faces a number of strategic challenges. First, there is a challenge to scale-up the scheme at a low cost. The scheme relies on volunteer business professionals to help select candidates and to deliver training and support. Increasing the scale of the scheme requires more volunteers and more staff to train them. Second, organisers would like to strengthen the linkages between the microfranchising scheme and other Adie support offerings such as advice and training. Third, there is a need to improve linkages between the microfranchisees and financial institutions so that the microfranchise networks can grow.

Impact

To date, the Adie Microfranchising initiative has developed three microfranchise networks, creating more than 150 self-employed jobs. Five other microfranchise projects are currently under study or at a pilot phase. The cost of this project is approximately EUR 8 000 per job created, substantially less than the total cost of supporting an unemployed person with unemployment benefits (EMN, 2014).

In addition to creating jobs, the microfranchising model can improve job quality for low-income earners. In the O2 network of gardeners, microfranchisees typically become profitable after 3 months and earn approximately 1.5 times the minimum wage (EMN, 2014).

Adie's social microfranchising is based on a profitable business model both at microfranchisor and at microfranchisee levels. This two-level profitability is supposed to secures long-term sustainability of the microfranchise networks. Whereas microfranchisees theoretically have to be able to break even very quickly, microfranchisors typically reach their break-even point after two to three years of activity. Chauffeur&Go, Adie's first microfranchise network, was launched in 2010 and became profitable in 2013.

Conditions for transfer

Adie's Microfranchising Scheme has been designed with the aim of ensuring that both the business models of microfranchisor and microfranchisee are sustainable. This two-tiered objective aims to ensure the long-term sustainability of each network. Key factors that should be taken into account in seeking to replicate this model elsewhere include the following:

1. *Simplify the entrepreneurship process*. One of the key features of microfranching is that it transfers a proven business model to a new entrepreneur along with assistance and support. This eliminates the need to "re-invent the wheel" for new entrepreneurs. Many of the benefits of microfranchising derive from the mutual dependence between franchisor and franchisee. Franchisors want to protect their relationships with their microfranchises and the best way to do that is to see them succeed. Microfranchisees, in turn, owe their entire business to their special relationship with the franchisor. This link provides security for franchisors to invest in franchisees confident that both will reap the returns.
2. *Ensure microfranchisees can access business development services*. Adie provides some support to the microfranchisee, which complements the support directly provided by the microfranchisor. Training and individual support increase the chances of success for the new entrepreneur by ensuring that they have sufficient entrepreneurship skills and providing encouragement.
3. *Leverage the expertise of the microfranchisor*. The role of the franchisor is critical in this scheme. It is important that their business model be simplified and transferable. They must also be willing to support the microfranchisee with training, support and quality control.

4. *Build a small staff with expertise and enthusiasm*. The scheme's staff should be able to not only manage the project but also actively support both microfranchisees and microfranchors. It is important to have key staff members with knowledge and experience in entrepreneurship, entrepreneurship education training, financing and related training and coaching to provide technical support. It is also important that they have an enthusiastic attitude to promote the scheme, develop relationships with potential microfranchisors and manage the daily activities such as conducting intake interviews.
5. *Develop appropriate selection criteria*. To help ensure the success of microfranchising, it is important to build microfranchise networks around business models that have the potential to grow. Important considerations are: i) the size, accessibility and sustainability of the market; ii) the soundness of the business model at both franchisor and franchisee levels; iii) the expertise and support of microfranchisors; and iv) the transparency and balance in the three-way partnership between the organiser, microfranchisor and microfranchisee.

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New Start-Up Subsidy, Germany

This case study presents a national welfare bridge scheme, which supports the unemployed in business creation. The description presents the objectives and rationale for this approach and describes the different versions of the allowance that have operated in recent years. It also discusses the challenges faced in designing and implementing the scheme and the conditions for transferring this experience to another context.

Objectives

The objective of the New Start-Up Subsidy is to offer financial support to unemployed people for setting up a business. This can offer an additional option for escaping from unemployment alongside typical job search strategies. In addition, some of the subsidised businesses may create jobs in the future for other workers. It started in 1986 as the Bridging Allowance and was adjusted in 2003, 2006 and 2011. It continues to provide support to the unemployed for business creation.

Rationale

A common argument to justify start-up subsidies for the unemployed is based on the existence of capital market imperfections and possible discrimination against unemployed individuals, which may result in suboptimal rate of start-ups or under-capitalised businesses (Meager, 1996; Perry, 2006). Start-up subsidies aim to remediate the difficulties that unemployed people face in obtaining finance for business start-up by covering the cost of living and of social security contributions during the critical founding period. As well as stimulating more business start-ups, it can be argued that individuals who receive this kind of support and start their own business also increase their employability, their human capital and their labour market networks during the period of self-employment, which, in the case of failure, makes them better able to find regular employment. Start-up subsidies may also be promising from a macroeconomic perspective, since the entry of new firms generally increases competition, innovation and the productivity of firms. Investments in start-ups operated by people coming out of unemployment could be particularly relevant in periods of economic crisis when new business ventures could become one important driver of economic turn-around and new growth. Economies facing economic crisis and high unemployment rates contain a challenge and a chance for new activities; while market demand is restricted, there is larger supply of well-educated employees ready to start-up or work in new businesses (Fritsch et al., 2015).

The direct goal of the programme is to cover basic costs of living and social security contributions during the initial stages of self-employment, when the business might not be able to yield sufficient income. The programme's overall goal is to increase the survival probability of the individuals while the business is vulnerable and to enable them to generate

an adequate income out of their self-employment activities once they survived the initial period of starting the business. By doing so the government aims to integrate the individuals into the labour market and increase their long-term labour market attachment. Therefore, also a return to wage employment is seen as a success (see e.g. Caliendo and Kritikos, 2009a).

Although supporting start-ups by unemployed people is a policy that has been widely implemented around the world, it usually remains a relatively small component among economic policies. Some assess this type of intervention in a very critical way because of the low levels of economic impact that might be achieved (Shane, 2009). However, there has been a positive experience of using this type of initiative in Germany over many years.

Activities

Before 2003, the Bridging Allowance ("*Gründungszuschuss*"), introduced in 1986, was the only programme providing support to unemployed individuals who wanted to start their own business. Recipients of the Bridging Allowance received the same amount they would have received as unemployment benefits (plus a lump-sum of 68.5% to cover social security contributions) for 6 months. The Bridging Allowance was complemented by a second programme in January 2003, the Start-Up Subsidy ("*Existenzgründungszuschuss, Ich-AG*"), where the support comprised of a lump sum payment of EUR 600 per month in the first year, EUR 360 per month in the second year and to EUR 240 per month in the third, and both schemes were accompanied by a national media campaign.

The New Start-Up Subsidy (and the previous Bridging Allowance) is similar to programmes in other countries, including Australia, New Zealand, Sweden and the United States. More recently, new programmes were introduced in the United Kingdom, Finland and France. What makes the German case unique relative to similar programmes in the European Union is the number of individuals taking advantage of the two programmes (and it should be made clear that individuals had to choose between one of the two programmes). In the years between 2003 and 2006, about one million individuals participated in these programmes. It should be further noted that in 2010 there were 150 000 entries in the newly reformed Start-Up Subsidy. In 2012, after a further reform and lower unemployment, entries dropped to 20 000 start-ups out of unemployment.

Since the two schemes (i.e. the Start-Up Subsidy and the Bridging Allowance) differ sharply in terms of financial support and duration, they also attracted different types of individuals. Individuals participating in the Bridging Allowance were more educated and had higher earnings in the past (making the programme where the subsidy amount was related to the level of unemployment benefits more attractive); whereas participants in the start-up subsidy were on average less educated and had a relatively poor previous labour market performance. In 2006, both programmes were merged into one, the New Start-Up Subsidy ("*Gründungszuschuss*"), which is described in greater detail in this section.

From 2002 to 2011, these schemes had an annual budget of EUR 1.5 billion to EUR 3.5 billion and between 100 000 and 250 000 participants used them annually. According to official statistics ("Micro-census"), between 300 000 and 400 000 start-ups were created every year during this period. Thus, start-ups out of unemployment covered a significant share of yearly start-up activities. Overall start-up activities were also above average. Furthermore during this time, there were between 2.1 million and 4.6 million unemployed persons in Germany. This means that between 3% (at the peak of the programme) and nearly 10% of all unemployed individuals used the programme each year. Indeed, the programme includes some built-in-flexibility meaning that expenditures vary with the unemployment

cycle, with high (low) expenditures in times of high (low) unemployment rates. This can be explained by the fact that start-up subsidies are particularly attractive when unemployment is high and employment alternatives are scarce (Fritsch et al., 2015).

The programme provides financial support to unemployed individuals (and those who are at risk of becoming so), who aim to start their own business. The public unemployment insurance supports the first 6 months of self-employment (plus up to 9 additional months). In the first 6 months, the recipient receives the same amount he or she would have received in case of unemployment as benefits; an additional amount of EUR 300 per month is added to cover social security contributions. The payment of the lump sum of EUR 300 can be extended for another 9 months if self-employment is the main activity of the individual and they can demonstrate their business activities.

In order to receive the subsidy, the individual needs to be eligible for unemployment benefits for at least 150 days and present a business plan that is approved by a chamber of commerce or a similar institution. This third-party institution has to analyse to what extent the business idea as described in the plan is sustainable and has the potential to create a sufficient income base for the applicant. Additionally, start-ups are only supported if they are planned as the main occupation.

For the largest part of its existence, the unemployed were entitled to the subsidy if they fulfilled the requirements. An amendment in late 2011 turned the subsidy into a discretionary entitlement needing approval from the caseworker at the local labour office in addition to the third-party approval of the business plan. The main reason for this reform was the requirement to reduce public expenditures. After the reform, local labour offices were more restrictive in approvals of start-up subsidies and the number of supported start-ups dropped from 120 000 cases in 2011 to 20 000 cases in 2012 and a similarly low number in 2013.

Project financing

The average programme costs per person varied between EUR 11 000 and EUR 13 000 between 2002 and 2011, depending on the individual amount of unemployment benefit claims (which again depend on previous labour earnings) and the approval of the subsidy extension of 9 months.

The instrument can be seen as relatively inexpensive, as alternatively most of the individuals would remain unemployed for about the same and sometimes even for a longer time period and would receive the same amount of money as support. It is paid out of the statutory unemployment insurance.

Challenges encountered

There are some concerns related to financial promotion of start-ups by the unemployed. First of all, supported individuals may become self-employed even without financial support. This is referred to as deadweight loss and is usually difficult to determine. Another concern is displacement effects, whereby incumbent or non-subsidised firms may be displaced by supported start-ups. Finally, firms may substitute employees with subsidised self-employed workers (i.e. pseudo-self-employment), which are workers who appear to be self-employed but are in practice employees. In highly regulated labour markets such substitution effects may play a certain role.

It is also often argued that start-ups out of unemployment will be less productive and less likely to create further jobs because they are started as a response to necessity and

opportunity. However, evaluation studies show that in Germany around 85% of the start-ups were either born only out of opportunity or out of a mixed motivation of opportunity and necessity (Caliendo et al., 2006; Caliendo et al., 2007; Caliendo and Kritikos, 2009a; 2009b; 2010; Caliendo and Künn, 2011; Caliendo et al., 2012).

Further challenges appear with respect to the implementation of such instruments. The biggest challenge within the German approach was the selection of qualified third-party institutions that could appropriately analyse the business plans of the applicants to assess whether they have the potential to create a sufficient income base for the applicant. In the German system, chambers of commerce, tax advisers and similar institutions were chosen to do this job. They have to balance out their decisions between being too strict and, thus, not passing a proposal although it could have been successful, and not being strict enough, thus passing plans which have little chance of providing a decent income for the applicant.

A second implementation issue is that the selected institutions should have no own-interest in approving or not approving a business plan. Chambers of commerce for instance could have the incentive to "protect" the existing businesses in the markets, thus being too strict. Tax advisers were often confronted with the prejudice of not being strict enough as they might have been able to create future customers by passing all kinds of business plans. Looking back from the German experience, it can be concluded that the quality of the business plan probably played only a minor role. Instead, it seems that the most important point of the business plan was to induce sufficient efforts by applicants in preparing and approving a business plan to reduce the probability of deadweight losses.

Another crucial question of implementation concerns whether there should be an entitlement to the start-up subsidy once all preconditions are fulfilled or whether caseworkers (from the unemployment agency) should make discretionary decisions. In Germany, after the most recent reform, the entitlement for the start-up subsidy was replaced by a discretionary decision of the caseworker at the local labour office. Since then, the number of supported business founders has dropped dramatically. The empirical evidence, however, makes it clear that it is effective to offer the start-up subsidy as an entitlement (i.e. without further screening by the local case worker), if the aim is to promote the programme on a large scale. On the other hand, entry requirements need to be set sufficiently high to ensure an efficient self-selection process into the programme.

Last but not least it should be emphasised that such an instrument will have a small impact on unemployment if it is introduced as an isolated programme and if necessary complementary steps are not taken. Specifically, such a programme is not a substitute for other reforms. In Germany, the start-up subsidy became a success story because it was introduced jointly with a major labour market reform.

Impact

The New Start-Up Subsidy and its predecessors have been subject to extensive evaluations in the short- and long-run (Caliendo et al., 2006; Caliendo et al., 2007; Caliendo and Kritikos, 2009a; 2009b; 2010; Caliendo and Künn, 2011; Caliendo et al., 2012). A first index to measure the success of start-ups is their survival rate. Recent studies estimate that 56 months after start up, the business survival rates are – depending on gender and region – between 55% and 70%. Earlier survival analysis (irrespective of previous employment status) revealed a 50% chance of survival after five years. However, not every closed business is a failure *per se*, given that a secondary goal of the support scheme is to enable individuals to return into the labour market. Between 20% and 23% found regular

employment in due course, such that only a very small fraction of individuals returned to unemployment or inactivity.

Up to 40% of the founders had at least 1 employee. The number of persons employed by them varied on average between 2.6 and 5.1. The additional jobs created for each subsidy, was on average 1, i.e. for each 100 000 subsidised start-ups, 100 000 additional jobs were created.

When comparing the performance of participants in the start-up subsidy with a control group of other unemployed individuals using statistical matching techniques, the programme effect is highly positive. Participants spend around 20 months more in employment (self-employment or dependent employment) and have monthly labour incomes that are EUR 700 (men) and EUR 300 (women) higher than the comparison group.

The deadweight losses correspond to the proportion of beneficiaries who would have started their own business even if they had not received government support to do so and who would have survived the initial stages of self-employment without the financial support. Recent estimates report deadweight losses of about 15%.

Displacement and substitution effects harming existing businesses also appear to be limited. Given that the programme guarantees beneficiaries' transfer incomes only for a short time period it is difficult for them to harm other businesses by offering products at dumping prices.

The longitudinal analysis reveals that the majority of business founders generate lower earnings in the first year after their start-up (as it is expected – supporting the argument for the present programme) than what they earned before, when employed. In the subsequent years of their self-employment activities more than half of the start-ups earned a higher income from self-employment than from their previous employed position.

Conditions for transfer

The wealth of evaluation evidence points to a number of major success factors of the programme, which can provide lessons for the development of start-up subsidies in other countries:

1. *Support subsistence*. The time horizon of the financial component should be neither too short, nor too long. The German experience allows for a design of between 6 and 15 months, with financial transfers being equal to the unemployment benefits otherwise received.
2. *Use a screening mechanism*. The requirement of developing a business plan and getting it approved by a third party helps to ensure that only those individuals who seriously aim to found a business gain access to the programme. It therefore has to be ensured that third parties are objective referees when approving business plans. The main point is that entry requirements via the business plan or other elements have to induce an efficient self-selection into the programme. Efforts of preparing and approving a business plan have to be sufficiently great as to ensure a self-selection and to exclude deadweight losses.
3. *Demonstrate commitment*. A further important prerequisite of the programme is that participants have to give up unemployment benefits in exchange for accessing the programme. The German experience suggests that a rate of 1:1 is appropriate. This shows their commitment and ensures that individuals are not only maximising benefit duration.
4. *Conduct outreach*. A crucial question regards the outreach of the programme. Start-up subsidies have only been used by a substantial number of persons in Germany, whereas in other countries the number of participants is around 10% or less of that found in

Germany. It also seems that public grants need special advertisement. In Germany the support of start-ups out of unemployment was widely advertised in newspapers and other mass media. Moreover, unemployment agencies made regular announcements about these programmes creating high awareness about the existence of such support.

5. *Recognise that not everyone is an entrepreneur.* It should be clear, that not every unemployed individual is prone to be self-employed or an entrepreneur. Hence, it is important to stress that such a programme – in order to be efficient and beneficial – needs to have restrictive entry requirements. To spur the growth of the newly founded businesses and to support entrepreneurs with the ambition to create larger businesses such a programme may be accompanied by an initial and ongoing support, for instance via offers for coaching.

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Kiútprogram, Hungary

This case study presents an integrated project that supported Roma people in business creation. The case study discusses the objectives and rationale for this approach, as well as the evolution of activities and the reasons for the changes in the approach. The project's impact is also presented. The challenges faced in implementation are discussed along with the conditions for transfer.

Objectives

Kiútprogram ran from 2010 to 2012. Its main objective was to promote social mobility and the integration of disadvantaged people in disadvantaged areas by enabling them to become self-employed by establishing and registering a small business. In addition, the project could also be accessed by those looking to convert informal business activities into legal enterprises. The scheme provided microcredit and supplementary business support services (e.g. mentoring, training) to support business creation. The target group was people living in poverty. It targeted explicitly, but not exclusively Roma women and men.

The founders and sponsors of the scheme defined the initiative as a "social microcredit scheme", indicating a balanced approach between the social cohesion and financial objectives. The scheme sought to improve social attitudes towards, and decrease discrimination against, vulnerable groups, such as Roma people.

Rationale

In Hungary, the share of self-employed among all employed people is significantly lower for Roma people (5%) than for the general population (15%). Further, within the Roma population across the Central Eastern European region, the Roma in Hungary have the lowest self-employment rate. On the other hand, 24% of the Hungarian Roma population would prefer to start a business over work as an employee (World Bank-UNDP, 2012).

In most countries with a considerable Roma minority, people from this group face severe challenges to (re-)enter the job market as self-employed. Research suggests that the main obstacles to business creation are limited access to financial services (including access to bank accounts and personal credit and loans) and limited experience in running a business. In addition, the Roma typically have a low level of education and very low levels of financial literacy (Molnár, 2012; World Bank-UNDP, 2012). The situation of the Roma people in Hungary is further exacerbated by strong negative stereotypes held in society and media (Bernáth-Messing, 2013). Prejudices persist, and enforcement of anti-discrimination legislation and administrative procedures to tackle ethnic discrimination is weak (Majtényi, 2009).

Kiútprogram aimed to address both market and government failures. It focused on remote, small regions of Hungary, where the level of business activity is low, public infrastructure is under-developed and business investments are far below the national

average. Employment opportunities in these regions are typically limited to participation in public work programmes, which only offer fixed-term jobs (BI, 2011), or in the informal economy. This scheme was started to assist the Roma to meet the costs of starting a business and to encourage them to operate as a formal rather than informal business (Reszkető-Váradi, 2012; Molnár, 2012).

Activities

The Polgár Foundation for Opportunities, a Hungarian civil foundation, initiated the project in 2008 with an idea to adapt the Grameen model* to the Hungarian context. They commissioned a feasibility study, which consisted of field work that assessed the needs for such a scheme. In September 2009, following the feasibility study, the Foundation submitted a tender to the European Commission for a pilot project in microfinance. This application was based on the results of the preparatory research mapping the potential target regions and the local Roma communities' needs (Molnár, 2012; Szuhai, 2008). In March 2010, the European Commission helped launch the scheme as a European pilot project in microfinance for the period starting in October 2010 through June 2012. The Polgár Foundation was a co-sponsor.

According to Hungarian financial legislation, the disbursement of loan products can only be issued via financial institutions. Consequently, the Raiffeisen Bank became the financial managing partner of the project. The bank issued the loans and managed expenditures and losses within the framework of its corporate social responsibility scheme. The bank also offered savings accounts to clients and provided training to bank staff members in the regionally designated local branches to help them work with this client base.

The *Kiútprogram* Microcredit Initiative Non-profit Ltd. (i.e. the Managing Company) was established in September 2009. The Managing Company was in charge of the operation of the scheme, including training and co-ordinating the field workers, screening and training clients, delivering supplemental business development services and managing the loan contracts in partnership with the Raiffeisen Bank. The World Bank and the United Nations Development Programme (UNDP) supported the project with technical expertise in monitoring; i.e. the design of the monitoring database, and the collection and analysis of the monitoring data.

