



Inclusive Entrepreneurship Policies, Country Assessment Notes

Italy, 2017



Acknowledgements

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FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group or personal characteristics. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

While self-employment rates continue to be high in Italy relative to the European Union (EU) average (21.5% vs. 14.0% in 2016), household surveys suggest that women, youth, and older people are less active in pre start-up and early start-up activities than the EU averages. Recent public policy initiatives to support people from groups that are under-represented or disadvantaged in the labour market have focused on supporting youth and most of these actions are framed within the Youth Guarantee and the Youth Employment Initiative. There have also been some actions to support female entrepreneurship, notably the new Committees for Female Entrepreneurship. There are a number of areas where inclusive entrepreneurship policies could be further strengthened, especially to address administrative barriers related to firm creation and to increase support for female entrepreneurs.

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

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

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Key messages

- Recent public policy initiatives to support people from groups that are under-represented or disadvantaged in the labour market have focused on supporting youth. These policy actions are currently framed within the Youth Guarantee and the Youth Employment Initiative. There has also been increased support for women's entrepreneurship, recently driven by the Committees for Female Entrepreneurship, which were set-up by the Ministry for Economic Development and the Union of the Chambers of Commerce. There have also been strong efforts to support the unemployed in business creation by Invitalia. Some regions have also launched support for these target groups (e.g. "GiovaniSi" programme in Tuscany). However, the availability of tailored support for some target groups such as immigrants, people with disabilities, and seniors is rather limited.
- Self-employment has traditionally been an important element of the Italian economy but there are signs that entrepreneurial activities are in decline. While self-employment rates continue to be high relative to the European Union (EU) average (21.5% vs. 14.0% in 2016), household surveys suggest that people belonging to key target groups of inclusive entrepreneurship policies (e.g. women, youth, older people) are less active in pre start-up and early start-up activities than the EU averages. Moreover, only 1.2% of women and 6.8% of youth entrepreneurs expect to create more than 19 jobs in their new businesses first five years of operation, relative to EU averages of 6.0% and 11.1%.
- There are a number of areas where inclusive entrepreneurship policies could be further developed. Administrative barriers to firm creation continue to be a challenge for all target groups, and schools have been slow to implement entrepreneurship education in response to the new law on education. Female entrepreneurship is hampered by the relative lack of institutions helping women to reconcile work with family life. Furthermore, the potential for entrepreneurship programmes to help refugees integrate into society and the labour market has not yet been explored.
- Recommendations for strengthening inclusive entrepreneurship policies include: (i) strengthen PES and improve interactions among them and private services, inasmuch as profiling, training and mentoring are concerned; (ii) further develop the one-stop-shop approach to the facilitation of entrepreneurship; (iii) strengthen and extend the conciliation legislation to entrepreneurs to address the challenges of work-family balance to encourage and support women in entrepreneurship; and (iv) develop more initiatives to support ethnic minority entrepreneurship.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Inclusive entrepreneurship objectives are defined across a number of laws that provide the legal framework for policy interventions that support people from groups that are under-represented or disadvantaged in the labour market (e.g. women, youth, seniors) in entrepreneurship, as well as in Operational Programmes of European Structural and Investment Funds at national and regional levels. Most of these interventions have a clear rationale and targets. For example, much of the current policy focus is on supporting youth in the labour market, including in entrepreneurship. The National Plan of the Youth Employment Initiative (*Programma Operativo Nazionale "Iniziativa Occupazione Giovani"*, or, for short, PON IOG) implementing the Youth Guarantee scheme seeks to help 3.5% of participants move into self-employment within six months of the end of their programme, mainly relying on the revolving Fund "SELFIemployment" for microcredit, to support business creation. In 2015, the managing authority of PON IOG created this Fund of nearly EUR 65 million, which was co-financed by regional quotas of financial resources. In April 2017, the assets of the SELFIemployment

reached to EUR 103 million. Another important programme managed under the PON IOG is the *Crescere imprenditori* training initiative.

Inclusive entrepreneurship policies support broader labour market objectives. This includes addressing unemployment by helping people create their own jobs or by helping them acquire skills to help them move into work. In addition, these policies support innovation and growth. The national government has defined a number of labour market targets based on the European Union's 2020 Strategy:

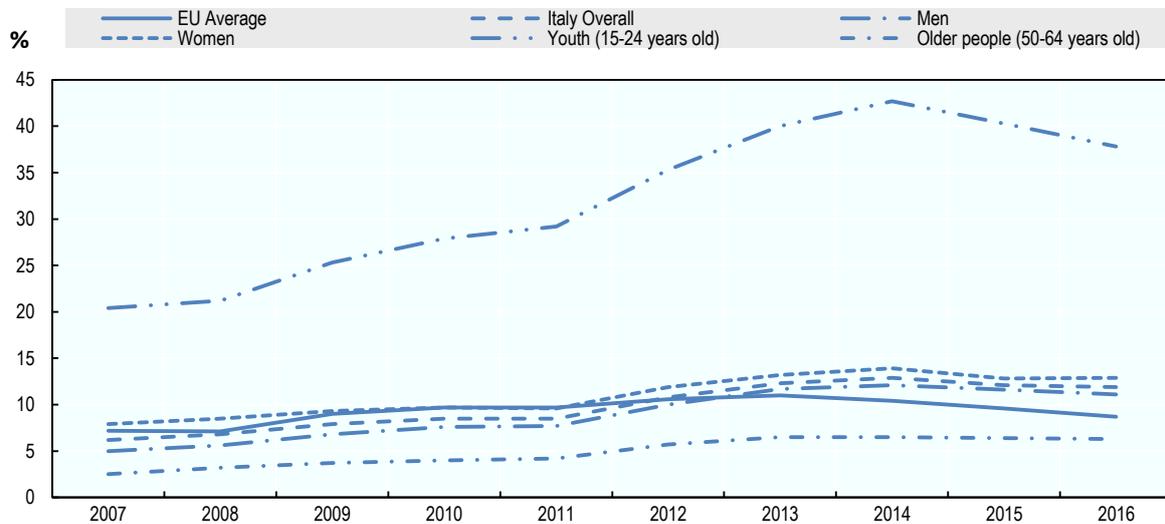
- An employment rate of 67%-69% for 20-64 year-olds by 2020 (European Union-level target is 75%);
- At least 2.2 million fewer people in or at risk of poverty and social exclusion (European Union-level target is at least 20 million fewer people in or at risk of poverty and social exclusion).

