



# **Mutual Learning Programme**

DG Employment, Social Affairs and Inclusion

**Peer Country Comments Paper - Italy**

## **Many entrepreneurship support programmes but without overarching strategy**

**Peer Review on**

**"Entrepreneurship training for the unemployed:  
the Austrian Entrepreneurship Lab example"**

**Austria, 24-25 October 2019**

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October, 2019



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## 1 Introduction

This paper has been prepared for the Peer Review on "Entrepreneurship training for the unemployed: the Austrian Entrepreneurship Lab example" within the framework of the Mutual Learning Programme. It provides a comparative assessment of the policy example of the host country and the situation in Italy. For information on the host country policy example, please refer to the Host Country Discussion Paper.

## 2 Situation in the peer country

### 2.1 High and persistent unemployment among young people, women and in Southern regions

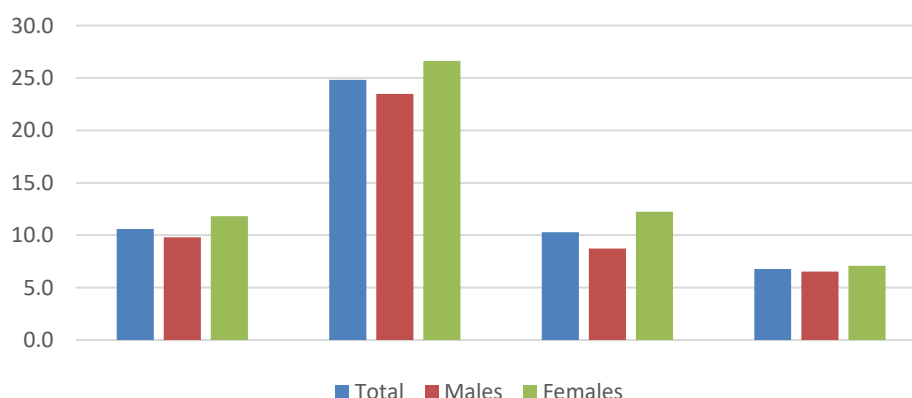
Unemployment in Italy is a long-standing structural problem. In 2018 the unemployment rate in Italy stood at 10.6 %, a rate below the crisis peak of 12.1 % in 2013, but still higher than the EU-28 average (6.8 %). The unemployment rate declined further in the first semester of 2019 reaching 9.9 % in June 2019, however it is still much higher than the EU-28 (7.5 %).

The segmentation of the Italian labour market is clearly visible in the composition of unemployment affecting especially women and young people and in the high share of the long-term unemployed.

Despite a slight reduction since 2014, the women's unemployment rate was still at 11.8 % in 2018, two percentage points higher than that of men (9.8 %).

The age gap is even higher: the unemployment rate reached 24.8 % for those aged 15-29 compared to 8.2 % for adults aged 30 and over. Despite an overall improvement in the education attainment of younger generations, Italy is facing an unprecedented youth unemployment crisis. High and increasing unemployment rates coupled with long periods of job search have resulted in many young people giving up job search or migrating abroad. The share of young people (20-34) neither in employment nor in education or training (NEETs) reached 28.9 % in 2018, the highest level among EU-28 Member States and 12.4 percentage points higher than the EU-28 average (16.5 %) (Eurostat, 2019). Youth detachment from the labour market is higher for young women than for young men, among those with low educational attainments, and in Southern regions.

Figure 1. Unemployment rate (15-74) by sex and age in Italy in 2018 (%)



Source: Eurostat

Unemployment is also higher among the foreign-born population compared to natives. The foreign-born unemployment rate was 14 % in 2018.

Regional variation is also significant, reflecting differences in socio-economic conditions. On average people living in Southern Italy are almost three times more likely to be unemployed compared to those living in the North, with an unemployment rate at 18.4 % in 2018 (compared to 6.6 % in Northern Italy), reaching 39.8 % for young people aged 15-29.

Since 2014, Italy has started to recover the jobs lost during the crisis. Nonetheless, unemployment continues to be a pervasive phenomenon, also due to the large incidence of the long-term unemployed. Long-term unemployment (LTU) represents a key policy challenge for Italy, especially because of the economic and social costs associated with a long-period out of employment, which may lead to discouragement and skills obsolescence.