Field workers were the key actors in the delivery of the scheme's services. They were responsible for mapping and screening the potential settlements and participants, providing the training and individual business supports at local level, facilitating and supporting the preparation of individual business plans, and facilitating the operation of loan groups. With the progress of the implementation, they were also the key scheme agents in charge of monitoring the small business activities, organising the loan groups sessions post-disbursement and early signalling to the bank any potential future non-repayment or any other emergency. Most of the field workers were trained in social work

* The Grameen model was developed by Prof. Mohammed Yunus in Bangladesh. It follows a methodology where a microfinance institution is created in a village that caters to 15 to 20 other villages. The microfinance institution grants joint-responsibility loans to self-formed groups of about five borrowers (as in the solidarity group model). The loans are issued in waves; the first members get their loans, and then the next – if the first members have repaid their due – and so on. One mechanism to improve repayment is peer pressure within the group (OECD, 2015).

and were selected based on their work experience. All the field workers underwent a month-long training module before starting any field work.

Clients were recruited from regions with less than 60% of Hungary's median household income. The scheme prioritised women, however only 40% of the applicants and 48% of the clients were female. Interviews with clients – although not based on a representative sample – suggest that official numbers might over-report women's participation since many husbands or partners were the true business operator (World Bank-UNDP, 2012).

The selection process had two steps. First, the field workers screened the potential settlements. In the period 2010-12, the field workers visited 202 settlements in order to make public announcements about the scheme and to organise local community meetings where information on the microfinance scheme and the supplementary business services was shared. When communities showed a high level of interest in the scheme, field workers then visited families to assess the economic and social conditions of the potential participants on site. They also completed the intake questionnaire with the families during these visits to collect basic information about the applicants and their households.

At this stage of the selection process, loan groups of 8 or 9 candidates were formed. Group meetings were organised and field workers explored the past business experiences of the group members. The group had to select a leader and to approve the group rules. Potential candidates also had to meet a number of selection criteria (e.g. have no unpaid taxes) and also had to create a simple but realistic draft business plan. The Credit Committee operated by the Managing Company evaluated the individual application packages, which included the on-site questionnaire, an evaluation by the field worker, the draft business plan, and an individual self-scoring, and made the final decision in consultation with the field worker.

Following the Grameen model, this scheme was based on group lending. Loan groups served as a substitute for the lack of collateral and as a forum for sharing experiences and mutual learning. Group dynamics and operating rules were intended to enforce repayment since the group members received loans sequentially, and on the condition of no failure. The group leader was the last to receive their credit. Loans were provided according to 3 schedules: a loan of EUR 670 to repay over 6 months; a loan of EUR 1 670 to repay over 12 months; and a loan of EUR 3 330 to repay over 18 months.

Project development

It became clear in early 2011 that adjustments were necessary in the project design. During the Autumn of 2010, recruitment of clients took off much slower than expected. By the end of 2010, the scheme had 11 loan groups with about 70 participants involved, which was below the initial scheme target of 100 clients by the end of the first year. This also jeopardised the overall target of having 400 clients. In addition, the failure rate was extremely high: 80% of loans had late, or non-repayment.

During the first half of the second year, the following changes were introduced:

- *Enhanced screening of clients and shift in geographic targeting*. Field workers put greater emphasis on mapping credit history, business links and experience of both the potential clients and their family members. They also moved away from the most disadvantaged small regions. As a result, potential clients who had prior business experience or at least

links to existing business networks became more likely successful candidates. It also resulted in slightly higher economic strata as a new target group.

- *Broadening the scope of supported business activities*. Due to client demand, agriculture was added as a possible sector to start business.
- *Enforcing repayment and group dynamics*. The scheme allowed the formation of loan groups with fewer than 5 members – a minimum threshold that was strictly enforced during the first period. Loan groups also increased their focus on developing business plans and introduced stricter evaluation criteria. The loan size was also decreased to an average amount and duration of EUR 1 832 and 43 weeks, and increased flexibility was provide to reschedule loans. This helped ensure that clients could pay even after the end of the first 6 months of business operation. In addition, loan groups received more support in accessing the state support scheme *Vállalkozóvá Válási Támogatás*, which was available for start-ups for the first 6 months of operation. Participation in this scheme allowed for the re-financing of tax and social security contributions (according to national regulations, self-employed people were required to pay taxes and social contributions based on the minimum wage level fixed for the given financial year – independently of their actual revenues).
- *Reinforcing management and improving the training of the field workers*. The scheme established a crisis committee to provide individual assistance to clients who were at risk of default, and hired new field workers with more experience in social work. Additional training was also provided to field workers in response to clients' feedback. The scheme also nominated regional co-ordinators to improve communication among the field staff and between the project office and the field workers.

Project financing

The European Union project "Pan-European Co-ordination of Roma Integration Methods – Roma Inclusion: Self-Employment and Microcredit" was the main financial source for the *Kiútprogram*. The overall budget of the project – including operational costs and loan portfolio – was EUR 1.4 million. The European Union project provided pre-financing (85%), and the remaining share was assured after the official closure of the project. The Hungarian government co-financed the project management costs (HUF 200 million, or approximately EUR 666 670) and other state supports (re-financing of tax and social security contributions) amounted to HUF 135 million (approximately EUR 450 000) during the project period. After the end of the pilot phase, the project follow-up activities and some of the local projects were financed by private sources, mainly the Polgár Foundation.

Challenges encountered

The scheme faced 3 principal challenges. The *first* was targeting appropriate clients and identifying those who had the potential to succeed in self-employment. The sustainability of any business activities in the most disadvantaged regions was challenged by limited regional market demand and business networks. Consequently, the *Kiútprogram* shifted its focus to "upmarket" clients, and to locations with better access to regional markets and existing business networks. However, this undermined the social objectives of the scheme.

The *second* challenge was to recruit the strong field workers who could simultaneously act as a personal mentor, a community worker, and a loan agent with relevant financial and business expertise. One option could have been to hire different people for different tasks, but the project budget did not allow for this. The turnover rate of the field workers was extremely high during the first operative year (i.e. approximately 90% of the field

workers hired in the first months of the project implementation period left in the following year), indicating the difficulty of the job. The Managing Company launched 5 calls for field workers during the two-year project period.

Thirdly, new businesses need time to develop and gain a sustainable client base. This often takes more than one year. The *Kiútprogram* was able to develop a co-operation with the Hungarian public employment offices to guarantee access to the specific state aid scheme available for new entrepreneurs for the first 6 months of their operation but were unsuccessful at coming to a partnership agreement at the institutional level that could last more than 6 months. This created a challenge for participants who had to adhere to a weekly repayment schedule.

Impact

There is no *ex post* evaluation of this project. However, a comprehensive monitoring system was set up in partnership with the World Bank and the United Nations Development Program (UNDP). Monitoring data show that were 192 participants in total and 138 joined a loan group. Of these, 49 people received loans under these settings with an average loan of EUR 1 825 per person and an average duration of 52 weeks.

The project succeeded in reaching unemployed people (86% of applicants had been unemployed for more than one year before entry or was registered as inactive) and households with very low monthly income (median monthly household revenue was HUF 68 250, or approximately EUR 227). The share of applicants with secondary education or higher was very low (13%), and 87% of them lived in a rural area.

Businesses that received financing were either in agriculture and forestry (45%) or retail (55%). Based on the intake survey undertaken by the World Bank, 68% of the clients lacked the finances to start a business and 95% claimed that the main source of starting capital was the loan received through the project. These businesses generated, on average, monthly sales revenue of HUF 68 312 (approximately EUR 227). In May 2013, approximately one year after the official project closing, 45% of the businesses were still in operation.

Ex post monitoring suggests that women and those were active in community life before the project (i.e. taking part at least weekly in discussions and decisions of some kind of local community) were the most likely to repay according to the agreed repayment schedule (World Bank-UNDP 2012). These findings are in line with international experiences and underline the importance of local networks and personal relationships.

Further, monitoring studies emphasised the importance of a comprehensive approach in the project design, which is neglected by its label as a social microcredit scheme (World Bank-UNDP, 2012; Reszkető-Váradi, 2012). Both studies suggest that it would have been advantageous to have had a longer pilot period (i.e. at least 3 or 4 years) and that less ambitious outcome indicators could have led to the development of higher-quality business support services. They also note that more consideration should have been given to participants' exit strategies and a clear phasing-out of support.

Regarding cost-effectiveness, the World Bank-UNDP (2012) compares the *Kiútprogam* to public work programmes. They estimated similar monthly costs (EUR 2 010 per month per client), but it is noted that *Kiútprogram* might be more successful at improving clients' chances of becoming employed or self-employed.

Conditions for transfer

This project provides an example of how the most disadvantaged members of society can be supported through entrepreneurship. The experience provides many lessons for similar initiatives:

1. *Ensure strong field workers*. The field workers proved to be the key actors in the implementation phase. The *Kiútprogram* provides good lessons on the selection of field workers and the diversification of their tasks. The simultaneous roles of being social worker and loan agent and the complexity of the related services may turn out to be a barrier. It may therefore be necessary to differentiate the responsibilities and hire staff members specialised in these different roles separately.
2. *Utilise intensive outreach*. The scheme intends to assist disadvantaged groups in disadvantaged areas. The key to reaching this group so that it is aware of the available support is to go into the field and interact with them directly. This also has the advantage of identifying potential candidates and building trust between the field workers and the clients.
3. *Develop realistic targets*. This scheme had to make major adjustments during the pilot phase because it was clear that it was too ambitious and too selective. As a result, the profile of the target client changed and many of the social objectives were compromised. It is important to undertake an *ex ante* evaluation to ensure that the project design matches the objectives and targets.
4. *Ensure that loans are appropriate*. The size of the loan offered should be tailored to the business environment and the needs of participants' businesses. This implies higher start-up capital in European countries than in the developing country context where this type of approach originated.

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Going for Growth, Ireland

This case study presents a project that uses role models to inspire and support women entrepreneurs in setting and achieving growth objectives for their businesses. The case study presents the objectives and rationale for this approach and describes the activities and impact that has been made. It also discusses the challenges faced and the conditions for transferring this approach to another context.

Objectives

Going for Growth is focused on encouraging women entrepreneurs to be ambitious in respect of their businesses and then supports them to achieve their growth aspirations. It seeks to bridge the gap whereby more men than women have significant growth aspirations for their businesses. This has economic, social and equality implications, as the entrepreneurial effort of many female entrepreneurs has a lower return than that of their male counterparts.

Rationale

A focused intervention was considered necessary as research indicated that not only do women in Ireland start new enterprises at a much lower rate than men, but fewer grow their businesses, remaining as self-employed sole traders or very small micro-enterprises (GEM, 2013). Women tend to be less confident in entrepreneurship, less perceptive of entrepreneurial opportunities and have less developed networks than men and accordingly, a smaller proportion of female entrepreneurs has significant growth ambitions (GEM, 2013).

Recognising that the economic and employment impact of the small number of enterprises that achieve significant growth is very substantial, the European Commission recognised the importance of supporting existing businesses to realise their potential for growth in a Green Paper in 2003 (EC, 2003). In response to this challenge, Going for Growth was developed in 2008 in response to a call for proposals from the Gender Equality Unit in the Department of Justice, Equality and Law Reform, which aimed to sponsor initiatives in the area of women and entrepreneurship. The pilot cycle was implemented in 2009 to encourage a greater number of female entrepreneurs to have an ambition for growth, to be supported to grow their existing businesses and to achieve their growth aspirations. The initiative was intended to bring about an increase in the economic, societal and personal impact of their entrepreneurial activity. 6 cycles have been completed.

Activities

Entrepreneurs often learn most effectively from each other. Accordingly, Going for Growth is based on interactive round tables that are facilitated, not by consultants, academics or professional trainers, but by successful entrepreneurs. These are referred to

as "Lead Entrepreneurs". Participants are offered a unique learning environment with a peer-led approach based on the shared experiences of both the Lead Entrepreneur and the other participants facing common challenges.

Going for Growth is action- and results-oriented. It is based on experience of what worked and what has not worked in real-life situations. The participants are supported in taking a strategic approach to the development of their businesses by focusing on growth goals and time-defined milestones.

Lead Entrepreneurs

Going for Growth leverages the contribution of successful female entrepreneurs, who act as "Lead Entrepreneurs". There are currently 28 Lead Entrepreneurs associated with the initiative, including 2 former participants. Each person volunteers their time. The most important attributes of the Lead Entrepreneurs are that they have experience of growing a business. In addition, the Leads have an understanding of how to apply their experience to other businesses and have strong listening and communication skills. The Project Director and experienced Lead Entrepreneurs assist new Leads in preparing for their role and provide training on the Going for Growth methodology.

Going for Growth is centred on facilitated group sessions, where Lead Entrepreneurs share their knowledge and experience with the group. The Leads also act as role models, demonstrating that a woman can build a successful business while having family and other responsibilities. Although the participants have no role in selecting the Lead Entrepreneur who facilitates their group, participant feedback surveys demonstrate that more than 90% of participants considered that their Lead was appropriate for them: between the second and sixth project cycles, the reported satisfaction rates were 90%, 92%, 98%, 96%, and 98%.

Participant profile

There have been 60 participants in each of the cycles to date, drawn from all regions of the country. The emphasis is on small numbers of committed participants who have a clear aspiration for growth, who value the opportunity and who will commit to attending all the round table sessions and the National Forum (see below).

In order for candidates to be considered eligible for the scheme, the entrepreneurs must already be the owner-manager of a business, of which they are a major shareholder and key decision maker, which has been trading for at least 2 years. They must also be working full-time in the business. More recently, a smaller number of applications from candidates with less than 2 years of revenue were considered on an exceptional basis if the new business was considered to be highly innovative with significant growth potential.

To apply to the scheme, candidates complete an application form which outlines their current position in terms of sales, employment and market focus and where they would like to be in 5 years. They are asked what their current barriers to growth are, how they believe that participation in the initiative would assist them, and what would constitute success over the course of the cycle for them. They then outline in 500 words or less the development of their business to date and their vision for its future growth and development. Finally, in 250 words or less, they outline the reasons that they became an entrepreneur.

More applications are received than there are places available, therefore a selection process involving the Lead Entrepreneurs takes place. The Leads come together to review

the applications and each selects 8 female entrepreneurs to invite to her table. Acceptance into the scheme is based on this written application; there is no interview.

The round table sessions

There is a common agenda focused on growth that guides the discussion during each of the round table sessions over the cycle. The Lead Entrepreneur shares her experiences and thoughts on the question under discussion. The other participants similarly share their experiences and learn from each other. The Lead Entrepreneurs have a central role in nurturing the trust that develops within the group. The round table sessions take place once per month between January and June. All matters discussed remain confidential.

Going for Growth website

The Going for Growth website (*www.goingforgrowth.com/*) provides comprehensive information on the scheme and how it can be accessed. Information is provided on the different projects under Going for Growth and there is a member's only section that facilitates networking.

The National Forum

Midway through the project cycle, a National Forum is held at which all participants are expected to attend. The National Forum is designed to allow participants and Lead Entrepreneurs the opportunity to explore a number of topics that all the round table groups consider important to their current situation and want to explore further. Presentations on particular topics are followed by Lead-facilitated discussion around the tables. These discussions focus on applying the learning taken from the various presentations.

The National Forum is associated with a particular cycle and is confined to the participants of that cycle. The numbers at the Forum are therefore held to about 70, as the participants are joined by their Leads. Representatives of the sponsors join in the late afternoon and remain for the dinner. There is also a Community Forum held in the autumn. The numbers attending this would be higher as it is open to the full panel of Leads and all past participants, who are members of the Going for Growth Community.

As well as providing more in-depth coverage of key topics, the National Forum provides an opportunity for attendees to network with participants and Lead Entrepreneurs from other round table groups.

Monitoring and evaluation

Ongoing monitoring and evaluation is integrated into the structure of Going for Growth. Both Leads and participants are actively engaged in providing detailed information and feedback throughout the cycle and at its conclusion.

A report is written after the recruitment and selection process, which includes a detailed analysis of the candidates selected in terms of their current turnover, employment levels and export activity. Their aspirations in respect of each of these headings are detailed. These are compared to previous cycles. The barriers to growth identified by the participants in their application forms are also highlighted. This report is circulated to the Lead Entrepreneurs and to the sponsors. Each Lead is also given a detailed breakdown of the participants on her table and their aspiration.

At the end of the cycle, each Lead is informed of the combined progress made by the participants on her table relative to the norm across all the tables. Individual feedback from

each of the Leads is sought. The Leads also meet as a group to discuss what worked well in the cycle and what aspects need improving.

A detailed review is written at the end of each cycle, which draws on all the information collected. Qualitative outcomes are outlined. As information in respect of sales, employment and export activity is captured (i.e. self-reported) at the beginning and end of the cycle, tangible impacts in terms of these outcomes can be ascertained. Differences across cycles are noted. Recommendations for future cycles are made. This is shared with the Leads involved in the cycle and circulated to the sponsors.

Project development

Entrepreneurs supporting entrepreneurs has been the central element of Going for Growth since the beginning. The key elements implemented in the pilot have remained fairly consistent but over the years, the number of those applying to participate in the initiative has greatly increased as Going for Growth has become more widely known. Competition for a place is now much greater than in the early years.

Based on the feedback from previous participants and from the Leads, complementary initiatives have been developed to provide continuing support, appropriate to an entrepreneur's stage of development.

- **The Development of a Going for Growth Community.** On successful completion of a cycle participants are now being given the opportunity to stay connected and to continue to drive forward the growth of their business by becoming members of the Going for Growth Community. Members of the community have the opportunity to participate on a **Continuing the Momentum** round table, attend topic-based workshops and are invited to an annual Community Forum in the autumn. A special area of the website has been developed to facilitate members' communication and networking. Participants pay a small annual membership fee (EUR 300 in 2015) and the Community is reaching the point of being self-sustaining.
- **Leads Round Table.** As the Leads Entrepreneurs have seen at first hand the success of the round tables in supporting the growth of participants' businesses, they have decided to put in place a round table to facilitate their supporting each other in a structured manner to drive forward the growth of their businesses. These meetings take place 3 times per year.
- **Starting Strong** is the most recent in the suite of complementary initiatives and is designed for ambitious female entrepreneurs who are at an early stage in the development of their business. It was developed and tested at the time of the 6th cycle (2014). The businesses will typically be in the early-revenue or pre-revenue stage, but will have moved well beyond the concept stage. Starting Strong is aimed at female entrepreneurs, whose length of pre-revenue development, degree of innovation and growth potential are all significantly above average. The peer-to-peer learning approach is similar to Going for Growth but has been tailored to reflect the particular needs of those at an early stage of development. Sponsorship from the corporate sector to provide additional tailored supports, including workshops, has been recently secured. There are currently 24 participants on 3 Starting Strong round tables.

Project financing

The average cost per participant in a cycle of Going for Growth is less than EUR 2 000 for the 6-month cycle. The costs of the initiative have been held low as the Lead Entrepreneurs contribute their time on a voluntary basis and cover their own expenses. There is no charge to entrepreneurs for participation in Going for Growth.

Going for Growth has been funded since its inception by the Equality for Women Measure and by Enterprise Ireland, the Government organisation responsible for the development and growth of Irish enterprises. Annually, an average of EUR 48 000 has been received from the Equality for Women Measure, which is financed by the European Social Fund through the Human Capital Investment Operational Programme and the Department of Justice and Equality, over the period from 2010 to 2014 inclusive. In 2015, KPMG also became a sponsor.

Challenges encountered

Securing funding for the initiative has been a challenge. Going for Growth was designed and developed at the very start of the economic crisis and subsequent recession. Public sector budgets were severely constrained. The initiative has relied largely on public funding but growth of the scheme has stretched an already small budget. In 2015, the corporate sector became more involved in providing financial support, which facilitates the development of the complementary initiatives.

Another challenge has been the identification of a cohort of ambitious women entrepreneurs. There are many networks of women entrepreneurs and business women in Ireland so it was difficult to differentiate the project from others and to attract suitably ambitious women. The reputation of the Lead Entrepreneurs was important in initially providing credibility and in generating interest in the initiative so as to encourage a suitable field of candidates to apply. As the reputation of Going for Growth and media covered have grown, registrations on the website now happen throughout the year. The growing number of past participants acts as ambassadors for the initiative, having experienced themselves the benefits of participation. The number and quality of the applications and the level of ambition evident among those applying are higher in recent years than they were at the outset.

While Lead Entrepreneurs are essential to the project, they also present a two-fold challenge: to maintain their number and calibre on the one hand and their involvement and commitment on the other. Female entrepreneurs of the highest reputation and profile were approached when the pilot was being planned. Their sustained commitment has acted as a reference to others being approached to volunteer. Over time it has become clear that the Leads are enthused by the progress that they observe the participants make over the cycle. They are centrally involved in reviewing and developing the initiative, and have developed a very strong network among themselves.

Impact

Going for Growth is now in its 7th cycle. More than 400 ambitious female entrepreneurs have been supported to raise their ambition and enhance their capability to achieve significant business growth. Participant testimonials attest to the benefits gained.

From client feedback and testimonials, Going for Growth managers report that participants have benefited from increased motivation, improved strategic positioning and

reduced psychological isolation. At the end of the 6th cycle, 93% of the participants indicated that they felt nearer to achieving their growth ambitions; 95% indicated that the round table sessions translated into practical change in their businesses; 100% intended to stay in contact with the other participants in their group; and 100% would recommend the scheme to others.