2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

2.1. Labour market context

Unemployment increased since the onset of the economic crisis in 2008, especially among youth (Figure 1). Although declining, the youth unemployment rate was slightly below 40% in 2016 and was among the highest in the European Union (EU). The youth unemployment was nearly four times the overall unemployment rate, whereas the youth unemployment rate is double the overall rate in most EU countries. The unemployment rate for other target groups (i.e. women, seniors) also increased after 2008, but not nearly to the same extent as it did for youth.

Figure 1. Unemployment rate, 2007-16



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

2.2. Self-employment and entrepreneurship rates

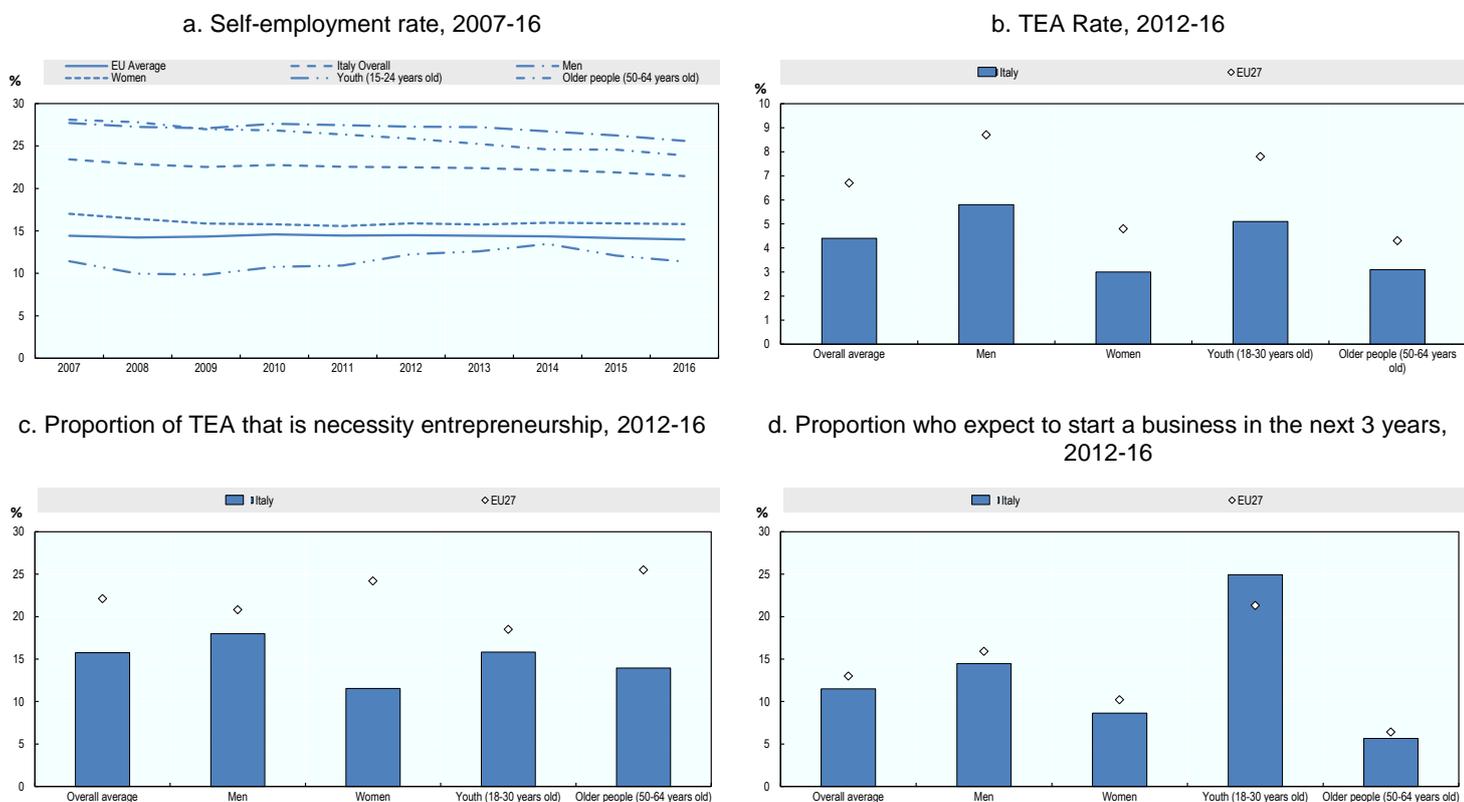
About one-in-five Italian workers was self-employed in 2016 (21.5%), which was substantially above the EU average (14.0%) (Figure 2a). However, survey data from the Global Entrepreneurship Monitor suggest that Italians were less likely to be involved in starting a new business than the EU average (Figure 2b). The key target groups of inclusive entrepreneurship policies – women, youth, seniors – were each more likely to be self-employed than the EU average in 2016, but less likely to be involved in creating a business or managing one that is less than 42 months old.

