



European
Commission

PROVIDING UNEMPLOYED
WITH FINANCIAL SUPPORT
TO CREATE BUSINESSES

Promotion of self-employment for new entrepreneurs and creation of new enterprises (Subsidy programme for new freelance professionals)

Information review: October 2015

GREECE

Greece has a very high share of SMEs, particularly micro enterprises, compared to the EU average. The importance of Greek micro enterprises is also reflected in their share of employment and value-added creation, as the sector in total employs more than 57.6% of persons, well above the EU average (29.8%). At the same time, the cost required to start a business (% of income per capita), was higher in Greece than in the EU (20.7%; compared to 5.47%).

The programme 'Promotion of self-employment for new entrepreneurs and creation of new enterprises' is part of the government's efforts to stimulate self-employment and thus increase employment and fight unemployment. Priority is given to those facing extraordinary difficulties in finding a job, i.e. women, older workers, low-skilled workers and new entrants without work experience.

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| Name of the PES | Οργανισμός Απασχόλησης Εργατικού Δυναμικού (ΟΑΕΔ) Manpower Employment Organisation |
| When was the practice implemented? | 1980 – on-going |
| Which organisation was involved in its implementation? | N/A |
| Which social groups were targeted by the practice? | Jobseekers <ul style="list-style-type: none"> ▶ All unemployed ▶ Long-term unemployed ▶ Women The programme targets all unemployed (men and women) from 18 up to 64 year of age. |
| What were the practice's main objectives? | The programme aims to encourage self-employment through the provision of financial support for unemployed people (aged 18-64) wishing to create their own small business. This is to ensure that self-employment is a feasible option and in order to encourage self-employment for people who are at risk of becoming long-term unemployment (a percentage of funding is earmarked for short-term unemployed persons). |
| What activities were carried out? | In 2004 (the year taken into consideration by the evaluation) the amount of the grant was EUR 8400. The amount was paid in three instalments over twelve months, subject to periodical auditing of the business. Candidates fill in applications at local PES offices. After submitting an application, a committee decides on whether the business will receive funding or not based on the adequacy of the business plan, the adequacy of financial resources, and the qualifications and work experience of the applicant as well as their relevance to the business. In addition to evaluating applications and granting the subsidies, job counsellors at the local PES offices help the beneficiaries draw personal action plans and offer supplementary ALMPs. |
| What resources and other relevant organisational aspects were involved? | The practice is managed by the Manpower Employment Organisation of Greece (ΟΑΕΔ – the Greek PES) at both national and regional level. Applications are filled in, filed and evaluated at the Centre of Employment Promotion (Κέντρα Προώθησης της Απασχόλησης, ΚΡΑ- the local PES offices). Upon approval of the subsidies, KPAs are obliged to keep records of each unemployed participating in the programme and to perform biannual checks. |
| Source(s) of funding | National budget (tax revenue) European Social Fund |

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| <p>What were the outputs of the practice: people reached and products?</p> | <p>People reached: Participation in the programme was somewhat inferior to the target. The total number of participants reached 6 649, against 7 500 initially planned, or 88.6%. The majority of the programme participants (61.1 %) stated no previous business experience, while a sizeable portion stated that they had some experience through family businesses (family workers). As regards motivation for starting a business, most participants cite independent employment (78 %), better working conditions (74.1 %) and higher earnings (65.4 %).</p> <p>Products: N/A</p> |
| <p>What outcomes have been identified?</p> | <p>An ex-post evaluation of the 2004 programme was conducted in 2008. The evaluation results showed that:</p> <ul style="list-style-type: none"> ▶ Out of the businesses created in 2004, 89.5 % were still active in 2008. Furthermore, 75 % of the beneficiaries remained actively involved in some kind of business activity in 2008. ▶ Among the business still active in 2008, 18 % were found to be employing at least one other person. The firms that had ended operations at the time of the evaluation remained active for 27.5 months, on average, following the termination of the subsidy. The main reason for terminating the activity was excessive competition (62.7 %) and inability to secure additional financial resources (56.5 %). ▶ Most of the businesses that ended operations by 2008 were run by women and older people (aged between 50 and 64). ▶ According to the evaluation sample of participants, the majority (68.5 %) of participants stated that as a result of participation in the programme, their income improved. ▶ Approximately half of the participants (50.1 %) would have started a business, irrespective of the programme (deadweight effect). |
| <p>What are the lessons learnt and success factors?</p> | <p>The evaluation of the practice found that the measure was successful in assisting the unemployed wishing to start their own business, and thus helped in promoting employment. Among the positive findings of the evaluation is the high business survival rate. Almost 90 % of the businesses created in 2004 were still active in 2008.</p> <p>As regards to total employment gains, the evaluation noted that the measure had a modest contribution, as of all the business still active in 2008, only 18 % were found employing at least one other person. Thus, the so-called 'employment multiplier' was estimated to be around 1.25.</p> <p>The evaluation report revealed the need for wider support for unemployed wishing to become self-employed and start their own small business (e.g. entrepreneurship training, etc.).</p> <p>For the majority of participants (53.4 %), the subsidy provided was very important. The subsidy covered was approximately 33 % of the total capital invested for the start-up. The remaining capital came from own resources (48 %) and from bank loans (15 %).</p> |
| <p>More information on the practice</p> | <p>http://ec.europa.eu/employment_social/empl_portal/weesp/GR-2.pdf</p> |



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