The impact can also be measured in increased turnover, additional employment created and in numbers of first-time exporters. Over 70% of the participants who completed the 6th cycle experienced a growth in sales over the 6-month period. The average growth was 15%. During this period, an additional 88 individuals were employed, which is an increase of 13% overall. In addition, 10 interns were engaged. There was a 22% increase in the number of exporters among the participants.

From the pilot, as part of its objective to encourage greater ambition among female entrepreneurs, whether they participated in the initiative or not, Going for Growth has orchestrated a significant public relations campaign, involving the Lead Entrepreneurs and participants, for many years. By their actions, these entrepreneurs demonstrate that growth is possible and act as role models to others. They feature not only in the traditional and digital media, at national and local level, but are available to talk at various events where a number of female entrepreneurs are gathered.

Going for Growth won the European Enterprise Promotion Award 2015 in the Investing in Skills Category.

Conditions for transfer

Going for Growth has already been transferred to other contexts (Box 12.1).

Box 12.1. **The 2014 Going for Growth pilot round table in Finland**

Going for Growth was implemented with one round table as a pilot in Finland in 2014. This pilot was funded by the European Social Fund, The Centre for Economic Development, Transport and the Environment and Oulu University. Anne Berner, Chairman of the Board of Directors of Oy Vallila Interior Ab, acted as the voluntary Lead Entrepreneur.

The Lead and 8 participants from Finland joined the 6th cycle participants and Lead Entrepreneurs from Ireland at the Going for Growth National Forum in March. From the end-of-cycle survey, it is clear that all the participants from Finland considered their participation to have been very beneficial. Over the course of the cycle, 50% of the Finnish participants grew their turnover by an average of 14.6% and employment increased by 9%. All indicated that they felt nearer to achieving their growth goals as a result of their participation.

The experience of running Going for Growth in Finland has demonstrated that the initiative can be transferred across borders. Keys to successfully transferring this initiative to another context are:

1. *Obtain initial financing to set up the project structure*. Some financing will be required to promote the initiative, set up a communication structure and allow for the organisation of national or regional forums.
2. *Appoint a project co-ordinator.* It is critical to have a motivated co-ordinator who can identify and attract Lead Entrepreneurs to participate in the initiative, promote the initiative and support the development of the network.

3. *Identify quality Lead Entrepreneurs*. Having high-quality Lead Entrepreneurs will determine the success of the scheme. It is important to develop selection criteria for the Lead Entrepreneurs to ensure that they have an appropriate level of experience and success. This will help make the scheme attractive to potential participants. However, the criteria cannot be so strict that volunteer Leads are discouraged from becoming involved.
4. *Design and implement an appropriate selection process for participants*. The Irish experience shows that demand for participation in the initiative exceeds the number of available slots. To maximise impact, participants should be selected according to their motivations and their business' potential for growth. It is important to include women entrepreneurs who are open to growth but not yet achieving it.
5. *Use a champion(s) to promote the scheme*. The popularity of the initiative in Ireland is due to two factors. First, both participants and Lead Entrepreneurs have been acting as champions and promoting the initiatives whenever they can. Having this support from those involved in the initiative helps send a credible message to those who may be potentially interested in participating. As the same time, the Irish initiative has benefited from extensive press coverage. It is therefore important to have a communication plan and to co-ordinate at least some of the outreach efforts by the champions.
6. *Use monitoring to assess the impact*. Going for Growth closely monitors the business activities of participants and continually seeks to improve the support offerings. This includes informal monitoring as well as a regular survey at the end of each cycle. It is important to benchmark the progress and to feedback these results into the initiative.

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Invitalia's Entrepreneurship Support for the Unemployed, Italy

This cases study presents an example of an integrated support programme for unemployed people who are interested in starting a business. The case study discusses the objectives, rational and activities undertaken. It also presents data to demonstrate the impact that the scheme has had. Challenges faced are discussed and the conditions for transferring this scheme to another context are discussed.

Objectives

The objective of Invitalia's Entrepreneurship Support for the Unemployed measure is to ensure that all unemployed people have the opportunity to enter entrepreneurship. Unemployed youth are given priority access and additional support and incentives. Priority access is also given to start-ups by the unemployed in Italy's southern regions where unemployment rates remain much higher than central and northern regions.

The programme seeks to support unemployed people to enter entrepreneurship through three routes: self-employment, starting micro-businesses and franchising. Start-up entrepreneurs from the unemployed are eligible for support in the following sectors: manufacturing, services and trade (agriculture is excluded). The objectives of the programme include:

- supporting the unemployed to enter the labour market;
- fostering entrepreneurship development at the local level;
- spreading and promoting a business culture;
- enhancing beneficiaries' skills to improve their employability; and
- promoting the development of an entrepreneurial infrastructure.

More broadly, the programme aims to build a local supportive entrepreneurial culture (Invitalia, 2014). For start-up entrepreneurs to be successful, a supportive infrastructure is required to underpin entrepreneurial development, such as a network of contacts that can provide advice, information, finance and other resources.

Rationale

The rationale for the measure is drawn from two areas. *First*, the generic principle of start-up entrepreneurship support to address unemployment. Policies to support the unemployed to enter entrepreneurship have aroused some controversy. For example, some writers suggest that such policies have resulted in low-quality start-ups (Greene et al., 2004). However, empirical evidence from a survey of over 3 000 start-up entrepreneurs, from 2 programmes of assistance for the unemployed in Germany to start a new business,

found that survival rates were considerably higher than those that are commonly cited: "Survival rates 2.5 years after business founding are quite high (around 70%) and similar for both programmes and across gender" (Caliendo et al., 2010).

Second, there was (and continues to be) a need in Italy to create more jobs and move unemployed people back into work. The Italian economy has seen increasingly high rates of unemployment since the recent economic crisis, reaching an all-time high figure of 13.4% in November 2014 (ISTAT, 2015). Italy's national unemployment rate reached 12.1% in 2015 Q2. However, this national average figure hides a particularly high rate of youth unemployment (15-24 years old) of 41.1% in 2015 Q2. The national average also hides considerable diversity in regional unemployment rates with southern regions having unemployment rates that are up to 6 to 7 percentage points higher than equivalent regions in the north. The highest unemployment rates are in the regions of Sicily, Sardinia and Campania with Sicily's unemployment rate reported at 22% in February 2014 (ISTAT, 2015).

Activities

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. To achieve these overall goals of economic development and improved competitiveness, it supports business creation with a particular focus on innovation (Invitalia, 2014). Given the national context of high youth unemployment, and regional disparities in economic development, Invitalia's entrepreneurship programmes are 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.

Invitalia offers a range of programmes to support businesses and economic development, including established growth and mature businesses. The focus of this case example is on Invitalia's entrepreneurship programme for the unemployed, known as the self-employment measure. It is targeted at supporting the unemployed to enter self-employment and the creation of micro start-up businesses, including new franchises. The features of the programme include financial support via "free" micro loans, training, advice and information as well as one-to-one mentoring support.

The programme was introduced in November 1996 and continues to operate today. Eligible people are those who were at least 18 years old and unemployed for at least 6 months. Financial incentives included grant support of up to EUR 25 823 for expenditure on investment and up to EUR 5 165 for expenditure on working capital. Later from 2000, the unemployed criterion was relaxed so that the measure could apply to all unemployed (at the time of individual application to the programme) and the measure was extended to all regions of Italy. Support under the programme was extended to measures for micro-enterprise and for franchises.

With Invitalia's entrepreneurship programme for the unemployed, the focus of support is on the initial year of the start-up business where there is the greatest risk of

failure. During this critical year of start-up an intensive level of services is offered for up to 1 year, including:

- assessment of the viability of the business proposal, pre-start-up, working with the potential entrepreneur through a needs assessment;
- assistance to the aspiring entrepreneur with the application process to join the programme pre-start-up;
- the disbursement of financial incentives through grants or zero-interest loans;
- managerial training, including mentoring, coaching and technical assistance;
- one-to-one mentoring, which allows the development of personal relationships with start-up entrepreneurs; and
- online support, which provides for the greater outreach of the programme in more rural and remote regions. Invitalia has a specific online support portal: *www.autoimpiego.invitalia.it*.

Monitoring of the programme is undertaken by Invitalia, including the compliance of beneficiaries with the requirements of financial assistance, such as monitoring of survival rates, repayment of loans and attendance at training sessions.

Activities and assistance include management training, technical assistance and financial support. It should be remembered that not everyone is suited to enter entrepreneurship by becoming self-employed (Blackburn and Ram, 2006) and an additional goal of the programme is to enhance beneficiaries' skills so that unemployed people improve their job prospects in the Italian labour market. Table 13.1 describes the support provided in more detail and provides a comparison between the activities in the 3 measures or categories: self-employment, micro-enterprise and franchising.

Table 13.1. **Invitalia's entrepreneurship support activities for the unemployed**

	Self-employment	Micro-enterprise	Franchising
Sectors	Manufacturing, services and trade	Manufacturing and services	Trade and services
Max amount of investment	EUR 25 823	EUR 129 114	No limit
Financial support (to 2014)	Full coverage of investment, within the "*de minimis*" limit: – grant – 5 year soft loan Grant covering 1st year operating costs up to EUR 5 165	Full coverage of investment, within the "*de minimis*" limit: – grant – 5 year soft loan Grant covering 1st year operating costs up to EUR 5 165	Full coverage of investment, within the "*de minimis*" limit: – grant – 5-10 year soft loan Grant covering operating costs for the first 3 years
Activities	Business planning Technical and managerial assistance	Business planning Technical and managerial assistance	Business planning Technical and managerial assistance

Source: Invitalia, 2014.

For the 3 measures, the initial service provision is selected by the pre start-up candidates, which includes the assessment of the viability of the business proposal, working with the entrepreneur through a needs assessment and assistance to the aspiring entrepreneur with the application process to join one of the three measures.

It should be noted that the level of grant support was subject to the European Union *de minimis* limit and that under a revision of the programme, from 2015, grant support was expected to be replaced by a new programme with interest-free loans. Workshops are combined with one-to-one meetings with applicants to assist in the development of their business ideas, business model and business plans.

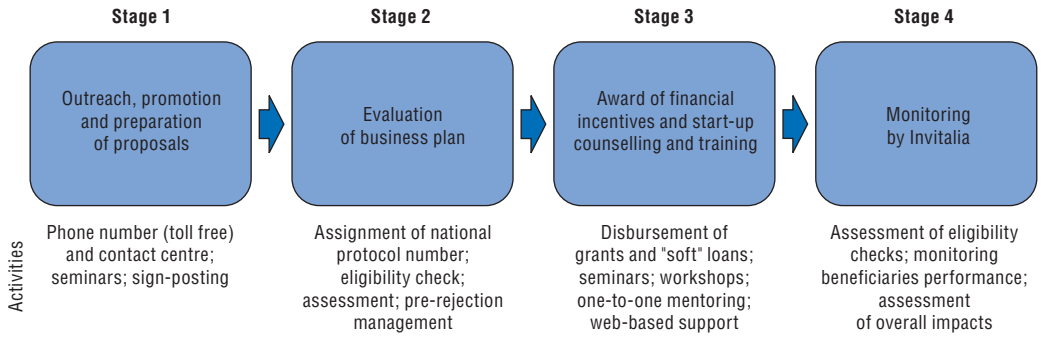
Franchising is run in partnership with accredited franchisors, this measure provides start-up support for individuals to enter entrepreneurship by investing in a franchise. There is no limit on individual investment, but sectors are restricted to trade and services.

Project management

There are distinct stages in the process of application to the programme which are illustrated in Figure 13.1. The first stage involves promotion of the programme including outreach seminars and workshops for applicants. The second stage involves a specific evaluation process for applicants to the programme. Applicants are required to prepare a business plan which is evaluated by Invitalia against a number of criteria including:

- the coherence between the characteristics and competencies of the applicant and the nature of the business proposal;
- the suitability of market conditions; and
- the viability of the proposal, including financial, economic and technical aspects.

Figure 13.1. **Operational process, management and activities of Invitalia's Entrepreneurship Support for the Unemployed Programme**



Source: Invitalia, 2014.

Local partners take care of checking the eligibility of the application, assessing the business plan and meeting with the candidates. These local partners are local development agencies that are in-house to the Italian Regional Administrations. However, the final wrap-up and approval are performed by Invitalia.

Once an applicant is approved by Invitalia, after the evaluation of the business plan, the entrepreneur enters one of the 3 measures (Table 13.1).

Thus in Stage 3, for approved proposals, financial incentives are awarded to beneficiaries, including grants and subsidised loans which are complemented by intensive start-up counselling through one-to-one mentoring, seminars and web-based online support. Invitalia also assesses the impact of the programme by constantly monitoring and gathering information from the enterprises financed (Stage 4). This includes a self-employment website for beneficiaries that provides online support and enables the generation of a self-reported web based system for monitoring (*www.Invitalia.autoimpiego.it*).

Project financing

The programme's annual budget has been EUR 120 million, on average, depending on the volume of proposals submitted and approved for funding. The budget includes funds

for grants, soft loans and technical assistance. In the last 8 years funding of the programme has been provided by national government and the European Regional Development Fund.

Challenges encountered

The programme has been established for over 17 years and in that time, modifications and changes have been made in the light of challenges encountered, lessons learned and experience gained.

One of the challenges encountered has been a high number of applications throughout the period of time that the programme has operated. The measure is characterised by a wide social target, with no specific priorities such as gender, employment created, or turnover generated and hence the number of applications remained high, even in the post-crisis climate. The number of applications reached an average of 10 000 per year in the period 2008-11 and 5 700 per year in the period 2012-14.* This has stretched resources and the level of support has been limited by the availability of resources. Seminars and workshops have been popular and well-attended. Broadening the programme through the micro-enterprise and the franchising measures has placed additional demands on resources, but has helped to achieve impressive survival rates.

Alongside financial support and training, advice and counselling of applicants through one-to-one mentoring support has proved important for the survival of businesses and contributed to the impressive job creation impacts of the programme.

Partnerships have been important for outreach and promotion of the programme. The programme is managed in co-operation with local development agencies (owned by the Regions) providing technical assistance to the beneficiaries. The promotional activities, tailored to specific needs at local level, are performed together with various local actors, among which are the Italian Chambers of Commerce.

Impact

Table 13.2 provides information on the impacts of the programme from 1996 to 2013.

Table 13.2. **Results from the Invitalia's Entrepreneurship Support for the Unemployed Programme, 1996-2013**

Criteria	Result
Applications submitted[1]	327 280
New enterprises created	111 124
Value of grants and loans	EUR 4 032.7 million
Allocated funds	EUR 5 299.0 million
Jobs created	193 084

1. Of the applications submitted: 278 062 (85%) were for self-employment; 45 511 (13.9%) were for micro-enterprise and 3 624 (1.1%) were for franchising. The applications for micro-enterprise and franchising are for the period 2003-13.

Source: This information was provided to the OECD by Invitalia in February 2015.

Further breakdown of the characteristics of programme participants is provided in Table 13.3. It can be seen that beneficiaries were predominantly young, under 36 years of

* This information was provided to the OECD by Invitalia in February 2015.

age, relatively well educated, with high school diploma or higher and that a good proportion were females who are well represented on the programme.

Table 13.3. **Personal characteristics of individuals on Invitalia's Entrepreneurship Support for the Unemployed Programme**

Characteristic	Percentage
Gender	
Male	56
Female	44
Age	
18-25	21
26-35	38
36-45	26
46+	15
Education	
Basic education	26
High school diploma	57
University	17

Source: This information was provided to the OECD by Invitalia in February 2015.

The survival rates after 7 years of businesses created is reported as 75% (Invitalia, 2014), which represents an impressive survival rate for a programme targeted at supporting the unemployed to enter entrepreneurship. As indicated earlier, failure rates during the first year of operation for new business start-ups from people who were previously unemployed are often 33% or more (Greene et al., 2004). Official business failure rate figures can be misleading since they count all business de-registrations, but these are not necessarily all business failures; the entrepreneur may decide to close a viable business in order to re-enter the labour market.

Conditions for transfer

The entrepreneurship self-employment measure is a national programme which operates across all Italian regions. As such, this represents a volume programme. Invitalia has built profile and partnerships to deliver the programme over time. Providing entrepreneurship support programmes for the unemployed entails many challenges, especially in filtering suitable applicants and ensuring the viability of proposals. In considering the transferability of the principles of the programme for policy makers, a number of critical success factors should be kept in mind. These include:

1. *Front-load support*. This provides applicants with assistance in preparing business plans and addressing their business and entrepreneurial skills. It is important to ensure that business proposals match the competencies of applicants on the programme.
2. *Provide a combination of financial and counselling support*. Financial assistance can be important as incentives to applicants to join the programme and come up with viable business ideas. However, this must be complemented by advisory support which is likely to require one-to-one mentoring. Since mentoring support can be costly to provide, it is important to be able to filter applicants on the programme to select those requiring mentoring.
3. *Develop strong partnerships*. Partnerships have been critical for achieving outreach and accessibility for potential candidates from the unemployed thanks to the co-operation

with local development agencies (owned by the Regions). This network has been important in helping to achieve consistency of the delivery of support nationally.

4. *Embrace technology*. The integrated and fully interactive website has been an important development to achieve accessibility for a volume programme. This has allowed Invitalia to be more efficient in the allocation of resources which are devoted to the programme. Applications have increased, yet the programme has still been able to cope with an increased intensity in the number and range of applicants.

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Measure for Commencing Commercial Activity or Self-Employment, Latvia

This case study presents an integrated project that supports the unemployed in business creation with training, grants and an allowance. This description presents the objectives, rationale and activities undertaken as part of this project. It also discusses the challenges faced in implementing this project and the conditions needed for transferring this practice to another context.

Objectives

This project was launched as a pilot in 2008 and continues to operate. It aims to support qualified unemployed people in business creation by providing business advisory services, a small grant and a bridging allowance. The goal is to ensure the business start-ups operated by unemployed people survive at least 2 years.

To qualify for support under this measure, potential candidates must be registered as unemployed with the State Employment Agency (SEA) and have knowledge and experience related to business management, or meet one of the following education requirements:

- obtained vocational secondary education or higher education in business management or in the field in which it is planned to commence commercial activity or self-employment;
- acquired vocational education qualifications that provide the knowledge required in the field of business management; or
- obtained vocational secondary education or higher education and acquired informal education programme in a business management-related field (offered by the SEA).

Rationale

The SEA launched this pilot project to test the potential for moving unemployed people back to work through self-employment. Unemployment in Latvia increased rapidly following the onset of the crisis, causing a strain on the public employment services. The unemployment rate reached a peak of 19.8% in 2010. The relative increase in the unemployment rate following the onset of the economic crisis was much greater in Latvia than the European Union average. In 2009, the Latvian government launched a new vision for support for the self-employed and micro enterprises. In addition to a continuation of reduced personal income tax rates and special terms for payment of social security contributions by self-employed people, amendments were made in business legislation to make the regulatory environment more favourable for micro business.

Activities

This measure provides support in two phases. First, participants attend a series of consultations that provide individual assistance in the preparation and development of a business plan. Each participant can attend up to 20 individual consultation sessions over a period of 6 weeks. The sessions focus on identifying sustainable business ideas and building a plan around them. These consultation sessions are delivered by business professionals who are contracted by the SEA. Once the consultations are completed and participants have developed a business plan, participants can apply for the second stage of support that provides additional individual business consultations and financial grants.

The SEA evaluates applicants prior to providing more in-depth support to ensure that projects are feasible. These evaluations are done by a committee of industry experts and business start-up and development professionals. The committee examines the potential of the business plans and the feasibility of the entrepreneur successfully implementing them. The most important factors in their decision are the uniqueness of the product or service, level of product or service innovation, and potential demand for the product or service.

Projects that are selected for the second stage of support are eligible for the following support measures:

- post start-up business consultations in the first year of implementing self-employment or business (20 consultations);
- a grant of up to EUR 3 000 for implementing the business plan; and
- a monthly allowance equal to the minimum wage (approximately EUR 320) for the first 6 months after start-up.

The SEA selects the providers of consultation and expert services through a public procurement process.

Between 2008 and 2014, the total number of unemployed people who participated in the initial consultations on preparing a business plan was 1 228 (Table 14.1). Approximately one-quarter of these participants (377) signed an agreement to continue in the second phase of support (i.e. additional business consultations, grant and bridging allowance). The substantial drop-off in the number of participants between the first and

Table 14.1. **Number of participants in the Measure for Commencing Commercial Activity or Self-Employment**

Start year	Number of unemployed people who received consultations					Number of unemployed people who signed a contract to implement a business plan (i.e. Second phase)					Number of entrepreneurs (former unemployed) who have implemented business plan for 2 years (i.e. finished the programme)				
	Total	Male		Female		Total	Male		Female		Total	Male		Female	
2008	**85**	33	*38.8%*	52	*61.2%*	**20**	6	*30.0%*	14	*70.0%*	**20**	6	*30.0%*	14	*70.0%*
2009	**256**	101	*39.5%*	155	*60.5%*	**83**	33	*39.8%*	50	*60.2%*	**75**	28	*37.3%*	47	*62.7%*
2010	**139**	50	*36.0%*	89	*64.0%*	**37**	12	*32.4%*	25	*67.6%*	**35**	12	*34.3%*	23	*65.7%*
2011	**234**	67	*28.6%*	167	*71.4%*	**56**	13	*23.2%*	43	*76.8%*	**54**	12	*22.2%*	42	*77.8%*
2012	**265**	59	*22.3%*	206	*77.7%*	**85**	23	*27.1%*	62	*72.9%*	**83**	23	*27.7%*	60	*72.3%*
2013	**140**	22	*15.7%*	118	*84.3%*	**53**	11	*20.8%*	42	*79.2%*					
2014 (first 10 months)	**109**	32	*29.4%*	77	*70.6%*	**43**	15	*34.9%*	28	*65.1%*					
Total	**1 228**	364	*29.6%*	864	*70.4%*	**377**	113	*30.0%*	264	*70.0%*	**267**	81	*30.3%*	186	*69.7%*

Source: SEA, 2014.

second phases is explained by the high number of people who did not want to continue with their business idea because the expert evaluation did not support the business idea as a feasible plan for a sustainable business.