Women were less active in self-employment and business creation than men, and also relative to the EU average for women for the period 2012-16 (Figures 2b). They were less likely to report starting a business due to a lack of employment opportunities (Figure 2c) and also less likely to expect to start a business in the near future (Figure 2d). Data from national sources indicate that there has been a rising share of women operating businesses without employees (equal to 61.1% in 2008 and to 65.0% in 2014; *Osservatorio per l'imprenditoria femminile*, 2011; *Si.Camera*, 2016). There was an increase of 5.2% in self-employed women operating in service sectors between 2010 and 2015, and a decline of 13.4% in agriculture and 1% in manufacturing. However, their share in the rapidly growing food industry increased by 13% (*Si.Camera*, 2016). The number of women-led firms increased more than the number of men-led firms (3.1% vs. 0.5%) between 2010 and 2015; and this was true all over the national territory: +3.4 vs. -0.5% in the North-West, +2.6 vs. -2.6% in the North-East, +6.3 vs. +4.0% in Central Italy, +1.4 vs. +0.8% in Southern Italy; *Si.Camera*, 2016). Between 2010 and 2015 the number of innovative women-led start-ups also went from 9.1% to 15.4%.

Youth were the most likely population segment to report that they expect to start a business in the next three years during the period 2012-16 (Figure 2d). This is consistent with high levels of self-employment (Figure 2b) and a high proportion of youth engaged in starting and managing new business (Figure 2c). It is important to also note a strong interaction between age and gender: in 2014

almost 14% of female-led businesses were operated by those under 35 years old, compared to about 10% among male-led firms (*Si.Camera*, 2016).

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



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

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

Administrative data from *InfoCamera* also confirm that, from 2011 onwards,¹ new entries of youth-led firms have consistently exceeded the number of exits. This is partly due to the high level of “necessity” entrepreneurship among youth (i.e. they started their business because they could not find suitable employment) (Figure 2c). Despite this, their growth has not been sufficient to counteract the natural decline of these firms due to demographic reasons. The share of youth-led firms has declined from 11.4% in 2011 to 10.2% in 2016. Low levels of initial capital and lack of access to credit have also played a significant role in this evolution (*Centro Studi Unioncamere*, 2012; GfK, 2012).

¹ No consistent figures are available before this date.

Relatively few people older than 50 years old were involved in new business creation (Figure 2b), or expected to start a business in the next three years, during the 2012-16 period (Figure 2d). Yet, due to demographic changes in the population structure, the number of entrepreneurs who are over 50 years old increased by 3.1% between 2004 and 2015 (based on *Unioncamere-Infocamere* data). Moreover, the Chamber of Commerce in Milan estimates that entrepreneurs over 70 years old have grown by 3.2% from 2003 to 2008, and by 5.2% from 2006 to 2011. Taken together with the data on youth entrepreneurship, this suggests that the mean age of Italian entrepreneurs is increasing.²

Migrant entrepreneurship is rapidly becoming an important policy issue due to the influx of refugees in the two last years.³ Official estimates indicate that there were nearly 500 000 ethnic minority-operated firms at the end of 2015 (9.6% of the total number of business) (*Unioncamere-InfoCamere*, 2016a). This is an increase of 5.3% over the previous five years, relative to a 0.7% decrease in the number of Italian-owned firms. Between 2010 and 2016 (*Unioncamere-InfoCamere*, 2016b) the growth of handicraft businesses owned by immigrants (+ 8.3%) has curbed the fall of the entire sector (-7.8%). Migrant entrepreneurs also have a distinctive age profile – they are younger than Italian entrepreneurs, with about 38 years old, on average, relative to 48 years old for Italian-born entrepreneurs (Migrantes Caritas 2011). Moreover, one quarter of them were women. In 2014, 9.3% of migrant-led firms were led by women (*Si.Camera*, 2016).

Immigrant entrepreneurs tend to be located in highly developed regions: 19.0% of them are in Lombardia, 11.4% in Lazio, 9.8% in Toscana, 8.8% in Emilia Romagna and 8.0% in Veneto. A notable exception to this trend is Campania, with a 9.0% share and a 11.1% increase from 2015 to 2016. Migrant entrepreneurs often operate in construction, trade and distribution (*Direzione Generale dell'Immigrazione e delle Politiche di Integrazione*, 2017). There is also a large immigrant presence in the fashion industry, where, in 2014, nearly 30% of women-led firms were operated by immigrants vis-à-vis 17% for men-led businesses (*Si.Camera*, 2016). Some industries have a very low presence of ethnic entrepreneurs due to the high level of initial capital needed (Chiesi, 2011). Other key barriers for ethnic minority entrepreneurs include difficulty to navigate the start-up procedures, understand legal requirements and build networks and partnerships (De Luca, 2011).

More broadly, there has been a shift in the structure of employment and self-employment over the past two decades with the growth in the number of semi-subordinate workers. Although formally self-employed, these workers are in a subordinate dependent employment relationship. It is estimated that there are between 300 000 to 500 000 of these workers (EurWORK, 2009). A very recent law concerning these workers is described in section 3.2.

2.3. Barriers to business creation

Italian's were more likely than the EU average to report that a fear of failure prevented them from starting a business over the period 2012-16 (57.4% vs. 47.8%) (Figure 3a). Approximately 60% of women indicated that a fear of failure was a barrier to business creation, while more than half of youth

² This phenomenon has some obvious drawbacks, signalling a slow entry into the market of younger minds potentially more in step with the times. The difficulty of the generational change in family-run SME's is another factor against rejuvenation. There is some evidence (also for Italy: Lippi and Schivardi, 2014) that family firms tend to have lower quality managers (they prefer to hire a less qualified family manager rather than an outside professional manager) with unfavourable effects on productivity. No hard evidence exists on the other hand about family firms delaying the succession to younger family members, a phenomenon often evoked by practitioners.