According to data from the Italian National Statistical Office (ISTAT), in 2018 the long-term unemployment rate was 6.2 % compared to 3 % in the EU-28. Again, marked differences exist across regions, both in the incidence of long-term unemployment and in unemployment duration. The share of those unemployed for 12 months and over is 65.8 % in Southern Italy compared to 50.4 % in the North. Unemployed people living in the South are likely to remain outside the labour market for about 11 months more than people living in the North (ISTAT, 2017).

## **2.2 Widespread self-employment and entrepreneurship, although for young people is largely out of necessity**

In Italy self-employment and entrepreneurship is more widespread than in the EU average: almost one in five people in employment is self-employed (22 % in 2018) compared to 14.2 % for the EU-28. However, according to the GEM report 2017/2018 for Italy<sup>1</sup>, the Total Early-stage Entrepreneurship Activity<sup>2</sup> is the second lowest (after France) among the reviewed countries. In addition, women are less likely to start a business or become self-employed than men and among young people self-employment is largely out of necessity, due to their difficult condition in the labour market. Although a large share (30 %) of new entrepreneurs declare to have attended a training course, only a minor part of intended entrepreneurs start a business.

According to the cited GEM report main barriers to entrepreneurship in Italy are difficult access to credit, complexity and costs of starting and running a business due to red tape, the lack of opportunities, the lack of entrepreneurial skills and the fear of failure<sup>3</sup>.

## **3 National policies and measures**

### **3.1 ALMP and PES for the unemployed in Italy**

Active labour market provisions for the unemployed, including entrepreneurship support, are under regional competence in Italy. PES have to provide skills assessment, counselling services, and job search support to the unemployed and those at risk of unemployment<sup>4</sup> within three months from entering unemployment.<sup>5</sup> However the capacity of PES to provide these services is very diversified across regions, with a strong

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<sup>1</sup> Fondazione AS. Merloni and Università Politecnica delle Marche (2018). Global Entrepreneurship Monitor Italia - Ancona.

<sup>2</sup> The Total Early-stage Entrepreneurship Activity indicator is the main indicator used by the Global Entrepreneurship Monitor (GEM). It is calculated as the percentage of the 18-64 population who are either a nascent entrepreneur or owner-manager of a new business (i.e. owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not more than 42 months). After: GEM Monitor *Global Report 2018/2019*.

<sup>3</sup> Fondazione AS. Merloni and Università Politecnica delle Marche (2018), Global Entrepreneurship Monitor Italia - Ancona.

<sup>4</sup> According to Decree 150/2015, these are workers who have received a termination notice, but are still employed.

<sup>5</sup> Cedefop, European Commission, ICF (2017). European inventory on validation of non-formal and informal learning - 2016 update. Synthesis report. Luxembourg: Publications Office.

territorial divide between Northern and Central regions and Southern ones, where often PES do not have the human and financial resources to provide effective services.

Regional measures are usually targeted to long-term unemployed, people aged over 50, and workers at risk of unemployment. In Northern Regions, a large number of interventions are targeted to low-skilled unemployed adults, to complement the actions provided for NEETs with the Youth Guarantee.

Two main labour market reforms were introduced in 2012 and 2014 to respond to the Italian labour market challenges and reduce differences in regional support: Law No. 92/2012 (the Fornero reform) and Law No. 183/2014 (the Jobs Act). Overall, the enacted measures were aimed at promoting a greater labour market flexibility together with greater social security and more effective active labour market policies for the unemployed. In 2019, the Citizens' Income Act<sup>6</sup> introduced a means tested household benefit with strong job search conditionalities and enhanced the role of PES officers in providing employment services to beneficiaries of the citizens' income.

In order to reduce regional differences in the provision of support and improve coordination, the Jobs Act established a national agency for the coordination of active labour market policies (ALMP) and the provision of technical assistance to PES (ANPAL, *Agenzia Nazionale per le Politiche Attive del Lavoro*). Based on agreements between the Ministry of Labour and the Coordination of Regions<sup>7</sup>, national minimum service standards for PES were set up in 2018. In 2017 an Action Plan was defined to strengthen ALMP and PES intervention capacity through an increase in the number of PES officers and their training with support of the European Social Fund (ESF).