The majority of programme participants since 2008 were female (approximately 70%). Most of the programme participants had completed a higher education degree (75.2%). Those with vocational training or a secondary education accounted for 19.4% and 5.4% of participants. The majority of participants were between 30 and 49 years old (67.4%), while those older than 50 years old accounted for 17.8% and those between 20 and 29 years old accounted for 14.8%.

At the end of 2014, 267 entrepreneurs had finished the two-year programme and 129 unemployed people continued to receive support. The long-term unemployed accounted for nearly one-third of these participants (27.9%). Other key groups who were using this support at the end of 2014 were those with a disability (6.2%) and those returning to work after maternity leave (2.3%). Youth (15-24 years old), only accounted for 4.7% of participants, less than the proportion who are approaching retirement (5.4%).

Project financing

The cost of the programme was EUR 288 300 in 2014. The per person costs for each component are presented in Table 14.2.

Table 14.2. **Cost per person by component of the Measure for Commencing Commercial Activity or Self-Employment, 2014**

Support measure	Cost per person
Individual consultation session	EUR 14.66
Business plan evaluation	EUR 32.71
Business plan monitoring	EUR 30.59
One-time grant for the implementation of the business plan	EUR 2 845.74 (maximum)
Monthly allowance	EUR 320 (for 6 months)
Maximum funding per participant	**EUR 5 628.83 (maximum)**

Source: SEA, 2014.

Challenges encountered

The greatest challenge faced by the pilot project was developing a process to select appropriate participants. While consideration of applicant qualifications has led to strong outcomes for the programme, the strong selection criteria also prevent the programme from having a stronger impact on employment. The programme is very small and there is potential for more unemployed people to benefit from the financial support and training offered by this programme. Relaxing the entry requirements could open up the programme to more people and lead to the creation of more businesses and jobs.

A second challenge was uncertainty about whether the programme budget would be maintained during the economic crisis due to the small number of participants. While it was designed as a small pilot project, the grants and allowances have demonstrated success in supporting business creation by the unemployed. It is therefore an opportune time to consider scaling-up the programme so that it has a greater impact on employment. To do so, the uptake will need to be increased. This calls for more targeted promotion, a slight relaxing of the selection criteria and strengthening some of the details of the support provision.

Finally, the informal sector poses some competition for public support programmes that aim to support the unemployed. Academic research suggests that the rate of informal work is quite high; approximately 10.3% of employed people in Latvia in 2013 worked without contracts (Putnins and Sauka, 2014). This suggests that informal work is more prevalent in Latvia than in neighbouring Lithuania or Estonia. Therefore, public support for the unemployed, including this pilot project, also has to overcome a social acceptance of informal work and the attractiveness of working informally.

Impact

The SEA has a monitoring system in place to track the outcomes achieved by participants. Looking at the cohorts from 2012 to mid-2014, the following results have been achieved:

- In 5.6% of businesses implemented by participants, the resulting business was considered to be very successful by the SEA. In other words, these businesses' turnover was substantially higher than initially planned.
- In the case of half of the businesses launched (53%), the implementation of the business plan met forecasted sales expectations during the first year but fell short of sales expectations in the second year. However, many of these businesses had developed a stable customer base and continue to have the potential to develop into a sustainable business.
- In the case of 17% of the businesses launched, turnover in the second year fell substantially below expectations. In most cases, external factors could explain the poor sales, e.g. maternity leave, increased prices of fixed assets.
- The implementation of the business plan was considered unsuccessful in 9.4% of the businesses launched. In these cases, participants were unable to implement their business idea as planned and the expert advisers had doubts about whether the business would be able to continue after the support had stopped.
- 14% of participants did not start their business.

Conditions for transfer

Although this project is small in scale, it has been successful in supporting a number of unemployed people in developing sustainable businesses. Through its 7 years of operation, several keys to success can be identified that would be key to successfully transferring the project to another context.

1. *Develop clear selection criteria*. This project has very clear and very strong selection criteria that must be met for applicants to be considered for participation, which include both work experience and qualifications. These criteria are communicated to potential participants and the selection process upholds them. Moreover, those entrepreneurs selected for the second phase of support go through a second screening process that assesses the potential of the business plan and its likelihood of developing into a sustainable business. This clear selection process ensures that those supported are the mostly likely to succeed.
2. *Utilise private sector expertise in the selection process*. The selection of participants is made by a committee of industry experts and business professionals who evaluate the business ideas. The advantage of this approach over an assessment by programme managers is that those working in the marketplace are better-placed to understand which projects are likely to succeed.

3. *Offer phased support*. The support provided by this measure is delivered in two phases. An evaluation precedes each phase of support and the second phase is much more intensive than the first. This multi-stage approach allows for a broader group of potential entrepreneurs to benefit from basic training and support in developing their idea. The second phase delivers more intensive (and expensive) support to a small number of participants who demonstrated success and potential during the first phase. This approach allows policy makers to both expose a large number of entrepreneurs to basic training and to offer more intensive support to those who have the most potential to succeed.
4. *Multi-faceted support*. This measure provides business advisory services, a grant and an allowance. Providing a package of complementary support measures allows for participants to develop entrepreneurship skills and some financing to implement their idea and use their skills in practice. The allowance is an important element of the programme because it helps the entrepreneurs cover their living expenses for a fixed period of time while they are developing their business.

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Entrepreneurship Promotion Fund, Lithuania

This case study describes an example of a mainstream entrepreneurship programme that provides preferential access to youth, seniors, the unemployed and people with disabilities. Available supports include microcredit, loan guarantees, entrepreneurship training and business counselling. It describes the objectives and rationale for this approach and explains how the programme works. In addition, evidence is presented on the programme's impact. The description also discusses the implementation challenges face and the conditions for transferring it to another context.

Objectives

The Entrepreneurship Promotion Fund (EPF) was established at the end of 2009 and continues to operate. The Fund was initiated by the Ministry of Social Security and Labour, the Ministry of Finance and INVEGA, which is an agency that is responsible for the development of small and medium-sized enterprises in Lithuania and facilitating their access to financing. INVEGA is the managing authority of the EPF. The main objectives of the EPF are (INVEGA, 2015):

- To achieve the provision of small loans to start-up self-employed and SMEs at "better-than-market" conditions.
- To increase access to start-up finance for disadvantaged target groups including:
  - unemployed people;
  - youth entrepreneurs under 29 years old;
  - older entrepreneurs over 50 years old;
  - people with a disability.
- To achieve a minimum of 30% of training places and 15% of loans to be allocated to people from the priority groups.
- To increase start-up self-employment and entrepreneurship in the Lithuanian economy.
- To increase the levels of entrepreneurship and self-employment in the target groups.
- To encourage the take-up of training and advice by start-up entrepreneurs and those seeking to enter self-employment.
- To increase the number of sustainable new SMEs and newly self-employed.
- To reduce unemployment and keep people active in the business and labour market.
- To contribute to the development of a viable entrepreneurial culture in Lithuania.

Rationale

This programme aims to respond to high unemployment rates and difficult post-crisis economic conditions across the regions of Lithuania by addressing gaps in finance and skills for start-up entrepreneurs. It recognises the greater problems often faced by the unemployed, youth, seniors and disabled people by providing preferential access to people from these groups to the support offered.

The EPF combines microcredit with training support for potential entrepreneurs seeking to start a new business or become self-employed. Microcredit schemes are designed to provide access to small amounts of loan finance to businesses that would be excluded from commercial credit markets for reasons of small size, lack of a financial track record, risk or "unbankable" projects (Parker, 2002). Entrepreneurs and small firm owners are required to repay loans at interest rates which may be set at near or below market interest rates. Microcredit schemes can represent good practice because, unlike grants, they still impose a commitment and commercial discipline on entrepreneurs and the requirement to monitor performance (Hirsch and Wlaz, 2011). Start-up entrepreneurs do not have the financial track record which is required by financial institutions for credit proposals, as usually two years is the minimum trading period required. Hence, microcredit programmes can fill a finance gap by providing access to start-up finance until a successful trading record is established (Ayayi, 2012). However, in order to increase the chances of success and repayment by supported businesses, it is effective to offer complementary training and counselling support (OECD/EC, 2013).

Activities

The EPF programme provides microcredit finance and training to successful applicants in co-operation with the Lithuania Central Credit Union (LCCU), which acts as the financial intermediary in assessing applications from candidates. The LCCU partners with 15 training providers to deliver free training and business advisory services to loan recipients. LCCU operates as a one-stop shop by providing advice, information and further training to the programme's participants. The key elements of the EPF include:

- Independent financial assessment of applications from start-up entrepreneurs and self-employed, who have been operating for less than one year, by the credit union members of the LCCU.
- Short- and long-term microcredit of up to LTL 86 000 (approximately EUR 25 000) per SME. This means that it falls under the *de minimis* aid rule (i.e. less than a maximum of EUR 200 000 over 3 years to a single business undertaking) (INVEGA, 2014).
- There is no maximum term period for loans granted, but all advances are required to be repaid by loan recipients by the end of December 2018.
- The majority of loans are provided for investments, but loans for working capital are also issued.
- Microcredit interest rates charged to start-up entrepreneurs are below financial market rates.
- The credit union's interest rate margin is less than 3.49%.
- Comprehensive free training advice for successful applicants including the following aspects of running a small business:
  - business planning (a compulsory element for all applicants);

  - financial accounting including tax planning;
  - legal aspects of business law;
  - business management including human resource management; and
  - marketing.
- Loan recipients who do not have any previous business experience receive general training on starting a business.

Although participation in all the training sessions and advice is not obligatory, it is reported as very popular among final recipients (INVEGA, 2014). In addition to this comprehensive support package, a successful feature of the EPF is that participants can also access additional financial instruments from INVEGA (INVEGA, 2014):

- Financial guarantees of up to 80% of the value of the loan. This element is particularly important to applicants having limited collateral such as the members of two target groups: young people and the unemployed.
- 2 categories of financial subsidies:
  - interest rate subsidies of up to 95%, reducing the interest repayments to minimum levels; and
  - employee salaries' subsidies. Beneficiaries may qualify for partial employee salary subsidies if they have employees.

The main components of the EPF, its process and management structure are illustrated in Figures 15.1 and 15.2. The process of financial intermediation which involves assessment of applications from aspiring entrepreneurs and self-employed people is carried out by the credit union members of the LCCU. Successful applicants receive small short-term loans for working capital or longer-term loans for capital investment. All loan recipients are required to become members or shareholders of the credit union. This requires a deposit of at least 10% of the loan amount to the credit union. This is repaid to the recipient after the loan is repaid.

Figure 15.1. **Implementing the Entrepreneurship Promotion Fund**

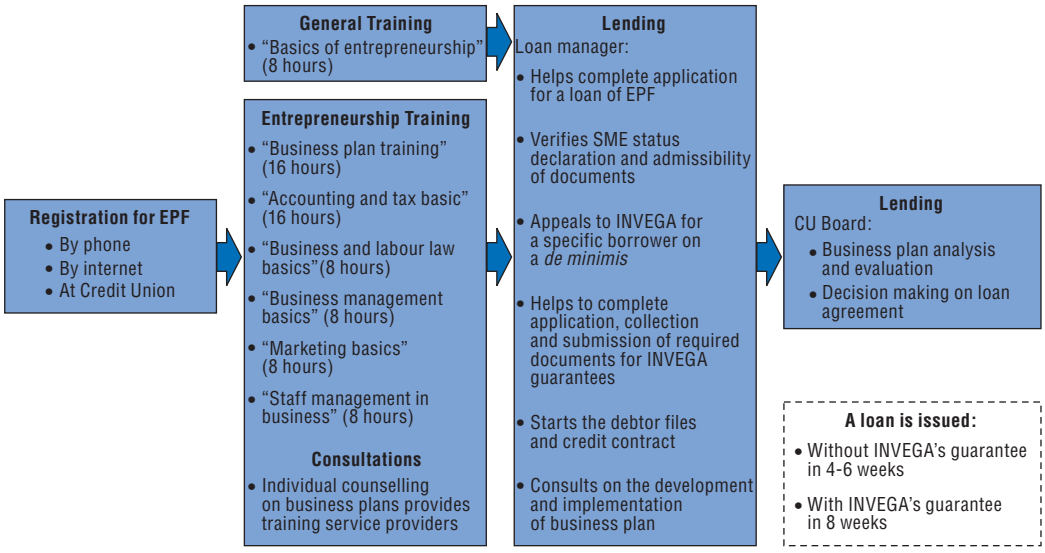
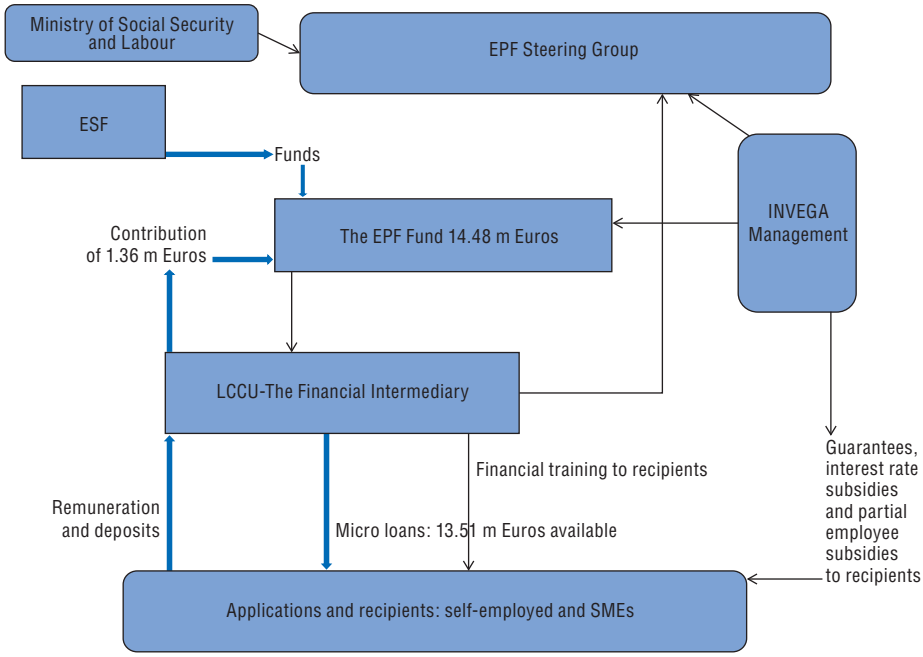


Figure 15.2. **Components of the Entrepreneurship Promotion Fund programme, 2009-15**



Each credit union has its own loans board and each applicant is allocated to a loan manager who conducts a business needs and personal skills assessment. Business plan training is offered before an application is made. Assistance is given to the applicant in preparation of the loan application, business plan and application for guarantees from INVEGA. The LCCU evaluates the application and business plan and a loan decision is made. A loan can be issued within 4 to 6 weeks without guarantees; if a guarantee is required to underwrite the loan it will be issued within 8 weeks.[1] Currently, 30% of proposals are rejected by the credit union's Loans Committee.[2]

Challenges encountered

A number of challenges in the establishment, management and operation of the EPF programme have been identified by INVEGA (INVEGA, 2014). Some of these challenges have required a change in direction and flexibility in strategy, including:

- The provision of financial assistance through the partial conversion of loans into a grant (of 30%) was a strategy originally foreseen at the start of the EPF in 2009 (INVEGA, 2014). However, European Union regulations prevent the conversion of part of the loan into a grant. Thus, other means of financial assistance were investigated. The Ministry of Economy reached agreement with the Ministry of Social Security and Labour on the introduction of interest rate subsidies, leading to their introduction into the EPF in 2012.
- Establishing the EPF programme took more time than anticipated, due to the complexity of European Union regulations and European Regional Development Fund (ERDF) funding conditions.
- The recent economic environment meant that conditions for business start-up were more difficult than envisaged and consequently, the initial demand for loans was not as high as expected.

These challenges point to the need to regularly monitor economic conditions and build in flexibility into programmes, such as in this case the possibility of additional financial instruments. The level of co-operation between different institutions was important to the success of the programme, e.g. between INVEGA and the financial credit union members of the LCCU.

Securing funding has also been a challenge for the EPF. Table 15.1 illustrates that the majority of funding used to establish the central fund was obtained from European Social Fund (ESF) monies. Of the EUR 14.48 million, EUR 2.32 million is allocated for management fees and training of recipients. There is also a contribution from the consortium of credit unions, the LCCU, of EUR 1.35 million to the central fund resulting in EUR 13.51 million available from the central fund for allocation to successful applicants. The contribution from the LCCU (10%) was agreed in public procurement documents and is paid at the final recipients level. This requirement ensures leverage of additional private resources to the Central Fund.

Table 15.1. **Funding for the Entrepreneurship Promotion Fund Central Fund, 2009-15**

	EUR millions
ESF monies	14.48
Less management fees and training expenses	2.32
Plus contribution from LCCU	1.35
Total available for microcredit awards	**13.51**

Source: Source INVEGA (2014b).

Funding for additional financial support for the subsidies and guarantees under the EPF programme is contributed from the ERDF, ESF and national funds. These contribute to 3 funds for interest rate subsidies and guarantees (ERDF), partial employee subsidies (ESF) and financial guarantees:

- A global grant fund of EUR 16.2 million (ERDF) has been established for interest rate subsidies for the beneficiaries of the EPF. Up to 95% of the loan interest is subsidised.
- A global grant fund of EUR 2.9 million (ESF) has been established for partial employee subsidies for the beneficiaries. The value of the wage subsidy at an individual level can be up to EUR 7 240.5 if the beneficiary belongs to a priority group (under 29 years old, over 50 years old, unemployed or people with disabilities).
- A guarantee fund of EUR 37.4 million (ERDF) has been established for guarantees. Guarantees are awarded of up to 80% if applicants do not have collateral and can be important for people from priority groups such as the unemployed and youth.

In principle, a successful microcredit programme should be self-sustaining through the interest rate repayments made by beneficiaries. By the end of September 2014, due to the reinvestment nature, the value of loan agreements with recipients was 24% higher than the total amount of EPF (INVEGA, 2014).

Impact

The EPF was established at the end of 2009 and the first micro loan was issued in November 2010. The interest rate subsidies were established from January 2012 and the partial employee subsidies from September 2013. The current programme has been extended until 2018.

The key results of the programme against targets for 2009-15 are listed in Table 15.2 up to 31 September 2014. The data show that more than 1 000 microcredit loans were issued since the end of 2010 and a total of 1 758 jobs were created. One-year survival rates of beneficiaries are currently 97%,[3] which reflects the rigour of the financial assessment of projects by applicants.

Table 15.2. **Impacts of the Entrepreneurship Promotion Fund programme 2010-14**

Indicator	Target	Results up to 31 September 2014
Individuals attending training	5 000	4 205
Individuals completing training	4 500	4 117
Individuals from priority groups attending training	1 500	2 607
Number of loans issued	1 200	1 017
Number of loans issued to priority groups	180	479
Number of new jobs created	1 000	1 758

Source: INVEGA (2014a).

The programme also successfully recruited individuals from the programme's priority groups, i.e. people under 29 years old, people over 50 years old, people with disabilities and unemployed people. These groups accounted for 47% of loans issued. This was achieved by using the 154 sales points (i.e. through the LCCU network) to ensure the accessibility of the EPF, especially in rural areas (INVEGA, 2014).

Moreover, the businesses launched and supported by the EPF were able to more easily apply for and access commercial bank loans in mainstream credit markets through the establishment of a track record with microcredit from the EPF.

Further, the credit union members of the LCCU were considered to have developed a more positive approach to working with small business entrepreneurs and the self-employed through the experience of the EPF (INVEGA, 2014).