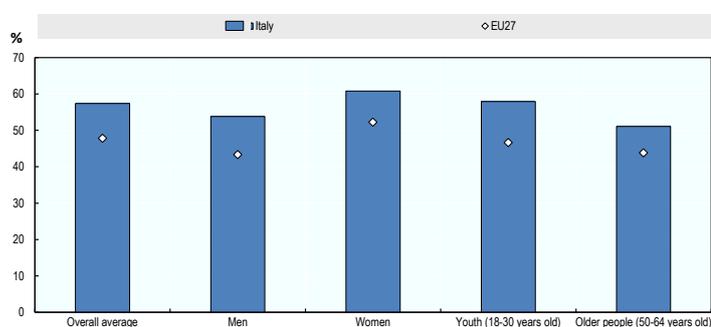
³ The term "ethnic minority entrepreneur" is defined as somebody who starts a firm in Italy coming originally from a different country.

(57.9%) and older people (51.1%) also cited this barrier, both of these proportions were above the EU average (46.6% for youth; 43.8% for older people).

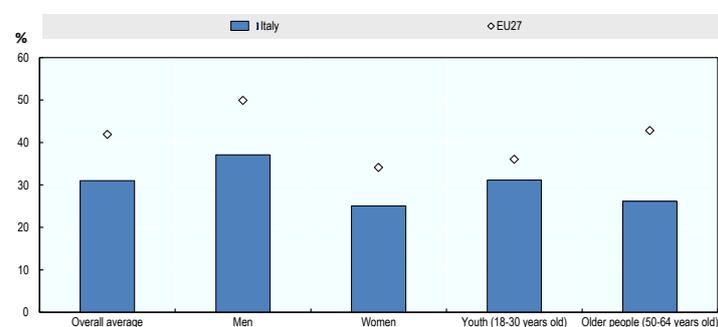
Italians were also less likely than the EU average to indicate that they had the skills to start a business. Between 2012 and 2016, fewer than one-third of Italians reported that they had the skills to start a business (31.0%) relative to four out of ten adults in the EU (41.9%). Women were the least likely to report having the skills for business creation (25.1%), which was among the lowest proportions in the EU. Youth were more likely to have the skills to start a business (31.1%), but this proportion was nonetheless below the EU average for youth (36.0%). Only 26.1% of older people indicated that they had the skills to start a business, which was also well below the EU average (42.8).

Figure 3. Barriers to entrepreneurship by target group

a. Proportion who report that a fear of failure prevents them from starting a business, 2012-16



b. Proportion who perceive that they have the skills to start a business, 2012-16



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

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

2.4. Entrepreneurship performance

Between 2012 and 2016, Italian entrepreneurs were less likely than the EU average to report that they introduced new products and services (24.6% vs. 28.9%). Italian youth entrepreneurs were as likely as the EU average to introduce new products and services (29.5% vs. 30.5%). Older people and women were much less likely to report this (24.5% and 23.2%), and both proportion were well below the EU averages (28.0% and 28.1%).

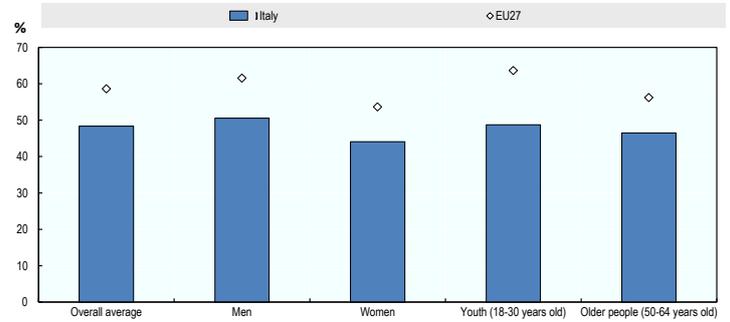
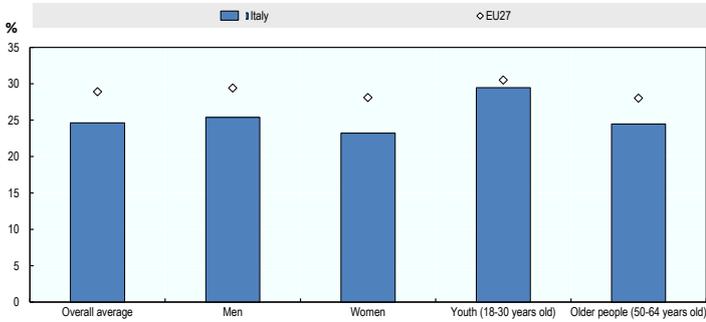
Similarly, Italian entrepreneurs were less likely than the EU average to sell to customers in another country over this period (48.8% vs. 58.6%). There was little difference across the different target groups of inclusive entrepreneurship: women (44.1%); youth (48.7%); and older entrepreneurs (46.5%). Each of these proportions was below the EU average.

Given the lower propensity to introduce new products and services, or export, it is unsurprising that Italian entrepreneurs are much less likely to report an expectation to create a substantial number of jobs. Over the period 2012-16, only 4.6% of Italian entrepreneurs indicated that they expected to create at least 19 jobs in the next five years relative to the EU average of 10.0%. While the proportion of youth who reported this growth expectation was above the national average (6.8%), it was only about half of the EU average (11.1%). Only one in a hundred women entrepreneurs expected to create at least 19 jobs in the next five years (1.2%).