In the framework of the EU Recommendation for the integration in the labour market of the long-term unemployed<sup>8</sup>, the Ministry of Labour in 2018 also defined a Strategy to reduce LTU<sup>9</sup>. According to it PES have to ensure that for each LTU an agreement is signed for the provision of personalised employment support, which may include the activation of external services to support self-employment, between the 13<sup>th</sup> and the 18<sup>th</sup> month of unemployment.

### **3.2 Measures to support the entrepreneurship of the unemployed**

In Italy those unemployed showing an attitude for self-employment should receive information and counselling services from PES officers with the support of specialised agencies. The services should include specialised training and tutoring services for the definition of a business plan, as well as advice on the available financial support. Recipients of the unemployment benefit willing to set up their own business may also obtain in one instalment the whole amount of their forthcoming unemployment benefit, instead of the usual monthly benefit. This allows the unemployed to have an initial capital to invest in their business activity.

Public programmes at national and regional level providing services for the unemployed in setting up their own business are numerous, but there is no overall strategy. Besides PES, other national agencies providing specialised support are *Ente Nazionale Microcredito*<sup>10</sup> (National Agency for Microcredit) and *Invitalia*<sup>11</sup> (the Italian Agency for business development, under the Ministry of Economy). At the local level, support is provided by regions and local authorities, chambers of commerce and other regional and local agencies (including training institutions) operating in this field.

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<sup>7</sup> The coordination of regions (*Conferenza delle regioni e delle provincie autonome*) is a political coordination body composed by the Presidents of regions and autonomous provinces.

<sup>8</sup> Council recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market.

<sup>9</sup> Ministero del lavoro e delle politiche sociali Decree n.4/2018

<sup>10</sup> <http://www.microcredito.gov.it/>

<sup>11</sup> <https://www.invitalia.it>



Among national programmes there are measures specifically targeted at young people and women that usually also provide preferential treatment (in terms of financial support) for those living in Southern regions where unemployment is particularly high.

For example, *Invitalia* provides financial support with free or subsidised micro loans to approved business plans prepared by the unemployed, with some measures targeted to young people, women and to those residing in Southern Italy. According to the *Invitalia* website<sup>12</sup> since 2008 until September 2019, *Invitalia* granted subsidies for EUR 9.2 billion to support business creation, with 112 633 new businesses supported and 258 174 jobs created.

*Ente Nazionale per il Microcredito* (National Agency for Microcredit)<sup>13</sup> is a public agency supporting access to credit and providing technical assistance and training to micro enterprises created by disadvantaged groups, including unemployed.

These two national agencies are involved in two important programmes promoted by the Ministry of Labour and ANPAL: *YES I start up* and *SELFIEmployment* (see Annex 2). These programmes are specifically addressed to NEETs registered in the Youth Guarantee scheme<sup>14</sup>.

*YES I start up*, launched in April 2018 and managed by the National Agency for Microcredit and its territorial branches<sup>15</sup>, provides personalised training and tutoring in the development of a business plan.

*SELFIEmployment*, launched in 2016 and managed by *Invitalia*, is a Fund providing financial support at zero-interest rate to NEETs' approved business plans. In 2014-2020, over EUR 103 million were dedicated for *SELFIEmployment* from YEI and ESF co-financed national and regional Operational Programmes. In the first three years of its operation (2016-2019), through *SELFIEmployment* 1 197 business plans received support, out of 3 606 applications, for the total amount of EUR 44.8 million<sup>16</sup> (over EUR 37 000 per loan).

These two measures are considered a good practice in the Italian context due to the personalised approach adopted in training and tutoring and the strong public-private partnerships created between ANPAL, the National Agency for Microcredit, *Invitalia*, PES, territorial chambers of commerce, social partners, regional and local authorities, and a large number (350) of training institutions. 1 200 trainers have been trained and supported with training materials and guidelines in order to ensure a homogeneous provision of support across Italy. To ensure outreach and participation of NEETs, 160 contact points of the territorial network of the National Agency for Microcredit were activated, besides PES and all the other partners of the programme.