Conditions for transfer

Microcredit programmes have the potential to assist low-income and disadvantaged groups in business creation. There are a number of criteria and conditions which will be required for a programme similar to Lithuania's EPF to be successful:

1. *Distribute risk*. The role of selection of candidates for loans needs to be undertaken by a trusted and respected intermediary body that has the financial expertise to undertake risk assessment of applicants. In the case of Lithuania, the consortium of credit unions, the LCCU, was a unique body that was capable and trusted to perform this role.
2. *Leverage credibility*. The central or holding Fund should be independent and managed by a high profile and respected management body. In the case of Lithuania, INVEGA, was well respected in the business community and undertook this management role.
3. *Provide access to non-financial supports*. Microcredit programmes, in isolation, are unlikely to provide sufficient assistance to ensure successful start-ups and are best supported by additional training or mentoring support for beneficiaries. Additional funding will be required for these support provisions if they are to be provided free or for nominal fees. However, a microcredit programme with mentoring support can be a means to encourage more take-up of such advice and training support from people from disadvantaged groups in entrepreneurship.

4. *Ensure accessibility*. It will be important to ensure that the scheme is accessible to priority or target groups. This may mean undertaking an awareness-raising campaign to ensure good take-up. In Lithuania marketing and publicity was undertaken by partners and institutions.
5. *Allow for flexibility in implementation*. Flexibility in arrangements may be required to allow for changes in strategy, reaching target groups and changes in economic conditions.

Notes

1. This information is drawn from a presentation that INVEGA made to the OECD and international experts in November 2014.
2. This information was provided to the OECD via email by INVEGA in February 2015.
3. This information was provided to the OECD via email by INVEGA in February 2015.

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Welfare Support for the Self-Employed (BBZ), Netherlands

This case study presents an integrated support scheme for unemployed people who seek to start a business. It provides training, coaching and mentoring, grants, business counselling and a welfare bridge. The description covers the objectives, rationale, activities and impact of the scheme. It also discusses the challenges faced in delivering this support and the conditions for transferring this type of scheme to another context.

Objectives

Bijstandverlening aan zelfstandigen (BBZ) ("Welfare Support for the Self-Employed") was launched to assist people who receive a social welfare benefit to start a small business and become self-employed. It is an instrument through which municipal governments help new entrepreneurs by providing training, coaching and financial support. The overall objective of the project is to increase employment and reduce the number of people relying on unemployment benefits.

Rationale

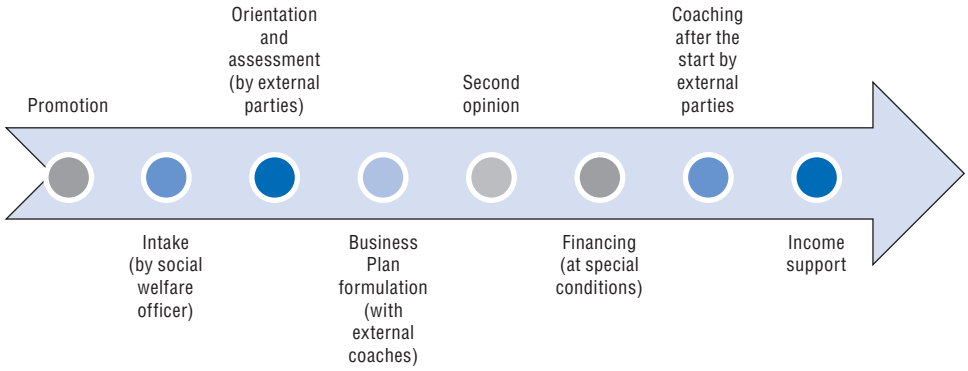
The BBZ was created by the national government in 1996 as a potential solution to address high unemployment and it continues to operate today. BBZ is administered by the municipalities, which engage private business support services providers, business advisors and coaches to deliver the provisions. Municipalities occasionally use this instrument to reach out to specific target groups among the long-term unemployed. This is often done locally on a project basis when third parties are willing to co-finance such initiatives (i.e. this often occurs within the context of European Social Fund (ESF) projects).

Activities

BBZ offers a comprehensive set of interventions all aimed at assisting unemployed people or other welfare recipients to start their own business. The process contains 8 distinct steps (Figure 16.1). Although participants do not necessarily have to make use of all services, the vast majority do. It takes approximately 9 months for a participant to go through the intake process and to start their business.

The first step in the process is promotion. General information on the scheme is provided to the target groups through the municipalities (i.e. social affairs department). Websites, leaflets and brochures are provided by the national government to explain the scheme, its procedures and conditions. Municipalities have flexibility in how the information is disseminated to potential clients. Often, partnerships with semi-public entities (e.g. Chambers of Commerce, Enterprise Agencies) are used to expand outreach efforts.

Figure 16.1. **The BBZ process**



The selection process is done at the municipal level by the social affairs department. Intake interviews are conducted by municipal officers, following a systematised and documented process that is explained to potential clients in a guide book (Divosa, 2010). The objective of these interviews is to assess the potential for business creation and self-employment and the social welfare officer can refer the client to specialised (private and semi-public) agencies for training and guidance. In some municipalities, social welfare officers are given special training in how to conduct these interviews but this is not consistently undertaken across the country.

The next step for participants is an orientation and entrepreneurship training. The agencies that deliver the training and business advisory services undertake a more in-depth assessment of the entrepreneurial potential of the clients, focussing on their experience, skills and needs. Agencies design their own process to complete these assessments. The average duration of the orientation scheme is 12 hours spread over 4 to 6 days. The orientation process may include some brief introductory entrepreneurship training. It may also result in the client realising that self-employment is not a feasible option for them and they can withdraw from the scheme. Following the orientation process, the agencies will make a recommendation to the social affairs officer about whether the participant should continue in the scheme.

Clients who continue in the support scheme move on to the business plan formulation phase where they receive individual support in developing business and financial plans. This support is delivered by private sector entities that are contracted by the municipalities. At this stage the clients are eligible for a small preparatory credit up to EUR 2 000 to finance special activities such as market research or additional technical and managerial training. This credit will be included in the total loan amount once business and financing plans have been approved.

When a potentially feasible plan has been finalised, the municipality can submit the business plans to a third party for a second opinion. This is required for those seeking a loan of more than EUR 10 000. For loans under EUR 10 000, municipalities typically consult with a third party for a second opinion but it is not required. The third party used for the consultation is nearly always the private national SME agency *IMK Advies*.

Once a positive second opinion has been obtained, clients are eligible for financing from the municipality. The instrument used is a subordinated loan of up to EUR 35 130 at 8% interest per annum since 1 July 2009. Prior to this, the rate was 5%. For existing small

business owners facing bankruptcy, a loan of up to EUR 189 000 can be granted. In most cases, participants receive loans of less than EUR 20 000. The subordinated loans are partly collateralised with the business assets and repayment is normally set for a 5-year term. In order to receive this loan, the client must be unable to receive financing from any other formal financial institution or bank. The loans are administered by the municipalities and accounting is done on a cash basis rather than transaction basis. The national government (through the Ministry of Social Affairs and Employment) reimburses municipalities up to 75% of the loan amounts outstanding each year.

After business start-up, clients are eligible to receive income support. Municipalities typically enter into special agreements to allow continued payment of their social welfare benefits for 1 year. It is possible that this can be extended for up to 3 years. This welfare bridge payment will be deducted from the net income generated from the business. Similarly, participants who receive unemployment benefits may be eligible to receive 54.9% of their unemployment benefit for the same period.

Clients whose business plans have been approved – and hence they receive either a loan or continue income support – also receive coaching and business advisory support during and after start-up for up to 12 months. This individual support is guided by the business advisor and typically covers costing and pricing, meeting administrative requirements, sales and income taxes, liquidity planning and sales and marketing. This support is delivered by professionals working for either private business development service providers or semi-public entities who are contracted by the municipalities. Municipalities pay a pre-set lump sum for such services.

Project partners

The national Ministry of Social Affairs and Employment oversees the overall implementation of the policy measure, serves as the financing entity and carries out regular evaluations and quality control actions.

The municipal departments for social affairs and employment are the main scheme implementers. Their staff are the key persons in implementation. They identify potential clients and approve those accepted into the scheme. Financing is directly done by the municipalities, which includes issuing and administration of the loans. In a small number of cases, the municipalities work with municipal banks to help manage the loans.

Private business development service providers and semi-public entities are subcontracted by the municipalities to deliver the services. Municipalities are free to decide how they contract the service providers for training and business advice. Many municipalities use retainer contracts (through restricted or sometimes open tendering) with one or two service providers for a set period.

External private business development service providers (e.g. *IMK Advies*) and semi-public parties (e.g. Chambers of Commerce) are contracted to validate potential clients and their business plans.

Project development

A number of major changes occurred in recent years. First, the scheme has been increasingly decentralised and municipalities have had more control over its implementation. This has led to the involvement of more partners in the scheme and led

to increased co-ordination between municipalities to achieve a certain level of economies of scale and to make better use of locally available knowledge and experience.

In the period 2009-11, a pilot project was undertaken to experiment with a combined support for the unemployed that included a guarantee scheme to stimulate lending to the unemployed and training and business advisory services. This pilot was unsuccessful at encouraging banks to lend to this client group.

Finally, the amounts paid for training and support services are adjusted regularly to reflect both market developments and changes in national government budgets.

In addition, the scheme has been used to offer support to older established entrepreneurs (over 55 years old and who have not received welfare payments for at least 10 years) who face temporary difficulties as well as assisting established entrepreneurs with non-viable businesses to wind-down their business operations.

Project financing

In 2012, the total cost of the BBZ was EUR 40.4 million (Table 16.1). Nearly three-quarters of the funds went into income support. 21% of this was used for implementation cost (i.e. management and business development services) while 7% was used for funding of the lending operation.

Table 16.1. **National government funding of BBZ, 2012**

Category	Amount in Euro	% of total
BBZ Income support for long-term unemployed starting a small business/engaging in self-employment	EUR 29 000 000	72
BBZ financing – net paid out after deduction of repayments in the same year for loans from previous years	EUR 3 000 000	7
Implementation cost including training and coaching (pro rata excluding for implementation of other groups than long-term employed: 60%)	EUR 8 400 000	21
	EUR 40 400 000	

The financing for BBZ comes from the budget of the Ministry of Social Affairs and Employment. Over the years, various municipalities have embarked on specific projects for special target groups (e.g. youth, women, immigrants), which were co-financed with the BBZ funds and the ESF or other European Union funds. These co-financed projects were nearly all locally based projects. The BBZ has not received financing from any European Union funds on an ongoing basis.

Breaking down the costs of the support services, the total cost of delivering the business development support services (i.e. coaching and advisory support) was EUR 9 650 (Table 16.2).

Table 16.2. **Component costs for the BBZ BDS service and annual number of clients, 2012**

Type of BDS service	Costs per BDS service component per client	Relative costs (%)	Number of clients per annum (average)
Prestart orientation, coaching	EUR 3 050	31.61	5 000
Coaching for business plan formulation	EUR 1 800	18.65	2 500
Second opinion	EUR 2 000	20.73	2 000
Coaching after the start	EUR 2 800	29.02	1 200
Total BDS costs	**EUR 9 650**		

Challenges encountered

Over the years, the following challenges emerged. First, it has been difficult to determine an appropriate price/cost ratio for business development services. The set prices that can be paid for these services are adjusted regularly but these changes are rather marginal. They now represent almost 40% of the average loan amount, which is high relative to other schemes; this cost is typically 25% of investment. Private service providers have regularly argued that the payments are too low and put pressure on the authorities to increase them with little change to the service provided (Bobbezoo, 2010).

It has also been difficult to identify and build relationships with business development service providers. In the early years of the scheme (i.e. the late 1990s), there were more than 20 service providers active in the scheme. Many were contracted as co-implementers of local or regional projects co-financed by the BBZ and ESF (e.g. Emploi). However, over time, many of them did not succeed in attracting additional contracts from other parties and when project funding ended, many of them decided to cease operations. Consequently, the supply of service providers has decreased significantly which will likely have a negative impact on the quality of services in the future.

The scheme has been administered and accounted on cash basis mainly, which is common for government budgeting. Municipalities have been reimbursed annually for the net amount outstanding (i.e. loans granted *minus* repayments). This has made it rather difficult and cumbersome to track performance of individual clients. At present, municipalities are stimulated to establish a more accurate administration system.

The scheme has also had some difficulties adapting to the needs of entrepreneurs. Entrepreneurs are increasingly combining self-employment with paid employment and other activities. This has an impact on those who are unemployed because a part-time self-employment activity may result in benefit payments being cut, even if no or little income is earned from the business.

Society in the Netherlands has become more diverse, which has required public employment services and business development service providers to change their services and outreach methods. Both have had to overcome these challenges by redefining their business models and providing new training for their staff.

Very few staff at the municipal level have an economic background or experience in business. This makes it difficult for them to properly assess the entrepreneurial competences of clients or appraise business ideas of clients. They also tend to skip over the supervision and monitoring of the performance of businesses set up. Training of staff in these subject matters has not been introduced systematically.

Impact

Approximately 5 000 people per year express an interest in the scheme and approximately half enter the intake process (SEO, 2008). During the intake, approximately 20% withdraw and between 1 800 and 2 400 people start the scheme per year. The number of start-ups ranges from 900 to 1 200 per year. The average loan amount ranges from EUR 17 000 to EUR 19 000, which is comparable to the average of loans extended by Qredits, the leading microfinance institute in the Netherlands.

A recent evaluation (Ecorys, 2011) reveals that over the past 5 years, 72% of the people assisted under the BBZ were still self-employed (or employed) after 3 years. The evaluation

undertook a cost-benefit analysis of the scheme and found a net benefit for society of EUR 18 900 per start-up (Table 16.3).

Table 16.3. **Estimated costs and benefits of BBZ per starter**

Costs/forgone income for central government			
	% starters/correction factor	Average cost per person	Average costs per starter
Income support during training/preparation	160	EUR 8 800	EUR 14 080
Coach pre-starter	160	EUR 3 050	EUR 4 880
Preparatory credit	15	EUR 2 000	EUR 300
Preparation/coaching for the start	160	EUR 1 800	EUR 2 880
Second opinion	200	EUR 2 000	EUR 4 000
Continued payment income support/social welfare benefit	100	EUR 56 000	EUR 56 000
Enterprise loan	54	EUR 18 000	EUR 9 720
Coaching after the start	45	EUR 1 200	EUR 540
Implementation costs during start	100	EUR 2 800	EUR 2 800
Less income taxes if person would have been employed	35	EUR 25 092	EUR 8 782
Total costs			**EUR 103 982**
Income – Savings			
Savings social welfare benefits payments	100	EUR 97 334	EUR 97 334
Income taxes – entrepreneurial salary	49	EUR 31 939	EUR 15 650
Income taxes people employed	4	EUR 75 276	EUR 3 011
Repayment social welfare benefit			EUR 2 266
Repayments loans	54	EUR 8 574	EUR 4 630
Total benefits			**EUR 122 891**
Net benefit			**EUR 18 909**

Source: Ecorys, 2011.

Conditions for transfer

To introduce a similar measure in other countries, national authorities must be sure that the following conditions are met:

1. *Provide a sound regulatory framework*. There must be a regulatory framework for the economic activities (i.e. self-employment, micro or small businesses) to be set up by the clients of the scheme that ensures that clients are not punished immediately (with loss of social welfare entitlements) once they decide to engage in self-employment.
2. *Provide sufficient resources to allow for comprehensive support*. The measure must be supported by allocation of sufficient financial resources. There must be considerable budget allocation for all components: income support, business development services, business plan implementation costs, funding for financing of self-employment activities.
3. *Build capacity of delivery partners*. If municipalities or other third-party local organisations are called on to administer the programme, attention will need to be paid to ensuring they have the right training and capabilities. The partners should have a clear understanding of the persons who could benefit from the services and have a hands-on knowledge about the quality of possible implementing agencies (private and semi-public) delivering the business development services. They should also have the capabilities to manage (in a transparent way) tendering processes to engage local service providers. However, it is important to set maximum prices for services to be delivered

centrally to facilitate the tendering and negotiation processes. This would allow local parties to concentrate on the quality of services to be rendered.

4. *Develop a comprehensive monitoring system*. It is important to organise and establish accounting administration systems to monitor operations and to supervise lending since many different partners are involved. This monitoring system should also include client tracking systems.
5. *Partner with the private (and semi-public) sector*. Use local business development service providers to provide entrepreneurship training and other business start-up and development services. It is important to develop a screening mechanism to verify that they have the necessary competences.

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Mature Entrepreneur, Poland

This case study presents a local project that supported people between the ages of 50 and 64 in business creation by providing training, coaching and mentoring and grants. The description presents the objectives and rationale for the project, and explains how it worked. Data on the impact are included as well. The description also discusses the challenges that project managers faced and the conditions for transferring this type of project to another context.

Objectives

This project was a pilot that ran in Gdansk from 2009 to 2010. It aimed to support older people (50 to 64 years old) who were unemployed or inactive in creating a business. It also supported older people seeking to switch from paid employment to self-employment.

The objective of the project was to reduce unemployment in Gdansk among those between the ages of 50 and 64 years old, increase the number of business start-ups in Gdansk and to support the development of an entrepreneurial attitude in the local community.

Rationale

This project provided an entrepreneurship opportunity for those people between 50 and 64 years old who would still like to contribute to society and the labour market, but may have been made redundant or taken retirement. Business creation provides an opportunity for these people to contribute to society and actively participate in their community. It also provides an opportunity to earn some income to supplement their retirement savings.

There were three principle reasons for this project. *First*, older people tend to be over-represented among the unemployed in Poland – people over 50 years old account for approximately 20% of the unemployed. This over-representation is due to several factors, including structural changes that see experienced workers laid off due to their higher salaries. *Second*, many older people have insufficient savings for retirement and therefore need to return to work after spending some time out of the labour force. This can be difficult for older people because they often face discrimination in the labour market and are overlooked in favour of younger job candidates. *Third*, the project also aimed to combat stereotypes about older people in society. It showed that older people can help themselves to earn income and did not need to rely on the state for social welfare support.

Activities

The pilot project was launched by the Gdansk Municipal Employment Office. It provided a suite of integrated offerings, including training, coaching and mentoring, a grant, business advisory services, a bridging allowance and network opportunities. The

project was co-ordinated by officers in the local employment office and training, coaching and advisory services were provided by private sector business consultants.

The intake process for the project combined a written application form, interview and a 5-minute oral presentation made to a panel of officers from the Gdansk Employment Office. Both the written application and the short presentation had to describe the business idea and outline the applicant's plan for how they would develop their idea into a sustainable business. The panel assessed each application and presentation for its creativeness, innovativeness and potential for developing into a sustainable business. Furthermore, an interview was undertaken to verify and assess the applicant's relevant work experience and qualifications.

Over its duration, 120 applicants made presentations to the panel and 60 were selected for participation in the project. The 60 participants came from various backgrounds and were divided into three groups: the unemployed, the inactive and those in employment. Each group was provided with 150 hours of training that was comprised of 8 modules. These modules covered financing, marketing, accountancy, legal issues, computer training, psychological workshops, business planning and the legal requirements of starting a business. Training was provided by private sector training organisations.

While participating in the training, participants could use professional business consultants to help them develop their business plans. More specifically, the consultants assisted participants in developing a detailed description of their product or service, an assessment of the market potential and impact of the economic climate, an investment plan and a marketing plan. Each participant could receive up 4 hours of individual consulting.

Upon completion of the training, participants were able to apply for financial support if they had attended at least 80% of the training classes. Financial support included a one-time grant of up to PLN 40 000 (approximately EUR 9 650) and a welfare bridge allowance of 6 monthly payments of PLN 1 250 (approximately EUR 300) to cover living expenses while the business was generating initial revenue. It was possible to extend the bridging allowance for another 6 months. This financial support was awarded by a committee that consisted of representatives of employers organisations. Throughout the project, 26 participants received financial support. Those who received funding also had access to the mentors and trainers for up to an additional 12 hours of individual support over the 6 months during which the participant received the bridging allowance.

Coaching and mentoring support was also developed by the Employment Office to provide individual guidance to participants. Coaches and mentors were identified through employer organisations and were provided with a small wage. Initially the project intended to use coaches and mentors who were approximately the same age as project participants. However, it was not possible to develop a sufficient pool of coaches and mentors from the same age group. Coaches and mentors were matched with participants based on the expertise of the coach or mentor. In some cases, the coaches and mentors were involved in delivering training and had already developed a relationship with the participants.

The training also resulted in the development of entrepreneurial networks for participants. Each training cohort spent a lot of time together, leading to bonds developing between them. Participants provided peer-support during the training, which continued afterwards. Training and coaches also supported network development through referrals made during training and consultation sessions.

Project financing

The project operated for 2 years and the total cost of the project was PLN 1.99 million (approximately EUR 480 500). This was funded by the European Social Fund (ESF) (85%) and the national government (15%).

Challenges encountered

This project encountered 3 principal challenges. The *first* challenge was that it was difficult to select participants because many of them had submitted business ideas that were not feasible. This was driven partly by unrealistic business ideas but also by a mismatch in the experience and qualifications of an individual and the proposed business idea.

Similarly, the project had originally intended to have an equal number of participants from each of the 3 target client groups, i.e. one-third unemployed, one-third inactive and one-third moving from paid employment to self-employment. However, the vast majority of initial applicants were inactive. Therefore, project organisers adjusted their recruitment methods in an attempt to reach unemployed people.