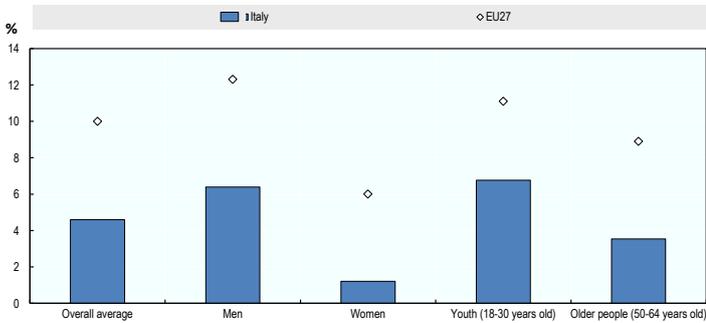
Figure 4. Self-employment and entrepreneurship activities by target group

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

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



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



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

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

Further evidence on firm growth confirms that women entrepreneurs were much less likely than men to be operating high growth firms and gazelles.⁴ Women are slightly under-represented among entrepreneurs operating high-growth firms and gazelles (Table 1), but less so than one would expect based on Figure 4. Younger entrepreneurs are over-represented among these high growing firms but there is little difference between the profile of entrepreneurs operating high growth firms and gazelles and the business population based on country of birth.

⁴ The OECD defines a high-growth enterprise as an enterprise with average annualised growth greater than twenty percent per annum over a three-year period, and with ten or more employees at the beginning of the observation period. Growth is thus measured by the number of employees and by turnover (European Communities-OECD, 2007). The OECD defines a gazelle firm as an enterprise up to five years old with average annualised growth greater than twenty percent per annum over a three-year period, and with ten or more employees at the beginning of the observation period. This is a subset of high-growth enterprises (European Communities-OECD, 2007).

Table 1. Distribution of demographic characteristics of entrepreneurs, percentages, 2010-13

	Gender		Age groups (years)			Country of birth		
	Male	Female	Under 29	30-49	Over 50	Italy	EU	Non-EU
High-growth firms	75.8	24.2	3.0	40.9	56.1	97.0	1.0	2.0
Gazelles	74.4	25.6	5.1	42.0	52.9	95.0	1.7	3.3
Business population (benchmark)	73.3	26.7	2.0	34.2	63.8	97.6	0.8	1.6

Source: Istat (2015).

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

3.1. Policy framework

Policy interventions for inclusive entrepreneurship began in the 1980s, with initial actions aiming to address the credit constraint faced by (potential) entrepreneurs. These interventions have often taken the form of laws, which were intended to be updated regularly in response to their impacts. In the 1990s, decision-making was shifted to the regions and resulted in a proliferation, and often duplication, of laws (Aronica and Vecchia, 2005).

While there have been many policy interventions to support business creation and self-employment for people from under-represented and disadvantaged groups (e.g. youth, women, unemployed, people with disabilities, former detainees), few national strategies and action plans have been developed to co-ordinate these initiatives. The exception has been youth entrepreneurship policy, and to a lesser extent, women's entrepreneurship policy.

Youth entrepreneurship policy is managed by the *Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa (Invitalia)*. *Invitalia* manages all the national policy initiatives promoting entrepreneurship for youth and the unemployed, mostly geared to disadvantaged areas. In 2015, it was also extended to the whole national territory and included women among the target categories. It is generally considered to offer high quality supports but the proliferation of youth entrepreneurship initiatives by numerous actors in the private, public and non-governmental sectors at the national and regional levels has led to concerns about the co-ordination of policy actions.

Another important actor for youth entrepreneurship support is the Chambers of Commerce. In 2014, the Chambers set up a national network of one-stop shops (*Sportelli per l'imprenditoria giovanile*) for youth entrepreneurship under the FILO project/programme. This network provides youth with free start-up support services, including training, mentoring, and support in accessing credit, microcredit and national or regional grants. These services appear to be effective, but there is scope to strengthen the linkages with other public policy actions.

Also in 2014, the Youth Guarantee Initiative (YEI) (2014-20) was implemented. Applying the European Union Recommendation of 22 April 2013, the Italian government launched in December 2013 the *Piano Nazionale della Garanzia Giovani* (National Plan of the Youth Guarantee). This is a

long-term plan to promote the activation of youth on the labour market, to create new jobs and self-employment, as well as to combat social exclusion. Substantial support is expected for youth who are not in employment, education or training (i.e. NEETs), notably vocational training courses. The Youth Guarantee plan has an initial budget of EUR 6 billion nationwide, including national and regional level resources and matching funding from the European Social Fund (ESF). It is implemented across all regions except for the Autonomous Province of Bozen. Approximately 5.7% of the resources are dedicated to the promotion of self-employment and entrepreneurship, mainly within the *Crescere imprenditori* training initiative and the SELFIEmployment financial instrument.

The Youth Guarantee is clearly one of the largest labour market initiatives and it faces a number of challenges due to its size. The most significant has been the in-take mechanism. A web portal has been launched to promote the initiative, but youth enter Youth Guarantee programmes through the public employment service, which is undergoing a very profound reform. However, Invitalia and ANPAL have set up a network of consultants at central and local levels to support NEETs in developing their business ideas.