This approach was developed following the suggestions emerging from the on-going evaluation conducted by ANPAL (ANPAL, 2018) on a previous implementation of the *SELFIEmployment* programme in the period between March 2016 to December 2017. The evaluation showed that most of the applicants were young men (59 %, as women were not specifically targeted), aged at least 27 (43 %), living in Southern Italy (82 %), with a higher secondary education (58.5 %), willing to start up activities in retail, accommodation sectors and catering services.

As in the Austrian Entrepreneurship Lab, the on-going evaluation was crucial to identify some shortcomings which have been addressed in the current edition of the programme. Among the main issues underlined by the evaluation were: the low take-up rate and the low number of applications approved (27 %). These problems were attributed to the

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<sup>12</sup> <https://www.invitalia.it/cosa-facciamo/creiamo-nuove-aziende>

<sup>13</sup> <http://www.microcredito.gov.it/ente/mission.html>

<sup>14</sup> <https://www.invitalia.it/cosa-facciamo/creiamo-nuove-aziende/autoimprenditorialita>

<http://www.garanzীগiovani.gov.it/ScopriComeFunziona/Sostegnoautoimprenditorialita/Pagine/default.aspx>

<sup>15</sup> The Information Points on Microcredit and Self-employment of the Ente Nazionale per il Microcredito.

<sup>16</sup> Data presented in the *Invitalia* website. Accessed on 26/09/2019.

weak outreach strategy adopted in the programme and to the difficulties of PES officers in promoting self-employment, as the programme operated among other Youth Guarantee measures which were easier to implement for NEETs.

The evaluation also underlined the procedural complexity and the long time needed to access and distribute the funding. NEETs reported difficulties in presenting their applications and in obtaining information on the results of the selection process.

Another issue was the outcome of the training. Although young people were positive about the usefulness of the training for improving their skills and business ideas, the drop-out rates were high and participation did not increase the probability of getting the funding. An additional critical aspect according to the evaluation was the use of the same criteria and procedures as for other programmes supporting entrepreneurship of adults and young people, while it was argued that a different approach was necessary when supporting NEETs.

The following recommendations were formulated on the basis of evaluation:

- Improve the communication strategy both with NEETs and among the programme stakeholders in order to increase NEETs' outreach and coordination among the programme partners;
- Simplify access to funding;
- Strengthen training and tutoring actions, harmonize the training content, methodology and link it to application for funding;
- Speed up the processing of applications.

Following these suggestions, the programme was revised in 2018. Currently ANPAL is considering extending this approach to unemployed adults and women.

A large number of initiatives to support self-employment and business start-ups among the unemployed are also implemented by each Italian region. Usually regions provide financial support, training and tutoring services, as well as microcredit, with co-financing from the ERDF and ESF. The main issue is the heterogeneity of regional interventions, the lack of coordination across regions and the risk of overlapping and crowding out national measures.

*Nidi* (Nests)<sup>17</sup> in the Apulia region is an example of regional measure providing financial contribution and interest rate rebates on loans to support the self-employment and business start-up of individuals with difficulties in accessing the labour market, e.g. young people (aged 18-35), women, the unemployed and those at risk of unemployment, precarious workers (ANPAL, 2019).

In Tuscany, the programme *Fare Impresa* (Doing Business)<sup>18</sup> targets young and women entrepreneurs by offering public guarantee and interest rate rebates for approved business plans. Evaluation showed that this programme improves company survival rates and creates additional jobs (Mariani and Storchi, 2017).

There are also measures implemented by the social partners. The project *Energie Esperte*<sup>19</sup> (Expert Energies) was implemented in 2014-2015 by Confindustria (employers' association), the Associations of Managers and the LUISS University. It supported upskilling and employability of unemployed managers, who took part in targeted training improving their employability. In addition, unemployed senior managers provided mentoring to young start-uppers involved in the university's incubator, according to an inter-generational approach.

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<sup>17</sup> <http://www.nidi.regione.puglia.it/>

<sup>18</sup> <https://giovanisi.it/opportunity/fare-impresa/>

<sup>19</sup> [http://luisenlabs.com/wp-content/uploads/2013/07/Comunicato%20Stampa\\_Energie%20Esperte.pdf](http://luisenlabs.com/wp-content/uploads/2013/07/Comunicato%20Stampa_Energie%20Esperte.pdf)

#### **4 Assessment of success factors and transferability**

Measures to support self-employment and business creation of the unemployed, and especially long-term unemployed, are very difficult to implement and often their results are not sufficient to cover their costs. This is because the unemployed, and especially long-term unemployed and NEETs, often do not have the skills and motivation to successfully set up their own business, besides facing high barriers in access to credit and red tape.

