



Self-employment subsidy

Subsidy offering basic aid to cover initial costs of opening a business as well as support from expert guidance to help boost self-employment and job-creation

CROATIA

Title of the practice (in original language)

Potpora za samozapošljavanje

Who is/was implementing the practice?

Croatian Employment Service (CES)

Which other organisations are/were involved in the practice?

Organisations involved in funding, contracting and monitoring:

- Office for Financing and Contracting of EU Projects in CES (CES OFC),
- Ministry of Labour and Pension System (MLPS), Directorate for Labour Market and Employment (monitoring).

Organisations involved in evaluation:

- Central Office of the Croatian PES (CES),
- Ministry of Labour and Pension System (MLPS), Directorate for Management of EU Operational Programmes.

Depending on the region in which a person is applying for the subsidy, the Croatian PES can cooperate with municipalities or city authorities that provide additional support (guidance and/or financial support) for business plan development during the first year of running a business.

Other stakeholders are included where possible, such as:

- regional development agencies,
- the Croatian Chamber of Trades and Crafts (CCTC),
- the Croatian Chamber of the Economy (CCE).

What are/were the main objectives of the practice?

The main objectives are:

- to support self-employment, job creation and job-retention (the subsidy can be used to take over an existing business) throughout a 12-month period;
- to provide support during the stage of applying for the subsidy;
- to stimulate the move from undeclared or atypical work into the formal economy;
- to give incentives for more than one person to collaborate and start a business or a cooperative.

When was the practice implemented?

Since 2014 (ongoing)

Changes in 2018 resulted in an increase of subsidy amount and the introduction of an additional subsidy for expanding businesses after one year of operation.

Who is/was targeted by the practice?

The practice targets all young people up to the age of 30, regardless of the length of their previous unemployment spell. Previous work-experience in the field of self-employment is not a requirement, but is taken into account when evaluating the application for the subsidy.

What activities are/were carried out?

- Unemployed young people registered with CES who wish to pursue self-employment and apply for a subsidy are offered specialised counselling and guidance in developing both a business and financial plan. Where relevant, counsellors link young people with stakeholders (e.g. CCTC, CCE) in the local labour market or offer access to additional education/training institutions supporting the development of the business.
- A dedicated website¹ is available to give young people access to relevant support documents, such as a business plan and a leaflet on contractual obligations. Claim forms are also available in CES offices.
- The maximum subsidy depends on the business plan: until 2017, the amount for one person was approx. EUR 4 700 (HRK 35 000)². From 2018 this has increased to approx. EUR 7 400 (HRK 55 000).
 - It is possible to use the self-employment subsidy and employ one or two persons. Under these circumstances the subsidy is higher. Up until 2017, the amount could go up to EUR 6 050 (HRK 45 000). From 2018 this has increased to EUR 9 400 (HRK 70 000).
 - Joining-in is also supported and the subsidy can be awarded to multiple persons when starting one business (financial details are shown for the period from 2018 onwards):
 - » When two persons are registering for a trade/craft, up to EUR 14 786 (HRK 110 000) can be awarded.
 - » When up to four persons are registering to set up a company (Ltd.), up to EUR 29 570 (HRK 220 000) can be awarded.
 - » When up to five persons are registering to set up a cooperative, up to EUR 36 965 (HRK 275 000) can be awarded.

What are/were the sources of funding?

The self-employment subsidy is co-financed by national funds, the Youth Employment Initiative (YEI) and the European Social Fund (ESF) with allocation for this specific activity amounting to EUR 4 979 729 (HRK 36 850 000) for the period 2014-2017. Out of this amount, 9% or EUR 445 436 (HRK 3 318 500) is committed from national funds.

What are/were the outputs: people reached and products?

It was foreseen in the Youth Guarantee Implementation Plan that the measure will reach annually 2 500 young people.

In the period 2014-2017:

- 8 806 young people participated in the preparatory counselling for self-employment (some participated more than once).
- 3 052 young people were awarded a subsidy, of which 932 in 15-24 age group and 2 120 in the 25-29 age group. The table below presents a detailed breakdown of the provided subsidies by age and year.

AGE	2014	2015	2016	2017
15 - 19	20	33	27	32
20 - 24	179	201	176	264
25 - 29	405	544	484	687
TOTAL	604	778	687	983

¹ Self-employment website: <http://mjere.hr/potpore-za-samozaposljavanje-dokumentacija-obraci/>

² Conversions from KRK into EUR as per the conversion rate on 08/02/2018

What are/were the outcomes: medium-term results or effects?

- An external evaluation of a similar measure – ALMPs offered between 2010-2013 reported that:
 - over 75% of businesses, created with the support of a subsidy, were still operational more than 12 months after exiting the measure;
 - in a third of active businesses there is at least one person employed in addition to the founder;
 - the socio-economic situation in the households, where the recipients of the subsidy live, improved compared to the period before receiving the subsidy.

What are/were the lessons learnt and success factors?

Lessons Learnt

- The self-employment subsidy has to be properly introduced and communicated. The results, as listed above, prove that this is a measure with quite high success rates, thanks to right preparatory counselling and guidance provided to participants before entering the intervention.
- Other stakeholders have to be involved in the implementation of the measure (through local partnerships and through the involvement of other ministries and development agencies), as this is the best basis for quality counselling, leading to even better results.
- Measures implemented by CES are available to all unemployed persons under equal terms. In the period of 2014-2017 the largest number of young beneficiaries was in the following counties: the County of Zagreb and the City of Zagreb (720), the Osijek-Baranja County (425), the Split-Dalmatia County (226) and the Primorje-Gorski Kotar County (182) since these are the biggest counties with the largest number of unemployed.
- Young participants sometimes lack entrepreneurial capacities such as self-management, critical thinking, creative and attention skills. Tailored support is needed to best fit the specific needs of future entrepreneurs.

Success Factors

- The measure was well advertised and a certain number of counsellors were specialised in self-employment subsidies to help prepare unemployed persons for entrepreneurship.
- Additionally, some regional offices of the CES concluded agreements with local development agencies which became supporting partners for the new entrepreneurs.

What are key sources of information?

Self-employment support website:

<http://mjere.hr/mjere/potpore-za-samozaposljavanje/>

Yearly YGIP implementation reports:

<http://www.gzm.hr/sto-je-garancija-za-mlade/plan-implementacije/>

External evaluation of 2010-2013 ALMPs:

<http://www.hzz.hr/default.aspx?id=31711>