The policy framework for women's entrepreneurship has also been longstanding. This support was substantially reinforced in 2003 by the establishment and strengthening of the *Comitati per la promozione dell'imprenditorialità femminile* (Committees for the promotion of female entrepreneurship). These committees, set-up by the Ministry for Economic Development and the Union of the Chambers of Commerce, and including social partners representatives, are designed to monitor and solve business problems at the local level, through training, networking and assistance on start-up procedures. There is a committee in each Chamber of Commerce, thus building up an extensive national network. This structure is complemented with national and regional projects that are co-funded by the European Structural and Investment Funds. As with youth entrepreneurship support, initiatives and projects have proliferated, but their effectiveness has been uneven across the country. As is the case for most local policies, the availability and quality of support for women entrepreneurs is heavily dependent on the capabilities of those designing and delivering support at the local level, which are unevenly spread across the Italian territory (Mauro and Pigliaru, 2011).

There is no independent governmental monitoring or evaluation agency, although there are a number of agencies at the regional level that have this role. There is also very little *ex-post* counterfactual policy evaluation. However, there are efforts to address this challenge. For example, within the context of the Youth Guarantee, IRVAPP from the Autonomous Province of Trento anticipates counterfactual analyses of the Youth Guarantee results. Nonetheless, more attention to evaluation is needed for inclusive entrepreneurship policies so that policy makers can understand what initiatives are efficient and effective. Some actions have already been taken to address this. The Legislative Decree n.150/2015 foresees the transformation of the public research Institute supervised by the Ministry of Labour and Social Policies, ISFOL (Institute for the studies on vocational training of workers) into INAPP (National Institute for the Analysis of Public Policies), which has been active since October 2016 and is in charge of (counterfactual) evaluations of public policies in particular in the field of work and social inclusion. The analysis on the self-employment target is ongoing but some in-depth data were presented to the Surveillance Committee of the YEI Operational programme at the end of May 2017.

3.2. Government regulations

The regulatory environment can have a negative influence on entrepreneurship activities, especially for people from under-represented and disadvantaged groups who have lower levels of entrepreneurship skills and less experience dealing with public administration (Parker and Robson 2004; Steinberger 2005; Hessels et al., 2007).

The Italian system of social safety nets is based on a fairly wide range of tools, but it is not as comprehensive as in other EU countries. Labour market reform has brought the system from a highly protective environment of open-ended labour contracts to the introduction of a strong role for fixed-term labour contracts and agency work, with less labour rights. At the moment these two contract types co-exist and the first is concentrated on older people while the second is prevalent for youth. The consequences of this for entrepreneurship and, more in particular, for inclusive entrepreneurship have yet to be explored. It must also be kept in mind that a full-fledged universal system of unemployment insurance has yet to be fully implemented in Italy, and that public employment services and active labour-market policies are less developed than in most other OECD countries. At any rate, this policy environment makes more difficult (especially in Mezzogiorno) the enactment of entrepreneurship policies based upon capacity building through training and mentoring. A more specific point concerns arrangements (i.e. the welfare bridge) making it easier from people who depend on welfare benefits (e.g. unemployment insurance) to start their own business and become economically independent. In Italy, there is very little of this.

A longstanding issue is to reduce administrative barriers to firm creation. A strategy to overcome this problem was the development of one-stop-shops following the tradition started in the United States. The application of Law 447/98 (*Sportello Unico per le Attività Produttive*, SUAP, one-stop-shop for productive activities) has taken place differently in different regional contexts and there is varied evidence on its effectiveness. Tosi (2009) studied the application of SUAP in Tuscany. According to this evidence, SUAP has not yet reached its potential in terms of diffusion, mainly due to problems of qualification of their workforce. Yet, the econometric estimates in Ferrara and Marini (2004) show that there is an increase in firm creation thanks to the introduction of SUAP. Their study is of high interest because it is not limited geographically and considers both developed and less developed regions in the country.

Another important regulatory development was the Senate approval of the Bill of Rights, known as the Jobs Act for self-employment and smart working (10 May 2017). The Bill is divided in two chapters. The first one strengthens the social and economic protection for the *lavoratori parasubordinati*, i.e. that, although formally self-employed, are in a subordinate dependent employment relationship, characterised by a regulated working time linked to the closure of work premises, by being subject to an employer's managing and disciplinary power, by being paid at regular intervals, and by bearing no enterprise risk (see the Cassazione decree, February 14, 2002, No. 1420). The second chapter develops flexible working arrangements ("smart working") within a dependent employment relationship, with a view to promoting competitiveness and facilitating reconciliation of work and family life.

The main provisions of Chapter 1 of the Bill are the establishment of a monthly unemployment benefit (very similar in size and characteristics to that for people losing dependent employment) in favour of *lavoratori parasubordinati*, the creation of a self-employment desk at job centres (more on this provision below), the institution of parental leave, maternity and paternity protection for these workers (these provisions are not as generous as those for employees; in particular the paid parental leave lasts half the time). It is also ruled that the pregnancy, illness and accident of these workers will not result in the termination of the employment relationship. Additional social benefits, funded by a special contribution, are going to be paid to *lavoratori parasubordinati* who have suffered a significant reduction in labour income for reasons that are independent of their will or that have been affected by serious illnesses.

Job centres must have, at any premises open to the public, an office dedicated to self-employment. This should help self-employed in the creation of their business, access to public procurement tenders and set-up of professional activity. Furthermore these institutions must stipulate

free conventions with professional orders and associations, as well as with comparatively more representative associations of self-employed workers. However, to date there have been challenges in delivering on this mandate due to a lack of trained staff with knowledge of the territory, local economic structure, and the needs of clients who could be supported in self-employment.