The Austrian Entrepreneurship Lab is very interesting in this respect for a number of reasons which represent its success factors:

- The strong reliance on co-working (also in terms of space), internal and external networking, and use of digital tools and social platforms;
- The capacity to involve and motivate long-term middle aged unemployed in a successful way;
- The public-private partnership involving PES, private companies, and skilled trainers able to adapt their training to the specific needs of their pupils;
- The attention to the participants' social capital, empowerment and resilience;
- The training contents and testing in the "real" world;
- The experimental approach and the use of monitoring and on-going evaluation tools to assess the pilot and eventually revise it in order to design a feasible methodology for its potential general implementation.

These aspects are very important for the success of entrepreneurship measures, and provide interesting learning inputs for Italy, facilitating transferability. The Italian *SELFIEmployment* and *Yes I Start up* measures follow a similar approach for NEETs, with similar problems in interactions with PES. The Austrian experience provides important suggestions for these national programmes and others at regional level, especially regarding training, which in Italy is still largely class-based. Of particular interest is the focus on innovative forms of training through co-working, use of new technologies, contacts with companies, and the attention to social capital and resilience.

There are however some issues still to be addressed:

- The costs of these measures and their sustainability;
- The provision financial support targeted to the unemployed;
- The need of tutoring at least during the first two years of the new activity to avoid business failures which are very common in the first two years of new businesses. Business failure, besides financial problems, is likely to increase demotivation and detachment from the labour market;
- The difficult relation with PES officers;
- The lack of information on the number and type of businesses created and their success rate.

#### **5 Questions**

- Is there any information on the follow up in the two group of unemployed involved in the Lab? How many businesses were created, in which sectors? What are the success rates in the first two years of the activity? What are the main factors of success/failure?
- Are there tutoring programmes for newly created business by the unemployed?

- Do the financial costs indicated (EUR 50 000) cover only training costs or also other costs (use of co-working space, visits, etc.)? Is it overall or per-capita? How sustainable is the adoption of this approach for all the unemployed willing to set up a business?
- Was the training accompanied by a targeted programme providing access to credit with favourable conditions for the Lab's participants?
- How can the difficult relation with PES officers be addressed?
- Is the measure likely to be adopted in ordinary policy making? Why yes/no?

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## Annex 1 Summary table

The main points covered by the paper are summarised below.

### Situation in the peer country

- High and persistent unemployment.
- Unemployment concentrated among young people (Italy is the EU country with highest incidence of NEET among the 20-34 years old), women, people living in Southern Italy.
- High share of self-employed and entrepreneurs compared to EU average. Large share of self-employed out of necessity, especially among young people.
- Main barriers to self-employment/entrepreneurship are: the difficult access to credit, the complexity and costs of starting and running a business due to red tape, the lack of opportunities, the lack of entrepreneurial skills and the fear of failure.

### Assessment of the policy measure

- PES have to provide advice and information on available opportunities for self-employment, with support from national and local public and private agencies.
- There are many national and regional (overlapping) programmes to support self-employment and business creation through training and tutoring services and financial support (including microcredit). Most measures are co-financed by ESF, YEI, and the ERDF.
- Besides PES, other national agencies provide specialised support. At the regional/local level support is provided by regions and local authorities, chambers of commerce and other regional and local agencies (including training institutions) operating in this field. The main weaknesses of the Italian system is the heterogeneity and lack of coordination of regional interventions with the risk of overlapping and crowding out of national measures, as well as difficult access to credit and red tape.
- Most national measures are targeted to young people in Southern Italy. There are specific measures for NEETs in the framework of the Youth Guarantee combining entrepreneurship class-based training and tutoring with financial support.