Second, training was a substantial part of the support offering. While all participants valued what they learned from the training modules, many were eager to launch their business immediately and felt hindered by the length of the training component, which was a necessary step to receive financial support and coaching and mentoring. This created a challenge for the project managers who had to persuade the participants to follow the scheme.

Finally, the project relied on European Union funding and stopped operating once the funding ended. The project managers would have liked to continue the project but they were not successful in locating other funds.

Impact

Of the 120 applicants to the project, 60 were selected to enter the training component. From this group, 26 received a grant and a monthly welfare bridge allowance. However, an additional 7 participants received a small grant from a local employment fund. All combined, project participants created 33 companies. All of the newly established companies were still active in 2014 and some created additional full-time jobs.

The project has won several awards for its innovativeness. In 2010, this project received the "European Enterprise Award" (EEA) with the title "The Best Human Investment" and in 2011 it won a European Enterprise Award for "Promoting the Entrepreneurial Spirit".

The project also resulted in a 12-part TV series. Each stage of the project was filmed and the TV series was created to inspire other older entrepreneurs. In addition, a 30 minute movie was made to summarise the scheme.

Conditions for transfer

The Mature Entrepreneur project is an example of the impact that a local initiative can have on entrepreneurial spirit in a community. To transfer this experience to another context, the following keys to success should be central to the adaptation and implementation of the experience:

1. *Appoint a strong project manager*. The project manager is central to the success of the project because they are responsible for developing an entrepreneurship training component, building a pool of trainers, engaging coaches and mentors, promoting the

offering to attract participants and co-ordinating participants through the phases of support. They would also be responsible for fundraising to ensure that some financial support (i.e. grants and an allowance) can be provided.

2. *Develop the training project*. Mature Entrepreneur includes 150 hours of entrepreneurship training for participants. It will be important for this training to be adapted to the local economic context and to the needs of participants. For example, if this project was offered as "Young Entrepreneur", the training component would need to be adapted to the needs and challenges of youth.
3. *Secure financial support*. One of the attractive features of this project is that it offers some participants a grant to help them start a business and an allowance to help them cover their living expenses during the first 6 months of self-employment. Offering these financial supports will require substantial financial resources, especially if the project has many participants. The project manager will need to secure funds from the national government and explore options at the EU-level, including the ESF.
4. *Build a pool of trainers, advisors, coaches and mentors*. The trainers, coaches and mentors will be the professionals who deliver the support. The project manager will need to establish a process to identify private sector (and semi-public) organisations who can deliver the training. This process could be an open call. Moreover, advisors, coaches and mentors will need to provide tailored individual support following the business creation. Trainers could also fulfil this role, but it is often more effective to engage entrepreneurs to do this. While Mature Entrepreneur paid salaries to advisors, coaches and mentors, many other projects in the European Union secure volunteers who are interested in "giving back" to their community.
5. *Use creative outreach*. Outreach can often determine the success of a project because it is crucial that people are aware of the offering and that the target clients are attracted to it. Mature Entrepreneur used both standards promotion (e.g. websites) as well as more innovative approaches to using the media (e.g. television programme). It is important that projects use outreach methods that will reach their target clients. It is often effective to use community-based media and champions who are respected among the target clients.

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Entrepreneurially Into the World of Business, Slovenia

This case study presents a project that supports youth in business creation. It presents the project's objectives and rationale, and describes its activities, including entrepreneurship training, coaching and mentoring, business counselling and an allowance. Data on the impact are also presented. The case study also discusses the challenges faced in designing and delivering this project and the conditions needed to transfer it to another context.

Objectives

Entrepreneurially Into the World of Business (*Podjetno v svet podjetnistva*) was designed to address the high rate of unemployment among highly educated people under 35 years old with an undergraduate or postgraduate degree, regardless of university, study programme or type of study. It was designed to enable selected participants to identify and exploit a business opportunity and to become self-employed, start their own company or find employment with another employer. The project was launched to address the following main goals:

- reduction of youth unemployment;
- expansion of entrepreneurial skills; and
- creation of high-quality jobs.

The project provided a salary for 6 months through the Regional Development Agencies (RDAs) while participants underwent an intensive training programme on entrepreneurship, marketing, sales, accounting and financial management, or received coaching and mentoring to develop a specific business idea. At the end of the programme, participants are provided with consultancy and advisory services for another year. The project was pilot tested in the Zasavje region in 2009-12 and was implemented nationally in 2013 and 2014.

Rationale

The project was initially implemented at regional level in the Zasavje area, the smallest region in Slovenia. Once a highly developed coal-mining and industrial region, it faced a rapid loss of jobs due to adverse competitive and market trends. With limited investment in new business ventures and growth of active companies, one of potential solutions for renewing the development of the region was youth entrepreneurship.

Youth in Slovenia faced, and still face, challenges entering the job market that hinder them in securing appropriate employment. Although resources and energy are invested in

their education, prolonged unemployment harms their long-term social and economic prospects and forces them into various forms of precarious work. The main reasons for their difficulties entering the core labour market include:

- lack of work experience;
- an imbalance between educational supply and demand in the job market;
- a dominance of short-term or sporadic local employment offers; and
- a shortage of new jobs.

The initiative, therefore, was addressed at addressing the poor match between the skills produced by the higher education system and the skills required by employers, as well as a policy gap (i.e. few active labour market measures for young graduates).

Activities

The project provided training, mentoring and individual business advisory support to help participants acquire the core competences for developing and implementing a business idea. The goal was that participants would be able to start a business and become self-employed, or find paid employment, within 1 year of completing the training. To be eligible, potential participants had to meet the following criteria:

- registered as an unemployed job seeker;
- less than 35 years old;
- obtained a college, higher education, master or doctoral degree;
- have an entrepreneurial idea; and
- have a permanent place of residence in the region.

The project was implemented in three phases: i) pilot project in the Zasavje region during 2009-12; ii) national project in 2013 implemented by each of 12 RDAs; and iii) a larger national project in 2014 implemented by each of 12 RDAs with an increased number of participants. The initial target group for the pilot project in the Zasavje region, included 40 individuals. The national project's target group was 240 individuals in 2013, and 360 in 2014.

The first phase was implemented solely by the Regional Development Agency Zagorje in the Zasavje region, supported by the municipality Zagorje ob Savi. The national project, supported by the Slovenian Ministry of Labour, Family, Social Affairs and Equal Opportunities, was implemented by all 12 RDAs in Slovenia. Although each RDA had a certain level of flexibility in implementing the project in their regions, the RDA in Zagorje ob Savi, as the lead implementing partner, had an overall supervisory role. It was also responsible for reporting and financial accountability.

All phases of the project followed the same approach, as designed in the initial phase of implementation and included the following main phases:

1. call for applications and selection process;
2. employment in RDAs and extensive training during the set period of time; and
3. advisory support during 1 year after the end of the programme.

Calls for application were published simultaneously by all RDAs in the *Slovenian Official Gazette* and online with the goal of attracting sufficient interest to select 10 participants for each implementation round. The initial phase included 4 calls for applications and 10 participants were selected for each 6-month employment and training programme. The employment and training programme was shortened to 5 months (2 calls per year) and 4 months (3 calls per year) during the national projects in 2013 and 2014, respectively. The

shortening of the employment and training programme was a result of the decision to include additional groups of participants but with the same financial resources.

To apply to the project, applicants had to submit an application form, fill out a questionnaire and provide their CVs, graduation certificates and proof of unemployment from the Employment Service. In addition to basic information about each applicant, the questionnaire required applicants to provide information about their skills and interests, professional goals, entrepreneurship motivation and business ideas, and ways to develop them. The number of applicants varied from region to region, with lower interest in smaller communities and higher interest in major cities such as Ljubljana and Maribor. Each regional development agency's evaluation committee consisted of 2 staff members, 1 external mentor and 1 Employee Service staff who selected between 20 and 50 candidates (in each region) to interview. The main criteria for selecting the project participants were candidates' entrepreneurial potential, knowledge, motivation and interests, and most importantly the business idea and scope for realising it.

The selected group of 10 participants in each region was hired by the RDAs as public servants on a minimum-salary full-time contract (EUR 789 per month in 2014) for the duration of the extensive training programme led by agency staff and external mentors in which they took part. Each RDA used trainers, usually experienced agency staff, to co-ordinate and deliver the training modules that were related to their expertise. One external mentor was also engaged by each agency for each group of participants, usually a successful local entrepreneur or lawyer experienced in commercial law for provision of specific trainings of up to 28 hours per month for the entire duration of each group's training programme. External mentors were remunerated for their services in the amount of EUR 900 per month.

The training programme was designed to educate participants on a daily basis in all entrepreneurship-related topics such as introduction to entrepreneurship, business model generation, business plans, financing, commercial law, employment, accounting, marketing, sales, ICT, networking and social entrepreneurship. The training programme focuses on general topics and group work at the beginning and over time increases individual training and coaching for each participant and his/her business idea. In addition, based on the needs of each group of participants, RDAs invite other local entrepreneurs and specialists to provide training modules, sharing their knowledge and experiences.

Both internal RDA staff and external mentors are available for any advisory service participants developing their business ideas for one year after successful completion of each training programme. However, this support is not structured and depends on specific participants' needs and mentors' availability.

Project development

The project design has changed slightly since the initial pilot project in Zasavje:

- The duration of employment and training has been shortened from 6 months for each group as initially implemented to 5 months during the first nation-wide phase, and finally to 4 months for each group for the implementation in 2014 in order to include more participants per implementation phase and to keep costs in check. The scope of training and support has remained the same.
- The subsequent phases of the project redesigned the training programme to include more specific and individual training based on participants' needs.

- Training programmes have been modified by each RDA based on their specific group of participants and designed to include changes in economic development, ICT, development of crowd funding, etc.
- RDAs have sought to include more external experts (entrepreneurs and various specialists) in the training programme on a *pro bono* basis.
- Having completed the training programme, participants can apply for financial support for their start-ups to existing support programmes developed by the Slovenian government but the project itself does not provide financial support to participants after they complete the training programme.

In addition, since the project was extended to all RDAs in 2013, the implementation team has organised a Project National Conference for all participants to share experiences, network and potentially develop new lines of collaboration.

Project financing

The initial pilot project was co-financed by the Regional Development Agency Zagorje (57%), European Regional Development Fund (28%) and the Municipality of Zagorje ob Savi (15%) with a budget of EUR 604 900.

The first national project was implemented as "Entrepreneurially Into the World of Business 2013" and implemented from 1 November 2012 to 30 April 2014 with the total budget of EUR 3 816 534. It was co-financed by the European Union through the European Social Fund (ESF) (85%) and the Ministry of Labour, Family, Social Affairs and Equal Opportunities (15%). The Project was performed under the Operational Programme for Human Resources Development for the period 2007-13, Priority axis 1 "Promoting Entrepreneurship and Adaptability", 1.2 policy priority "Training and Education for Competitiveness and Employability".

The second phase of the national Project was implemented from 15 November 2013 to 30 August 2015 and is estimated at EUR 4 702 038, co-financed by the European Union through the ESF (85%) and Slovenian Ministry of Labour, Family, Social Affairs and Equal Opportunities (15%).

Challenges encountered

The project has faced several challenges as it has evolved. First, it has been difficult at times to attract potential candidates to the project. To achieve a sufficient number of candidates with quality business plans, the evaluation committee can decide to relax some of the entry requirements during the evaluation of applications when an exceptional business idea is described. In addition, when there are fewer than 10 successful applicants in each group, those who were unsuccessful in previous calls are invited to join the current group of participants to boost the group size.

In addition, it has been a challenge to offer the appropriate scope of themes for the specific groups of entrepreneurs during training. Each RDA has the flexibility to modify the training programme based on the needs of their specific group of participants. This allows flexibility and customisation to the needs of the regional labour market.

Impact

The success rate is monitored by a data collection form from the Employment Service and registration confirmation document from the Agency for Public Legal Records and Related Services. In addition, having relatively small groups of participants per call for

applications, the project developed online communication tools for participants and implementing partners and the project team is available to interested individuals participating in the project in order to support them and monitor progress after they formally leave the programme.

During the first phase in 2009-12, 97 unemployed young people in Zasavje region applied to participate in the project. The project selected 40 participants and it was expected to lead to the creation of 2 new businesses and help 10 others in finding paid employment. Unfortunately, there was no requirement to report back to the RDA with proof of employment during this period. Based on interviews, the project implementation team estimated that the first phase resulted in 10 newly opened businesses in the Zasavje region and 10 individuals finding jobs as employees (out of 40 participating).

In January 2013 (the first call of the national project in 2013), 754 unemployed individuals applied to participate in the project. By the end of 2013, following the second call for applications, the total number of individuals applying reached 1 246. There were 130 participants selected after the first call and 120 after the second call (i.e. 250 in total). The available data (as of 31 December 2014) show that 134 (62.8%) of those participating in the first nation-wide group successfully found employment or started their businesses.

In 2014, the project was able to launch 3 calls for applications, since the duration of training has been reduced to 4 months. There were 360 participants.

These results are summarised in Table 18.1.

Table 18.1. **Key metrics for the 3 project phases of Entrepreneurially Into the World of Business**

Implementation phase	Budget in Euro	Participants	Cost per participant	Success rate (i.e. self-employment or employment – %)
Local project 2009-12	604 900	40	EUR 15 122	47
National project 2013	3 816 534	250	EUR 15 266	63
National project 2014	4 702 038	360	EUR 13 061	60

Conditions for transfer

This project began as a local pilot project and was successfully scaled-up to a national project after showing promise. The experience provides many lessons and suggests that the following critical issues should be considered when attempting to introduce a similar approach in other contexts:

1. *Develop support locally to meet client needs*. This project started as a pilot in one region of Slovenia. It was able to demonstrate to the national institutions what could be achieved and how it could be accomplished. This local approach not only allowed for the development of support that met client needs, but also reduced the risk of using large amounts of public funding to experiment initially with the approach nationally. For this approach to be successfully transferred, it is necessary for the national authorities to be open to this "bottom-up" possibility and to have the systems in place to assess initiatives and filter them for the possibility of being scaled-up at the national level.
2. *Ensure objectives are appropriate*. That the programme was evenly distributed per RDA meant that some regions found it harder to fill allocated places than others. This resulted in taking on unsuccessful applicants from previous rounds and increasing the

age groups at the margin in regions with fewer applications. This has likely had an effect on the final impact but could be compensated by determining the allocation per region on a per capita basis.

3. *Secure financial resources to pay salary/allowance*. An important and novel feature of this project was that the RDAs were able to employ the participants on the minimum wage for 4 to 6 months. The need for this feature is dependent on the characteristics of participants and on the availability of other supports in the welfare state system. In addition to providing some income support, this feature supported the development of strong work habits and facilitated contact with a wide range of business professionals and entrepreneurs, which increases motivation and enhances entrepreneurial networks.
4. *Allow for flexibility in implementation*. The national institutions must be open to the possibility of variations that add value for participants, rather than insisting on a one-size-fits-all approach often required by funding regimes. However, the degree of flexibility has implications for the monitoring and evaluation system and must be considered when designing monitoring and evaluation systems.
5. *Provide some financial support*. The first two rounds of the project did not involve any form of financial support to potential entrepreneurs. However, it is likely that the success rate of the first two rounds would have been somewhat higher and that the quality of the applicants in the first place might have been stronger, had there been the EUR 3 500 grant planned for the third round.

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Launching Pads for Employment and Entrepreneurship, Spain

This case study presents an example of business development support for unemployed people who seek to create their own jobs through business creation. The description covers the objectives and rationale of this project and describes how it works. Data on the initial results are presented to show the project's impact. Discussion also covers the challenges faced in delivering this support and the conditions needed to transfer this approach to another context.

Objectives

The Launching Pads for Employment and Entrepreneurship (*Las Lanzaderas de Empleo y empre*) scheme aims to help the long-term unemployed (i.e. those who have been unemployed for at least 12 months) enter self-employment or return to work through business "launching pads" ("*lanzaderas*"). It is an integrated scheme that sign-posts information; refers participants to business professionals; provides training, coaching and mentoring; and offers psychological support. Its objectives are:

1. To improve and enhance the employability of participants through skills diagnosis and analysis and the establishment of a development plan tailored to the needs of each participant.
2. To restore or strengthen self-esteem, through mutual support that allows for the development of emotional intelligence. This is done with a focus on teamwork, one of the most demanded meta-competencies in the labour market and an important basis for personal growth.
3. To develop a network of contacts to support business creation and seek opportunities.
4. To develop the entrepreneurial skills so that participants can develop their own projects. The aim is to encourage them to consider the possibility of becoming entrepreneurs as well as apply creativity and entrepreneurial thinking as employees.
5. To strengthen linkages between business development support providers. The "launch pads" are an open system that connects organisations. Business professionals and entrepreneurs can contribute by sharing their knowledge and participating in the scheme's events.

Rationale

The labour market situation in many Southern European Union countries, and particularly in Spain, has been recently characterised by pervasive unemployment. In Spain, the unemployment rate reached 24.5% in 2014 (Eurostat, 2015).

This ongoing project was started in 2013 by the social entrepreneur Jose Maria Perez, who believed that active labour market policies were insufficient to deal with the scale of the problem and that unemployed people needed to be more engaged in society, which would help them re-enter the labour market. The schemes "launching pads" are modelled after the Trade School Workshops that Mr. Perez founded in 1985 to help master craftsmen teach trade skills to unemployed young people, and enable them to find jobs restoring historical sites. This project has grown and is currently funded by the European Social Fund (ESF). It has also spread to Latin America, where Trade School Workshops now operate in more than 17 countries. Today, nearly 500 000 students in Spain and Latin America have gone through this scheme and 80% have successfully created jobs for themselves or found employment.

This scheme strives to counter the stigma of unemployment and frame it as an opportunity to strengthen one's skills and develop an entrepreneurial mindset. It adopts a collaborative, supportive model that focuses on personal development and teamwork. Following the belief that isolation has harmful consequences for people, and undermines drive and creativity, the scheme also aims to free the unemployed from isolation, loneliness, discouragement and invisibility and to transfer them into a position of visibility and proactiveness. It mixes job-seeking activities with entrepreneurial workshops and relies on collective empowerment of participants and a shared social vision. Its philosophy is that "every burden becomes lighter when carried by many and good ideas attract good company".

Activities

The scheme is based on a collaborative spirit and operates following a co-operative society model. It is managed by a team of 20 volunteers, who are selected according to two main criteria: i) be unemployed for at least one year; and ii) demonstrate a strong personal drive and an interest in taking up new challenges.

To enrol in the scheme participants must agree to work together in groups, self-organise and be the main actors behind the different activities organised within the "launch pad". Although no specific professional experience or educational background is needed to be part of the scheme, participants commit to mutually train each other and collectively improve their professional qualifications and entrepreneurial skills.

The "launch pads" last between 5 and 9 months (depending on the size of the team as well as the requirement of funding entities) and are divided in four phases.

1. The *first* phase is one of "diagnosis", where participants identify and express their emotions linked to unemployment, understand changes in the labour market, and get to know each other in order to build the foundations of a team.
2. In the *second* phase specific action plans are designed, both at the personal and team level. Participants start working on key competencies needed to start a business or find employment, and start analysing the environment and generating business ideas while participating in training sessions.
3. The *third* phase is aimed at supporting interaction with the external environment. Participants participate in networking events and visit firms and entrepreneurs to test and develop the ideas that were developed in the second phase. Participants also work on their business plan in this phase.
4. The *fourth* phase is focused on implementing individual and group plans. Individuals focus on starting their business activities and the groups support each other and make plans for how the network will continue after the "launch pad" has ended. In addition,

each group prepares a manual of good practices that will be provided to a subsequent "launch pad". A closing event is organised for all of the "launch pads".

"Launch pad" activities are held during the morning, five days per week. The first 3 days of the week are dedicated to group sessions, which are led by the coach. These sessions focus on the development of entrepreneurship skills to help participants prepare for launching a business, and to increase their employability. Activities include keynote speeches, company visits, case studies, business opportunity evaluations and creativity workshops that focus on brainstorming, adapting ideas and creative thinking. The goal of these activities is help participants develop an entrepreneurial mind-set.

The last two days of the week are dedicated to individual coaching sessions. Each participant has opportunities to work with the coach to develop their business ideas and receive support in meeting the administrative requirements of setting up their business.

In addition to the "launch pads", optional provisions are made for those interested in business start-up. This includes a workshop on business model development, access to co-working space during the afternoon, visits to municipal and private entrepreneurship and innovation centres (e.g. Eutokia Centre in Bilbao and various entrepreneurship-related events, such as "Entrepreneurship Days" organised annually in most Spanish cities).

Each "launch pad" functions as a semi-autonomous entity. Each is responsible for managing its own projects, maintenance, participant selection and appointment of functional committees. The "launch pads" are overseen by the programme management team, which initiates the "launch pads", raises initial financing for each, provides the methodology for classes, trains trainers and coaches, develops specialised curricula, provides management and pedagogic support, monitors quality of services provided, organises networking events and weekly Skype meetings for coaches to facilitate the exchange of good practices and innovations and offers the scheme's brand. This clear role definition creates economies of scale and reduces the cost of the system.