3.3. Financing entrepreneurship

There are many laws that address access to finance for business creation for different groups of under-represented and disadvantaged entrepreneurs (e.g. youth, women, unemployed, people with disabilities). Many of these laws also include provisions for training, coaching and mentoring with which will be discussed in the next section. This system of financial supports was largely established in the 1980s and 1990s, and there are several tailored policies and instruments that support the unemployed, women and youth. Many of these national policies have been evaluated and results are often positive (e.g. *Osservatorio per l'imprenditoria femminile*, 2011). However, there are examples of evaluations that find that the benefits of the support is only realised in the short-term, i.e. there is a honeymoon effect (Gennari and Lotti, 2013).

One of the new initiatives is the SELFIEmployment Fund, which supports young NEETs to become self-employed or entrepreneurs. The rotating Fund amounts to EUR 103 million and finances entrepreneurial ideas of NEETS with spending programmes between EUR 5 000 and EUR 50 000. It started its activities in March 2016 and is managed by Invitalia on behalf of the Ministry of Labour/ANPAL. Until May 2016, 1 316 funding requests were submitted by NEETs and 285 enterprises were financed for a total amount of EUR 9.3 million. Among these 56.3% were started by boys/men and 43.7% by girls/women. Most of the newly started enterprises (micro and small) operate in the retail and food and beverage service (production and sales).

In addition, there are a large number of regional laws to support access to finance for youth and women entrepreneurs. These many laws tend to profile themselves after their national counterparts, but have not been studied as intensively. Carree et al. (2009) assess the effect of regional policies supporting entrepreneurship in Italy on firm entry, exit, and net entry at the provincial level for six selected sectors. Their results show that entrepreneurship policies do not exert a consistent impact on firm and sector dynamics and unemployment is not significantly reduced by the start-ups from the unemployed. However, there are examples of success. In Tuscany, Mariani and Storchi (2017) examined the first phase (pre-2015) of the regional youth and female entrepreneurship support programme *Fare Impresa*, which offered to new firms a public guarantee and interest-rate rebates for investment-related loans. The assessment results are positive: assisted loans actually lengthened firm survival, also providing the chance to the new entrepreneurs to offer additional permanent jobs.

Overall, while there is no compelling evidence on the capability of entrepreneurship regional laws to fulfil their aims, there are positive examples. There are nonetheless risks for policy makers, including co-ordination challenges and the potential for crowding out national laws. Some principle of subsidiarity with respect to different local needs should be adopted. In this sense, the first step is to build a thorough and up-to-date census of regional laws, along the lines of what has already been done for regional start-up funding (<http://www.finanziamentistartup.eu/>) by Italia Startup, the Italian National Startup Association, and the Warrant Group.

Microcredit has emerged as an important tool for supporting entrepreneurs from under-represented and disadvantaged groups. The evidence has been mixed, with some research noting a slow take-up in offering microcredit products by the banking sector, limit sector coverage and a lack of

availability in some regions (Provasoli et al., 2009). However, more positive research tends to be more positive on the development of microcredit.^{5, 6, 7}

There have been many efforts for developing microcredit in Italy, including the *Retemicrocredito*. This is a network of Information Points on Microcredit and Self-employment that was created by the European Microfinance Network with the support of the resources of the ESF National Operational Programme 2007-2013 (PON AS and PON GAS). However, initiatives have been extremely differentiated among regions. The law decree 141/2010 has attempted a kind of co-ordination. It can support both social and entrepreneurial initiatives. This law provides persons and partnerships with finance to a maximum of EUR 25 000, with supporting services offered. This law targets youth and immigrants, which are in fact its main beneficiaries in terms of both amount and number of loans (EMN, 2012). No evaluation (counterfactual or otherwise) of this law is available yet. In addition, many projects are currently supported by the European Union through the Programme for Employment and Social Innovation (EaSI). The EaSI Programme support PerMicro, which offers microcredit for micro-enterprises and new start-ups by people from vulnerable groups.

In addition to microcredit, another instrument used to support entrepreneurs from under-represented and disadvantaged groups public procurement. However, Italian research suggests that this has limited potential due to the low trade mark-ups in procurement operations (i.e. starting prices of tenders are too low to cover even personnel cost at wages compatible with national collective agreements) and a large delays in payments (IRPET, 2012). Furthermore, Transparency International identified corruption crimes especially in Italy (as well as in other countries).⁸ Therefore, the potential for this instrument appears to be limited at this current time.

Given perhaps the relatively favourable performance of older Italian entrepreneurs, there are no financing schemes directly targeting seniors. On the other hand, there are some local, small-scale, initiatives covering other target groups such as former detainees (Isfol, 2015).

3.4. Entrepreneurship skills

A number of laws outline measures to support the acquisition of entrepreneurship skills. In addition to financial provisions, Law 44/1986 (Law De Vito), Law 95/1995, Law 27/1993, included courses for young entrepreneurs (5 months) with tutoring systems (from 12 to 20 months). Some in-kind services were also offered in the start-up phase. The evaluation literature has not provided any separate treatment of the impact of mentoring, although earlier evidence (e.g. Izzo and Marchi, 1995) stresses its role. Mentoring has been deemed as particularly effective, with established firms providing informal advice to new firms. This was done on a daily basis, first on a voluntary basis, then on market-related terms as the new firm approached profitability.