Co-ordination of the work undertaken by participants is the responsibility of a professional coach. This is a full-time employee of the project. Coaches must meet the following criteria:

- have a university degree in social sciences;
- have experience in team management;
- have ICT skills and digital competencies; and
- demonstrate strong communication skills.

Once selected, coaches receive a total of 140 hours of training in coaching techniques, group dynamics, human resources management, entrepreneurship, leadership, personal branding and development of employability. 40 hours of this training is delivered in a face-to-face setting and 100 hours is an online training course.

Project financing

Each "launch pad" costs approximately EUR 40 000, although the cost of each varies slightly depending on size and length of support provided (i.e. 5 or 9 months). The scheme's costs are presented in Table 19.1.

The largest single expense is the salary of the coach. For "launch pads" with a duration of 6 months, the coach needs to be hired for at least 8 months to allow for the proper training, the preparation of the scheme and the post-scheme evaluation. Technical costs

Table 19.1. **Costs for each launch pad**

Expense	Amount in EUR	
	Minimum	Maximum
1. Salary of coach	20 000	20 000
2. Technical costs	11 000	12 000
3. Materials	4 500	5 000
4. Travel expenses	2 000	2 500
Total	37 500	39 500

cover the expenses incurred to train and support the coach, design and undertake monitoring and follow-up work with participants. Materials cover books, presentation cards, communication and a web page. Travel costs include visits to firms or entrepreneurs, special events and networking events with other "launch pads".

The scheme engages a wide range of stakeholders and is able to secure some resources through in-kind contributions. For example, physical spaces for the schemes are typically provided by local municipalities and some operational costs are covered by local firms or foundations. Many of the guest speakers are volunteers and private companies provide mentoring for participants. Local universities help with the design of impact measurement indicators.

The scheme receives funding from various sources, including:

- The Regional Government of Cantabria, which financed 4 pilot "launch pads" in 2013 in Santander, Astilleros, Catro Urdiales and Torrelavega. The investment was EUR 240 000.
- The Foundation Profesor Uría, which is related to the Spanish Law Firm Uría y Menéndez (*www.fundacionprofesoruria.org/esp/noticia.asp?nt=1*), co-financed with the Foundation Santa María the second "launch pad" in Aguilar de Campoo in 2014. The investment was EUR 33 000.
- Barclays Bank, which co-financed approximately 70% of the investment needed to launch and run 3 "launch pads" (2 in Madrid and another in Barcelona). The "launch pad" in Barcelona is operated by Acción Contra el Hambre (*www.accioncontraelhambre.org/quienes_somos.php*), one of the largest non-governmental organisations in Spain. The NGO also provided the remaining 30% of funds needed to run the scheme through financing obtained from the Operational Programme for the Fight Against Discrimination of the ESF. Under this scheme, the contribution of the programme team deals mainly with transferring the methodology, technical assistance, selection and training of coaching, and integration of these 3 "launch pads" into the wider network of launch pad schemes.
- More recently, the ESF has provided the scheme with approximately EUR 240 000, which is 80% of the amount needed to finance 8 new "launch pads" in the region of Andalucía in 2014.

Challenges encountered

One of the challenges for this scheme is assessing and demonstrating the impact. The programme management team is currently establishing a three-pronged approach for impact measurement and monitoring. First, it is strengthening tracking of the quantitative impact, i.e. the number of beneficiaries who start a business or find a stable job. Second, it is working to improve the measurement of its qualitative impact. The management team has developed a research survey, in collaboration with the Psychology Department of

Universidad Nacional de Educación a Distancia, which aims to assess the "transformative impact" of the scheme on it beneficiaries. This includes behavioural indicators such as degree of personal drive, feeling of empowerment, creativity level, and attitudes towards uncertainty, setbacks or new opportunities. The survey, which has been validated and pre-tested on a sample of graduates from the pilot "launch pads" in 2013, was distributed to the participants of the new "launch pads" starting in September 2014. The aim is to track their evolution over time, by administering the survey at the start of the scheme, at its end and 6 months after completion of the scheme. Moreover, the scheme is developing a real-time tracking system. It developed a mobile application to allow partner organisations and/or funders to know in real time the evolution of the "launch pad(s)" that they are supporting. It was realised in October 2014 and allows for monitoring of activities undertaken (e.g. entrepreneur visits), outputs (e.g. conferences or events co-organised with other organisations) and quantitative indicators.

Another challenge faced by the scheme is that the support is centred around the coach; there are no other employees. This task may be too large for a single coach and there is a risk that the coach will "burn out" or be unable to fully fulfil their duties. Given the small budget, the programme management team is looking to mitigate the issue by establishing partnerships with universities that would provide an intern to each "launch pad". The intern would support the coach in performing their daily responsibilities.

Impact

An impact assessment of the pilot phases (April 2013 to December 2013) is ongoing and covers 5 "launch pads". Monitoring data show that of the 114 unemployed people (excluding the coaches) who participated in the pilot phase, 25% started their own business and 63% found stable employment. The remaining 22% were either still seeking employment, or had decided to enrol in formal education in order to strengthen their skills and knowledge.

At the end of 2014, the scheme had a total of 40 operating "launch pads" with 800 participants. If the same proportion of participants starts their own business (25%), this would have led to approximately 200 unemployed individuals becoming entrepreneurs. The number of "launch pads" is expected to double by the end of 2015.

Conditions for transfer

One of the strengths of this scheme is its quick and cost-effective scalability. Key conditions for an effective transfer to other contexts include:

1. *A philosophy of empowerment*. The scheme views the unemployed as valuable human capital rather than as a burden or a liability for society. The scheme's pedagogical model emphasises the importance of educating people to develop their ability to help themselves. Participants are not seen as victims of an unemployment crisis but as active participants in shaping their own destiny. The core design decisions of the model are built around the ideas of empowerment as a mechanism of engagement, self-organisation as the structure, and entrepreneurship as a mind-set.
2. *Develop a strong network structure*. The scheme's organisational model operates following a co-operative society model in which participants self-organise under the guidance of the coach and collaborate to undertake themselves the activities of the "launch pads". The motto of "one for all and all for one" increases engagement of participants, provides a sense of ownership and creates a strong community. Further, the engagement of a diverse range of stakeholders who contribute *pro-bono* enhances cost-effectiveness of the scheme.

3. *Use a clear operational model*. The scheme uses a model of quasi-autonomous "launch pads", overseen by a central unit. The clear definition of roles for the "launch pads" on the one hand, and the programme management team on the other creates scale economies and reduces cost of the system. However, this flexible approach has been problematic on occasion. It must be ensured that both parties buy in to the approach. There have been examples where the local "launch pads" have decided to operate autonomously. As a result, the participants were unable to participate in other programme events and the outcomes were weaker than other "launch pads".
4. *Participant selection*. Given the importance of participant empowerment and capacity for self-organisation, the appropriate selection of individuals is crucial. A minimum level of competence and personal drive should be assessed as a condition for entry. More than 90% of the participants in the pilot project in 2013 had a university degree or a vocational training diploma, which is an indicator of skill and ability to be dedicated to a project.
5. *Leverage partnerships with experts*. The scheme builds on the strengths of the Fundación Santa María la Real, which has more than 28 years of experience in organising vocational workshops with disadvantaged and unemployed populations. The foundation also has a very strong network of partnerships with public and private institutions. The chances of successfully transferring the scheme to another context would be increased if such an organisation were involved. Partnering with a strong organisation provides credibility to the project, both in the eyes of potential participants and potential partners (e.g. public institutions, funders).

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Women Ambassadors, Sweden

This case study presents an approach to inspiring women to consider business creation and self-employment. It describes the project's objectives and the rationale for launching it. The case study describes how the project works and presents data to show its impact. The key challenges faced in implementing this project are discussed along with the conditions for transferring it to another context.

Objectives

During the 1990s, several small- and mid-sized initiatives to promote women's entrepreneurship were launched in Sweden. Most of these initiatives were funded and co-ordinated by the national government, often providing funding and training for potential entrepreneurs and business advisors working in the local municipalities. These initiatives were revamped in 2007 when the government decided to allocate SEK 100 million annually (approximately EUR 10 million) over a period of 3 years for policy initiatives aimed at promoting women's entrepreneurship. The ambassador scheme was set up as a key component within this integrated approach.

This scheme uses women entrepreneurs as role models to share their experiences for the purpose of:

- increasing the visibility of female entrepreneurship;
- inspiring and promoting female entrepreneurship through personal stories and role models;
- making it easier for women to identify themselves with entrepreneurial role models;
- encouraging more women to view entrepreneurship as a potential career choice; and
- helping women to address their entrepreneurial challenges through the sharing of experiences.

The primary target groups for the scheme were female high school students, university students, vocational training students, career advisors and women with an immigrant background.

Rationale

The main motivation behind the project was to influence the behavioural norms related to individuals' occupational choice by challenging the mainstream image of the "entrepreneur" as an activity for men. A national survey asked the general population to name a business-owner or entrepreneur; only 6% mentioned a woman, even though 30% of Swedish enterprises are run by women.

To address this perception, 880 women entrepreneurs were selected as ambassadors to help promote female entrepreneurship and to increase the desirability and feasibility of

entrepreneurship among women. The perceived desirability is "the degree to which one finds the prospect of starting a business to be attractive; in essence, it reflects one's affect toward entrepreneurship" (Krueger, 1993) and depends on an individual's values, which, in turn, derive from the individual's social and cultural environment (Shapero and Sokol, 1982). If the social and cultural environment tends to portray entrepreneurship as a "male" occupation, the perceived desirability for this career choice may be lower among women (Bruni et al., 2004). Perceived feasibility, in contrast, highlights the degree to which an individual feels capable of starting a business (Krueger et al., 2000). Individuals' perceived feasibility stems from their knowledge and training, as well as the availability of role models which they can relate to (Wilson et al., 2007).

Policy initiatives such as the ambassador project aim to affect individuals both directly – by providing and disseminating role models affecting the perceived feasibility – "I can also do it" – among women, but also indirectly by affecting the perceived desirability of entrepreneurship as a career choice – "This is a good and proper occupation" – for women at large.

Activities

The ambassador's project was launched in 2008 and was originally extended to 2010. It was then renewed for the period 2011-14. The project concluded at the end of December 2014.

The Swedish Agency for Economic and Regional Growth was responsible for co-ordinating and implementing the project at a national level. Regional co-ordinators could apply for funding to co-ordinate the ambassador's project in each region. Most regional co-ordinators came from the business organisations and employers' organisations, and hence had experience from running similar projects. The regional co-ordinators worked closely with the Swedish Agency for Economic and Regional Growth to secure policy coherence and correct implementation. For example, the regional co-ordinators were responsible for organising meetings and networking opportunities for the ambassadors in their region, and for informing local authorities and interest groups about the project.

The selection of ambassadors, who were identified through an application process launched in regions and at the national level, was key to the success of the scheme. The application process was advertised in public radio broadcasting, online and through different numerous non-governmental organisations. Interested women entrepreneurs could apply online. While assessing the ambassadors' applications, an emphasis was put on creating a diverse group in terms of ethnicity, age, industry, company size and geographic region. Priority was given to women who had been running an enterprise for more than 2 years. The Swedish Agency for Regional and Economic Growth did research on the companies run by the prospective ambassadors, to ensure the enterprises were still active.

The task for the ambassador was to tell their own story, covering the challenges met and how they were overcome, and why they enjoy being an entrepreneur. Examples of ambassadors' activities include speaking in schools, sharing experiences with women who are interested in starting a business, and developing networks for women in business. Since 2008, the ambassadors have met about 170 000 people and participated in about 11 000 activities within the project.

Another important role of the ambassadors was to promote women's entrepreneurship more broadly by making information and statistics about women's entrepreneurship more visible. The Swedish Agency for Economic and Regional Growth aimed "to inspire the

audience", but at the same time "provide a realistic picture of running a business". By spreading knowledge of the impact of women-owned businesses, the ambition has been to highlight the importance of getting more women into business.

In addition, some of the ambassadors have also been engaged in being a soundboard to other women starting up their own businesses. As such, the ambassador programme has provided direct advice and coaching to females wanting to start their own business. On occasion, ambassadors have also provided interested women the opportunity to follow them in her daily work to gain practical experience of everyday life as a business owner. The project has thus been a combined effort to promote entrepreneurship and to share experiences with potential entrepreneurs.

The project had its own web page, which could be used to schedule meetings with the ambassador and disseminate information to the public. In addition, a podcast was launched, where some of the ambassadors were interviewed.

The group of ambassadors has consisted of approximately 800 women at any single point in time and approximately 2 000 women have been ambassadors over the duration of the project. Some of these women were also appointed European Union ambassadors and participated in workshops and meetings with ambassadors from similar programmes across the EU. For example, both Germany and Scotland have launched similar policy initiatives.

The ambassadors' project was a part of a larger programme aiming to promote women's entrepreneurship. The overall programme during its two phases 2007-10 and 2011-14, had governmental support of about SEK 600 million, of which SEK 29 million (approximately EUR 2.9 million) was initially invested in the ambassador's project. The money was used for implementing and co-ordinating the project on the national and regional level, by arranging meetings for the ambassadors, running information campaigns and undertaking evaluations.

Challenges encountered

The ambassadors' project relied heavily on volunteer ambassadors to promote entrepreneurship to women. This kept operating costs down but has presented a challenge for keeping ambassadors engaged, particularly in rural areas where the tasks required substantial travel to participate in events. For example, an ambassador may require several hours of travel to attend an event where they give a short presentation. Thus, there can be a very high opportunity cost for the ambassadors. This issue has been raised by both ambassadors and regional co-ordinators.

In addition, the selection of ambassadors has been difficult. An evaluation report criticised the self-selection process used to identify ambassadors because some of the ambassadors did not have the experience or skills to be role models. In many cases, the entrepreneur operated a business that did not have any employees. Ambassadors who had large and growing enterprises may have been better-placed to be inspiring role models. Regional co-ordinators recognised this but did not have any grounds to reject the potential ambassador because the programme does not have a screening mechanism.

The programme has also faced questions about its impact and whether it is cost-effective. The fundamental question is whether "soft" policies can affect behavioural norms related to entrepreneurship. While the general acceptance for government interventions to promote behavioural norms related to health, consumer safety, and environmental concerns has become more accepted (Thaler and Sunstein, 2008), there are

obvious limits in terms of socio-political and ethical boundaries of how governments could and should influence its citizens in economic behaviours such as entrepreneurship.

Moreover, the Swedish National Audit Office has noted that while inspirational and mentoring programmes targeted at social target groups (e.g. women and immigrants) are appreciated by those who participate, there tends to be a very small effect on an aggregate level. This has also been noted internationally, especially when it comes to affecting broader cultural issues affecting women's perceived desirability for entrepreneurship (e.g. Marlow and Patton, 2005).

Impact

From programme launch (May 2008) to its conclusion (December 2014), the programme's ambassadors had reached more than 170 000 people in approximately 11 000 activities. The programme conducted a questionnaire for each experience, measuring the views of participants and the ambassadors.

The surveys asked participants to rate ambassadors on a 1-5 grade scale in terms of content and execution of presentation. Overall, 70% of the audience listed the content and execution of the presentation as "fair", "good" or "very good". Participants were also surveyed on their "interest in entrepreneurship" and 50% of those listening to an ambassador expressed "more interest" in entrepreneurship after meeting the ambassador.

Based on ambassadors' self-assessment of experiences from the project, 50% of the ambassadors considered the role as ambassador as having been helpful for them as entrepreneurs. Factors considered helpful included stronger personal brand, expanded social network, and enhanced competencies. Based on the ambassadors' assessment of how the programme has been administered, 70% were "satisfied" or "very satisfied" with the co-ordination of the programme on both a national and regional level.

During 2013, a special effort was made to promote the programme among high school teachers, as female high school students has been one of the primary target groups for the programme. According to survey data, 55% of teachers working with business and entrepreneurship for high school students knew about the ambassadors' programme.

According to statistics from the Swedish Agency for Growth Policy Analysis, the project's website (*www.ambassadorer.se*) has had about 800 unique visitors per week since inception in 2008. The scheme was been visible in media approximately 200 times per year during its operation.

Conditions for transfer

In 2009, the European Union launched a European Ambassador Network for Women's Entrepreneurship, inspired by the scheme in Sweden and other pioneers such as the United Kingdom.* The ambassador concept is now implemented in 21 other European Union countries. The major success factors for such programmes can be defined as follows:

1. *Build a pool of dedicated ambassadors*. Ambassador commitment and ability to volunteer is vital for successful implementation. However, it is also important to have a selection process in place to ensure that the ambassadors are qualified.

* For more information, please see: *http://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/women/support-networks/index_en.htm*.

2. *Ensure that ambassadors are representative*. Since behavioural norms vary within populations and sub-groups of populations, a variety of ambassadors in terms of age, business experience, cultural background, etc. needs to be active in order to have credible impact on listeners (both men and women).
3. *Promote heavily*. Outreach mechanisms such as a websites, social media, etc., are imperative to reach citizens in general and young citizens in particular.
4. *Deliver positive messages*. Ambassador activities should, to the extent possible, be constructed as to have a potential to affect the theoretically identified mechanisms of perceived desirability ("This is appropriate and potentially attractive as a career choice") and perceived feasibility ("I can also do this") among participants.
5. *Assess impact*. Evaluations should be based on a variety of indicators, including ambassadors' self-assessment of experiences, impact on participants, and secondary statistics such as media coverage. Evaluation should be conducted by independent parties, as in the Swedish case.

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Access to Work, United Kingdom

This case study presents an example of how people with disabilities can be supported in business creation with grants given through a mainstream support programme. The objectives of the programme are discussed and the rationale for providing this support is presented. The case study describes how the support works and how it can be accessed. Data on the results achieved are also presented. The key challenges faced in delivering this support are presented along with the conditions for transferring this approach to another context.

Objectives

Access to Work is a programme in the United Kingdom that is targeted to those whose health or disability affects the way they can do their jobs. It is designed for people with long-term health conditions or impairments who need extra practical support to gain or remain in work. The aim of the programme is to reduce inequalities between people with disabilities and those without in the workplace by removing the various barriers to work.

It has operated throughout the United Kingdom since 1994 (although some of its elements have existed much longer) and it continues to be available in England, Wales and Scotland. It provides a grant to help an individual (or an employer) pay for support or equipment if needed to start working, stay in work or start a business. Grants can be used by those working as employees, the self-employed or those seeking to start a business. For those interested in starting a business, Access to Work grants can be used together with New Enterprise Allowance (NEA), which provides a weekly allowance for 26 weeks to support the entrepreneur during the early stages of business development. The amount of the Access to Work grant depends on the circumstances. It does not need to be paid back and it does not affect other benefits that recipients may receive.*

Rationale

Self-employment rates among people with a disability are often higher than among people who do not have one because it can often provide the flexibility needed to manage the disability while remaining active in the labour market (e.g. Meager and Higgins, 2011; Pagán, 2009). This underlines the increasing labour market potential for participation by people who experience disability through facilitating self-employment. Access to Work intends to support labour market activity for people who experience disability, both

* However, if the applicant receives some other specific benefits, they may not be qualified for the Access to Work support at the same time.

employment and self-employment, and also supports self-employment and business creation through formal linkages with the New Enterprise Allowance.

The rationale for the Access to Work programme is that people with a disability may need to adjust their workplace (e.g. equipment) or work arrangement (e.g. working hours) to minimise the extent to which they are disadvantaged when doing their jobs. Depending on the nature of the disability, the options for adjustments include training opportunities, purchasing new equipment (e.g. special keyboard if they have arthritis), making physical changes to the workplace (e.g. installing a ramp for a wheelchair user) or improving workplace policies (e.g. own desk instead of hot-desking). Access to Work funds cost-effective solutions for both employees and the self-employed.

This programme is also consistent with broader social policies that aim to keep population groups who are at-risk of social exclusion engaged. The risk of poverty in the European Union is significantly higher for people with disabilities than for people without disabilities (21.1% vs. 14.9%), which is largely driven by low employment rates of people with a disability (Hauben et al., 2012).

Activities

Access to Work is a programme run by Jobcentre Plus. The scheme provides advice and practical support to people with a disability and their employers to help overcome work-related obstacles that result from a disability. As well as giving advice and information to people with a disability and employers, the programme pays a grant through Jobcentre Plus to cover the costs of providing "reasonable adjustments" to help implement workplace adjustments to address the disability-related challenge for employees or the self-employed (The Access to Work Scheme). More precisely, the programme can pay towards the following (Dewson et al., 2009):

- *Special Aids and Equipment Grants* to help people with a disability overcome disability-related barriers in the workplace.
- *Adaptations to Premises and Equipment Grants*, which help pay for the cost of making premises and equipment accessible.
- *Travel-to-work Grants*, which are available to meet the additional costs of travel-to-work or within work for people who are unable to use public transport.
- *Support Worker Grants*, which allows the applicant to use the services of a helper. Types of support at work might include reading to a visually-impaired person, communicating for a hearing-impaired person via sign language (other than at interview which is covered by Communicator Support at Interview) providing specialist coaching for a person with a learning difficulty or helping with personal care needs.
- *Miscellaneous Expenditure Grants*, to remove disability-related barriers not covered elsewhere, e.g. car park charges incurred because disability requires the individual to use a convenient but chargeable car park.
- *Communication Support at Interview Grants*, which meets the full cost of hiring an interpreter to remove barriers to communication at a job interview.

Any help received from Access to Work is in addition to the reasonable adjustments made by employers in accordance with the *Disability Discrimination Act*. To be eligible for Access to Work, people must meet the definition of a person with a disability under the *Disability Discrimination Act* or have a disability that affects them at work (Thornton and Gordon, 2002; Dewson et al., 2009). The programme is available for those 16 years old or

older with a disability and based in England, Scotland or Wales and about to start a job or work trial or in a paid job or self-employment. Although majority of the support goes for companies that employ people with a disability, the support is also available for self-employed and those starting a business. Access to Work provides grants to individual people with disabilities or their employers to reimburse for approved costs, and is flexible in meeting individual needs. The grant, however, is not given for voluntary work.

The disability or health condition needs to affect the applicant's ability to do a job or mean that the applicant has to pay work-related costs. If the applicant receives some other benefits, such as Incapacity Benefit, Employment and Support Allowance, Severe Disablement Allowance, Income Support or National Insurance Credits, they may not be qualified for the Access to Work support at the same time. The Access to Work grant is transferable also when changing jobs.

Access to Work supports the self-employed and those setting up their business particularly through specialised equipment, support workers and travel costs. The goal is that people with a disability have the same choice to start a business as everyone else. Access to Work aims to further boost the number of people with a disability who are self-employed, which is approximately 500 000 people, or 15% of working age people with a disability, relative to 3.2 million people without a disability who are self-employed.

There is no set amount for an Access to Work grant – the amount depends on the individual circumstances (e.g. duration of the employment, the size of the employer, support needs and whether self-employed). The precise level of cost sharing is agreed between the employer (or self-employed) and the programme adviser. A grant to reimburse the cost of support can be up to 100% of the approved costs in the case of self-employed and business start-ups (Access to Work, 2014).

Disability Employment Advisers within local Jobcentre Plus offices provide advice when applying for the programme. The applicant can also contact regional Access to Work contact centres to check the eligibility. Operational Support Units deliver the Access to Work administrative function (Dewson et al., 2009).

Project financing

The Access to Work budget is managed within Department of Work and Pensions departmental expenditure limits. The budget has increased from GBP 14.6 million (approximately EUR 21.9 million) in 1997-98 to GBP 69 million (approximately EUR 78.3 million) in 2008-09 and it remains at that level. (Access to Work, 2014).

Challenges encountered

Access to Work suffers from fairly low awareness among its potential beneficiaries. It is not promoted widely and many beneficiaries found out about the programme serendipitously or "by accident", usually through unofficial sources or from disability organisations. Larger and public sector organisations and charities were more likely to be more aware of the programme than small companies and the self-employed. Furthermore, evaluations have suggested that the materials to market the programme both in written form and the website, could be improved by providing more details on the type of support available and for whom by using real-life case study examples. In addition, concerns have been raised about the flow of information between Access to Work and other Jobcentre Plus officials, as well as other professionals (e.g. medical professionals). The findings suggested

that these crucial lines of communication need to be prioritised to ensure that staff who come into contact with the clients are able to direct them to the programme.

Although the majority of programme beneficiaries commented positively on the application process, they have raised some concerns (Dewson et al., 2009):

- Difficulties in explaining or making the officials understand the nature of their impairment(s) or employment status. This is particularly difficult for the self-employed.
- Application forms are somewhat inflexible and not available in alternative formats. People with learning difficulties encountered the greatest difficulties with the programme's bureaucratic procedures.
- Delays in completing the application process and getting support in place.

In general, clients with multiple impairments faced the greatest challenges with the process. The same holds for the assessment procedure. Dissatisfaction with the assessment process, albeit relatively uncommon, was experienced by those whose support needs were complex or multiple. In addition, in the evaluation some reported concerns about the objectivity of the assessment as well as the uniformity of the decisions made across officials and regions. The key message was, thus, the need for improving the communication among all parties involved in the assessment and decision making process in order to secure that customer's needs are fully taken into account when proposing solutions. Finally, some users reported difficulties when they required a review of their support needs due to changes in their circumstances, for example due to their worsened health condition, changing job or because they needed help with the maintenance and upkeep of their Access to Work support. Again more intensive communication between the officials and customers as well as after-care services was suggested as a solution (Dewson et al., 2009).

For the self-employed these challenges are more apparent. It has been challenging for Jobcentre Plus to reach small businesses and the self-employed particularly. This is often done through intermediaries such as accountants, lawyers, and chambers of commerce. Jobcentre Plus staff have been trained and given more information on the programme to be able to market the programme to smaller companies and self-employed (Access to Work, 2014).

Impact

In 2012, Access to Work helped over 30 000 people with disabilities keep or get jobs, including 4 500 working in small businesses. Research also shows that 45% of clients would be out of work if they did not receive support through the scheme (Department for Work and Pensions, 2013). Based on the evaluations, there is clear evidence that the types of support provided by the programme have led to some positive employment outcomes.

The Support Worker Grants were essential to take up a job and sustain employment. The evaluation also suggests that for self-employed people a Support Worker could be the key to running a company in the way open to a person without disabilities. Having a Support Worker demonstrated to colleagues and customers that people with disabilities can work on an equal footing and helped to reduce prejudice. In addition, using a Support Worker brought significant health gains that made the difference between staying in work and giving up. However, recipients are less likely to use this support than other supports such as Special Aids and Equipment Grants (Dewson et al., 2009).

Despite the potential for Access to Work to support the self-employed, take-up is quite low and evaluations therefore do not focus on these clients. In 2012, there were approximately 8 000 Access to Work clients who created a business using the New Enterprise

Allowance (Department for Work and Pensions, 2013). Examples of businesses created include a mobile dog grooming business, a fine chocolate company and a tapas restaurant.

Clients are generally satisfied with the support that they receive (Thornton and Corden, 2002; Dewson et al., 2009). Clients with less complex needs, e.g. help with travel to work costs, were most likely to be satisfied whereas the ones with more complex needs likely reported some dissatisfaction with the Access to Work programme (Dewson et al., 2009). The application process was mainly considered speedy, responsive and professional and the applicants reported having received a high level of support during the process via telephone, for example. Similarly, the assessment process was considered to be thorough and comprehensive. Assessors were widely regarded as experts in their field and customers were impressed with the level of detail and professional service they provided. Many beneficiaries reported that they had learned a lot from assessment providers, both in terms of the health conditions or impairments they were facing, and also with regard to the available solutions (Dewson et al., 2009).

When assessing the impact of Access to Work, it is important to consider its deadweight costs. The evaluations demonstrate that different types of support within the programme vary in their deadweight loss. Travel to Work support provides an example of almost full additionality indicating that the support provided would not have been provided otherwise, by employers for example. Partial deadweight is fairly common in Access to Work because the support would have been available for people with a disability but it would have taken longer or it might not have been as comprehensive as the support provided by Access to Work. In the Access to Work programme, no full deadweight was reported, indicating that the support always had some value-added for the clients (Dewson et al., 2009). Overall the programme is considered cost-effective and provided a clear return on investment to the Treasury: GBP 1.48 for every GBP 1.00 spent on the programme (Department for Work and Pensions, 2013; Access to Work, 2014).

Conditions for transfer

The following key success factors are likely to be important to an effort to adopt a similar approach to assisting people with disabilities to become self-employed:

1. *Secure substantial financing*. In addition to funding the various components of the programme, financing will be needed for outreach and for adjusting the application forms for various disabilities.
2. *Communicate widely and leverage other support programmes for awareness*. Based on the evaluations, it seems that Access to Work has not been exploited to its fullest potential by people with disabilities as well as employers, and there is even more unexploited potential among the self-employed and small businesses. In general the reason behind low penetration of the programme is modest and patchy awareness of the programme due to insufficient marketing and communication among stakeholders.
3. *Make payments up front*. Small businesses and (potential) entrepreneurs are likely to face cash flow problems in paying the costs of equipment, support workers and travel upfront prior to the grant. In order to meet the support needs of this particular target group with the programme (or alike) the reimbursement procedure needs to be reconsidered.
4. *Combine with other supports for self-employment*. This experience has demonstrated that it can be useful to combine equipment, support workers and travel grants with other schemes (e.g. NEA) to support business creation for people with disabilities.

5. *Train programme staff*. It was reported that programme staff had difficulties understanding the different forms of disability, which made the application and evaluation processes difficult for many applicants, especially those with multiple disabilities. Providing some sensitivity training for front-line staff can help address these difficulties.

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Prowess, United Kingdom

This case study presents an example of how business development support organisations can be accredited to ensure that they deliver high quality support. The description presents the objectives and rationale for this approach and describes how it worked. Data are provided to illustrate the impact that this project had. The case study also discusses the challenges faced in implementing this type of action and the conditions needed to transfer it to another context.

Objectives

Prowess is a membership network of organisations that deliver women-friendly business start-up support across the United Kingdom. It was established in 2002 with the support of the government as the UK National Association for the Promotion of Women's Enterprise, a "company limited by guarantee", and operated in this form until 2011. It was commissioned to produce the first national strategy for women's enterprise and quality standards for women's enterprise support. At its peak, Prowess had over 350 member organisations, which between them supported over 100 000 women business owners.

In addition, Prowess was instrumental in lobbying government to set up the Women's Enterprise Panel and the Women's Enterprise Task Force, which helped to retain a policy focus on women's enterprise during a period of frequent political leadership changes in the government department for business. It also produced a range of training materials, best practice reports and quality standards for business support services that provided assistance to women entrepreneurs. The most well-known of the quality standards was the Flagship Award which is intended to measure the quality of business support from a "women friendly" perspective.

The Prowess company was closed in 2012, due to government budget cuts, but the former CEO purchased its assets and re-launched Prowess as a social enterprise. It has since re-invented itself with a stronger focus on support from private sector actors. For example, it has develop The Charter for Women in Business, which is a code of practice, training and marketing tool for organisations that wish to support more women to start, sustain and grow successful businesses. In this way, it continues to act as a network for connecting local providers of women-friendly business support.

Rationale

In the United Kingdom, women entrepreneurs were responsible for approximately one-third of business start-ups in the early 2000s. They were clearly under-represented among new business owners. While this has changed markedly over the last decade – women are now responsible for more than 50% of new start-ups – women-led businesses

tend to be under-capitalised and operate in a more limited set of lower value-added sectors (Eurostat, 2015).

In the early 2000s, the Small Business Service recognised that business support services were not reaching enough women and other social target groups (e.g. women, young people, immigrants, people with disabilities). Business support services often failed to encourage women to pursue self-employment and did not recognise their economic potential.

Prowess was set up as a network of business support organisations involved in support for female entrepreneurship. It was launched during a period when the government was pursuing a policy of developing specialist agencies to support particular target groups. Women were the largest of these target groups and a range of agencies, both local and national were established during this period. While some continue to exist, including the Women's Business Development Agency, many of the activities have been brought back into mainstream programmes and agencies, scaled back or come to an end. There is nevertheless still a significant group of business support organisations interested in sharing materials and good practices in women's enterprise support.

Activities

Although Prowess has engaged in a wide range of activities including advocacy and lobbying at national and regional levels and providing support services to its member organisations (e.g. annual events), one of its greatest contributions was the Prowess Flagship Award. The designation was designed to recognise women-friendly business support services as part of a project financed by the Phoenix Development Fund, which was a national fund focusing on enterprise development in disadvantaged areas and in groups that were under-represented in enterprise.

The Flagship Award is a designation based on a set of 12 criteria against which mainstream and specialist women's business support providers can be assessed. The Prowess Board drew up the criteria and tried to encapsulate best practice in women's enterprise support. The 12 standards for business support providers fit across 4 key areas of inclusion, equality, client focus and quality (Table 22.1).

Assessments were conducted by Prowess of all of its member organisations. Each assessment included a site visit where a small team from Prowess would meet with the organisation and some of its clients to assess its activities against the 12 criteria.

Of the 68 organisations that were assessed in the first round of assessments, 6 were awarded Flagship Member Status. In addition, 9 member organisations were networks and were assessed against slightly different criteria. 2 members were awarded Flagship Network Member Status. There are currently 24 organisations that have been awarded one of the Flagship Awards.

Since 2011, the Flagship Award has ceased under Prowess 2.0. It was replaced by the Charter for Women in Business, which is a code of practice, marketing and training tool for providers of business support and services that assist women in starting and growing businesses. The Charter builds on the Prowess Flagship Awards and the work of other leaders in this field (e.g. Small Firms Enterprise Development Initiative, the Women's Business Centres International Standard) but goes further by providing a code of practice for staff and training in addition to its optional accredited level.

Table 22.1. **Prowess Flagship Standards**

	Standard	Rationale
1	The service provider regularly delivers services through face-to-face meetings.	A lack of confidence is an issue for a lot of women starting their own business. In the early stages, face-to-face services are crucial. Regular face to face services will also build trust and help ensure that businesses feel that they can help shape the service.
2	The service provider has offered targeted supported for women for at least one year.	Reflecting on experience and feedback from clients is an important part of the process of designing a quality programme of women's business support.
3	The service provider assists a minimum of 50 women business owners per year (30 in remote areas).	Quality programmes need to be committed to effective programme design and delivery. It is important to reach the target clients.
4a	The service provider disaggregates client statistics by gender, ethnicity, disability and any other relevant characteristic that identifies disadvantaged and under-represented groups and the service provider reaches an adequate number of these social groups.	To effectively target market segments, it is important to understand the clients and how to reach them.
4b	The service provider is committed to serving diverse communities	A strategic mission is needed to ensure a sustainable service.
5	The service provider is client-focused and constantly seeks to improve their services and meet client needs. It has methods for listening to clients' experience and concerns.	Best practice organisations listen to clients and act on feedback. It is important to have procedures such as social audits or client surveys.
6	The service provider has an active outreach programme (e.g. talks/visits to places women go).	Many women do not consider themselves to be "businesswomen" so traditional marketing and outreach needs to be sensitive to the client base.
7	At least one-third of business support professional staff are women.	Support organisations need to make efforts to reflect the characteristics of their clients. Women business support professionals can be powerful role models to clients and women clients sometimes feel happier seeing another woman.
8	The service provider actively seeks to ensure that women can access the support services.	Take care responsibilities into account – women with care responsibilities will need access to a crèche or help with childcare costs without too many restrictions. Elder or dependents with other care needs is a growing issue where women are most likely to have primary responsibility. Culture is also an important consideration because women from some cultures will not attend mixed gender courses.
9	At least 40% of clients are women.	Within the Strategic Framework for Women's Enterprise, the government's target for women using government funded business support services is 40% and mainstream business support organisations need to meet this target.
10	When the service provider works in partnerships to deliver a coherent range of services, it has influence over partners and receives information on their operations.	Referral relationships are important, but best practice organisations will seek closer working relationships with organisations which enable them to deliver a coherent service. And they will expect the same high standards from partner organisations as they set for themselves.
11	The business service provider, directly or through partnerships, provides access to the following supports for women: – networking; – pre-enterprise training or counselling; – business training or counselling; – help accessing finance (i.e. grants and/or loans for business start-up and development, and/or informed signposting to appropriate sources of finance and business advice input to ensure women are investment-ready); – ICT training.	Women are often more open during women-only sessions, leading to broader discussions. Those sessions can be bonding opportunities which link women together into networks. These sessions build confidence and personal effectiveness skills such as time management and negotiation. They are essential foundations for people who are starting a business after a long period out of paid work. Women's businesses are disproportionately likely to be under-capitalised. Business support providers can help by providing direct access to loans and grants or advice which understands the situation of women entrepreneurs. Some reports find that women are less likely to use ICTs in their business. Business ICT should be a core element of business training programmes and clients should be encouraged to use ICTs to research and promote their business where appropriate. A lot of business is conducted through informal and formal networks – but women have traditionally been less likely to participate in business or other networks. Women-only networks can be a stepping stone to engage in a range of networks and in themselves provide opportunities for important mutual support with other women in the same position.
12	The service provider helps clients promote and celebrate their businesses where possible (e.g. encouraging them to apply for Awards; produce directories of members; seek press coverage of case studies).	Promotion has the dual benefit of promoting the business (and many women find sales and marketing a particular problem) and creating relevant role models for other women looking to start a business.

Project financing

The United Kingdom Government's Phoenix Development Fund and the European Union's EQUAL Community Initiative supported Prowess up until 2005 after which it had to become self-sufficient. Prowess currently generates approximately

EUR 450 000 per year with membership fees and special events contributing an additional EUR 150 000. Another small amount of income comes from consultancy.

Challenges encountered

The biggest challenge Prowess has faced was securing funding and a stable base of business development organisation clients in the face of changing government priorities related to enterprise support. Its initial key partners was the government's Small Business Service, but that was gradually dissolved from 2004 onward.

In 2005, the Business Link organisation (the national, publicly-funded business advice and guidance service) was transferred to the 9 English Regional Development Agencies (RDAs). Consequently, there was no longer a single body responsible for enterprise at the national level. Prowess, therefore decided to negotiate with each of the 9 RDAs for continuation funding to continue its work. 5 RDAs, including East Midlands Development Agency, which led the RDA movement on women and enterprise, continued work with Prowess.

The RDAs were abolished in 2010 with a change in government and although business support was made the responsibility of more than 30 Local Enterprise Partnerships (LEPs) across England, these had limited resources to support specialist business development services for women. By 2010, the mainstream enterprise support system in England had become fragmented relative to the position in 2000 when a unified Small Business Service and a single brand covered the country. Prowess continues to work with these new structures and the New Anglia LEP has purchased membership of the new Charter for Women in Business and will audit its services using the Charter self-assessment tool as of 2014.

Prowess has also faced a series of financial challenges. In particular, the end of the Phoenix funding in 2006 led to an immediate reduction of its funding. Furthermore, specialist agencies, which were central to the Flagship Award programme and often were fee-paying members of Prowess, were often wound up as part of the simplification and consolidation of business support services. Prowess was also affected by the ending of support under the European Social Fund's (ESF) EQUAL Community Initiative and the difficulty of finding successor funding from the mainstream ESF programme. Prowess was also vulnerable to reduction in support from banks after the collapse of Lehmann brothers in 2007. Several banks such as RBS, NatWest and Lloyds TSB had funded Prowess out of corporate social responsibility budgets.

Impact

Prowess was evaluated as a case study as part of the in-depth evaluation of the Phoenix Development Fund published in 2005. The case study provided validation of the relevance of the Prowess approach through the Flagship Award.

The impact of Prowess in East Midlands is also illustrative of is achievements. The inclusion of Women's enterprise was highlighted in the Regional Development Strategy for the East Midlands. Women's enterprise was selected as one of the "Star Prizes" agreed by the board for special support (there were 10 of these in total). This also presented an opportunity to generate publicity and additional financial support.

Prowess was also able to make an impact at the national level. Following a sustained strategy to make its services more women-friendly, including the use of the Flagship Award, the national Business Link service increased its proportion of female clients from one-fifth to one-third, between 2003 and 2006 (Women's Enterprise Task Force, 2009).

Prowess worked closely with the Business Link network to help them achieve this strategy and several Business Link partners gained Flagship Award status.

Some legacy of their approach also lives on in the assessment criteria for SFEDI – the Small Firms Enterprise Development Initiative which are used to accredit business support initiatives. The criteria relate to how well the organisation can meet the needs of diverse clients from different backgrounds.

Conditions for transfer

Although the Prowess Flagship Awards for women-friendly business support received many plaudits during its decade of operation, it is noteworthy that there are no known equivalents in other parts of the EU. In principle there is nothing to stop the approach being adopted at national or regional level by ministries or organisations seeking to promote women's enterprise. However, accreditation schemes like this work best where there is strong pressure from national policy to improve provision for women-led businesses. This is essential if a market place in accreditation is to be viable. The following conditions for successful transfer are likely to apply:

1. *A strong ministerial drive to address low levels of women's enterprise*. This requires a research base and the recognition that lower start-up and survival rates for women-led businesses are a problem in the economy and society. It also requires that policy makers see that improving the quality of business support is necessary.
2. *Ensure a minimum duration to build credibility*. During their initial years of operation, organisations such as Prowess need public support to set up and to develop tools like the Flagship Award. Ideally this should be available for at least five years.
3. *There must be a demand*. For the award to succeed, there must be organisations that seek accreditation. The Flagship Award was best suited to a public sector financed approach to business support in which there are a range of mainstream business support organisations and specialist providers that support women entrepreneurs (start-up centres, incubators, business centres, business advice and coaching schemes, financial support). The subsequent charter has been developed to be more appropriate for a private sector model.
4. *Support organisations open to improvement*. For the award to work it has to be sold to business support organisations as a positive process in which they can improve. It requires business support organisations to be prepared to be assessed against objective criteria and of funders of business support to insist on support being provided in a women-friendly way.

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Inclusive Business Creation

GOOD PRACTICE COMPENDIUM

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