Currently the main project in this ambit is *Crescere Imprenditori*. It is carried out within the PON IOG in collaboration with Unioncamere, providing targeted training and coaching for the self-employment and self-entrepreneurship of young NEETs throughout the country, also on the basis of the territorial needs detected by the local Chambers of Commerce. This project relies on a total amount

⁵ http://www.microcredito.gov.it/images/academia/news/ilMicrocredito_In_Italia.pdf

⁶ <http://www.microcredito.gov.it/case-history.html>

⁷ <http://www.fondidigaranzia.it/microcredito.html>

⁸ <http://www.europarl.europa.eu/document/activities/cont/201212/20121204ATT57266/20121204ATT57266EN.pdf>

of financial resources not exceeding EUR 10 million. Up to May 2017, more than 3 000 NEETs have passed the self-assessment test preparatory to the training courses. Further, 1 771 young have already received the training (157 out of 169 courses started were completed).

Among the other projects geared to training and mentoring, a particularly interesting one is the O.L.T.RE project dedicated to the detainees of two prisons in Southern Italy (Isfol, 2015). Besides providing detainees with a support package, mainly centred on profiling, training and mentoring, and including the eventual promotion of entrepreneurship, this project has a built-in *ex-post* evaluation procedure.

Generally speaking, in Italy there is currently fairly little entrepreneurship mentoring. This is documented by some available data (ISFOL, 2011; 2012) and can also be inferred by the relatively few studies and material about this topic available in the Italian literature.

3.5. Entrepreneurial culture and social capital

Policies implemented in Italy to promote entrepreneurship often place an emphasis on inclusive entrepreneurship, especially in less developed areas. Such a policy stance has often been defended on the grounds of the potential strong commitment to entrepreneurship existing among young people. Yet, the latter belief, fairly widespread, appears to be refuted by some empirical research. The survey in CNEL (1998) shows that only 30% of the sample adheres to the idea of self-employment, which is seen by many as a “fallback”. In order to have a paid employment one out of three youth would settle for any form of contract and two out of three would be prepared to accept any working time.

As far as youth entrepreneurship is concerned, the National network of one-stop shops for youth entrepreneurship is very recent (Unioncamere, FILO), and the Youth Guarantee is also expected to improve awareness about the potential of entrepreneurship among youth thanks to the co-operation of the Information Points on Microcredit and Self-employment of the *Ente nazionale per il microcredito*, located all over Italy. However, little is currently done to promote entrepreneurship to other target groups such as seniors and people with disabilities.

As was already noted in Section 2, female self-employment has been seen mainly as a response to the lack of opportunity to find paid employment. Goffi (2012) provides some interesting evidence. Increasing female employment rates decrease the intensity of female entrepreneurship; and when unemployment is higher, also the feminisation of entrepreneurship rises. In unfavourable labour market conditions, other factors likely to lead to the choice of self-employment or business start-up are those that prevent the reconciliation of work with the care and domestic activities (the two sets of factors are likely to be geographically correlated).

Finally, there many active networks that also helps to promote and support entrepreneurship. An experience that falls between the creation of social capital favourable to entrepreneurship and the facilitation of start-ups are the Startup Weekends now managed by Techstars.⁹ Every two to three months a network of start-up facilitators organises in an Italian city a three-day meeting that follows a format similar to that of the SICamp (e.g. Maccaferri, 2012). These weekends, mostly interested in hi-tech ideas, gave rise to permanent networks of firm ecosystem accelerators¹⁰ that meet regularly in given Italian cities (Milan, but also Naples, Catania, Messina, Foggia). These networks tend to be

⁹ www.app.co

¹⁰ <http://nastartup.it/>

stronger where traditional incubators are somehow missing. Their relationship with more traditional structures for vocational training has not achieved a satisfactory status and is very much an open issue.

4. POLICY RECOMMENDATIONS

Although Italy has always had a very high rate of self-employment, entrepreneurial activities have declined in recent years, especially for women and youth. The policy framework to address the challenges faced by entrepreneurs has a relatively long history in Italy and there are many supports for entrepreneurs from under-represented and disadvantaged groups. However, there is room to improve inclusive entrepreneurship policies and programmes in Italy, including some general measures that would assist all entrepreneurs, as well as tailored measures for different target groups. The following recommendations are offered:

1. *Strengthen public employment services and improve interactions among them and private services, especially related to entrepreneurship training and mentoring.* As PES are to be co-ordinated by the National Agency for Active Labour Market Policies that started its activities in November 2016, this requires the set-up of a framework for ensuring nation-wide consistency in the labour-market services offered to citizens, as well as the co-ordination between the new agency and the regions in charge of the programming and management of the local labour market policies.
2. *Further develop the one-stop-shop approach to the facilitation of entrepreneurship.* This requires co-ordination among the PES and the SUAP, and all other networks and subjects that operate on the territories, with a massive investment in the physical and human capital of both public structures. A serious spending review should be encouraged in both areas to eliminate unnecessary costs and make new resources available for investment.
3. *Strengthen and extend the conciliation legislation to entrepreneurs to address the challenges of work-family balance to encourage and support women in entrepreneurship.* Law 92/2012 included for employees two measures directed to parenting support: i) paternity leave; ii) vouchers for the purchase of care services. The 2016 budget extended this legislation to female entrepreneurs. However, the access criteria and modalities of use of the benefit have still to be defined by an appropriate implementing decree of the Minister of Labour and Social Policy, in consultation with the Minister of Economy and Finance. It seems desirable that this process should be speeded up and guided by the Committees for the promotion of female entrepreneurship.
4. *Develop more initiatives to support ethnic minority entrepreneurship.* A key aim of these policies should be the assessment and building up of the human capital of immigrants. In this sense, it is important to second the demand made by immigrants themselves to strengthen training focused on business and legislation.

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ANNEX: METHODOLOGY

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

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

The framework contains 5 pillars:

1. Policy framework

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

2. Government regulations

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

3. Financing entrepreneurship

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

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

4. Entrepreneurship skills

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

5. Entrepreneurial culture and social capital

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