### Assessment of success factors and transferability

- The Austrian practice provides important learning inputs for Italian national and regional programmes, especially for the use of innovative forms of training through co-working, use of new technologies, contacts with companies, and the attention to social capital and resilience.
- The success factors that could be considered transferable for Italy are: the strong reliance on co-working (also in terms of space), internal and external networking, and use of digital tools and social platforms; the capacity to involve and motivate long-term middle aged unemployed in a successful way; the public-private partnership involving PES, private companies, and skilled trainers able to adapt their training to the specific needs of their pupils; the attention to the participants' social capital, empowerment and resilience; the training contents and testing in the "real" world; the experimental approach and the use of monitoring and on-going evaluation tools to assess the pilot and eventually revise it in order to design a feasible methodology for its potential general implementation.

- Conversely, the Italian experience targeted to NEETs could be of interest for Austria for its linking entrepreneurship training with financial support.

### **Questions**

- Is there any follow up information available? How many businesses were created, in which sectors? What are the success rates in the first two years of activity? What are the main factors of success/failure?
- Are there tutoring programmes for newly created business by the unemployed?
- Do the financial costs indicated (EUR 50 000) cover only training costs or also other costs (use of co-working space, visits, etc.?) and is it overall or per-capita? How sustainable is the adoption of this approach for all the unemployed willing to set up a business?
- Was the training accompanied by financial support for business start-up?
- How can the difficult relation with PES officers be addressed?
- Is the measure likely to be adopted in ordinary policy making? Why yes/no?

## Annex 2 Example of relevant practice

Name of the practice:	Yes I Start Up and SELFIEmployment
Year of implementation:	2018-2020 (24 months)
Coordinating authority:	ANPAL promoted these measures within the framework of action 7.1 and 7.2 of the National Youth Employment Initiative.  Management bodies are: <ul style="list-style-type: none"> <li>• ENM – <i>Ente Nazionale per il Microcredito</i> (National Agency for Microfinance) for the Yes I Start Up measure</li> <li>• <i>Invitalia</i> for the SELFIEmployment measure</li> </ul>
Objectives:	The two measures are strictly linked and are aimed at promoting self-employment and entrepreneurship among NEETs between 18 and 29 years old willing to develop a business idea.
Main activities:	<p>Yes I Start Up started in April 2018. It provides specialised training for the development of a business plan to apply for financial support with the SELFIEmployment measure.</p> <p>The YES I Start up training courses include 60 hours of theoretical training and 20 hours of tutoring for the definition of a business plan according to the criteria defined by Invitalia for access to financial support.</p> <p>The courses are widespread across all the Italian regions and involve 350 implementing and training bodies, 800 classrooms, and 1 200 trainers who have been selected on the basis of specific quality criteria. The trainers have been trained (through meetings and webinars and the provision of teaching material by ENM) in order to ensure a high quality and homogenous training across Italy.</p> <p>Each course cannot have more than 12 trainees. A monitoring platform has also been set up to ensure the quality of training provided and ENM provides assistance to the training activities.</p> <p>The business plan is then used to apply for financial support through the SELFIEmployment measure managed by Invitalia. This measure was launched on January 2016 and revised in 2018 after the interim evaluation. Now NEETs having attended the YES I Start up courses or other entrepreneurship training courses at regional level have a preferential treatment in their application to Invitalia.</p> <p>With the SELFIEmployment programme Invitalia provides financial credit to business projects between EUR 5 000 and EUR 50 000, at a zero-interest rate and without collaterals. Assistance in the preparation of applications is provided by the National agency for microcredit through its territorial offices.</p> <p>The business plans selected for financial support are tutored by Invitalia during their implementation. Funding for</p>



	<p>SELFIEmployment are borne by two National Operative Programmes (PON IOG and PON SPAO) and the contributions of 11 regions which devolved a part of their Youth Guarantee funds to the Invitalia Fund. Overall, by 30 June 2019, the financial endowment of the Fund was EUR 103 294 105.32<sup>20</sup>.</p> <p>Interested NEETs are recruited by training bodies after specific information campaigns carried out all over Italy through the 160 National Microcredit Agency's contact points, the chambers of commerce, PES and all the other partners involved in the programme. Young NEETs have to apply for the measure by registering in the Youth Guarantee scheme. The only criteria for participation is being a NEET.</p>
<p>Results so far:</p>	<p>Yes I Start Up was expected to involve 1 600 NEETs (indicatively 100 courses per year, each with 8 trainees). In the first year of implementation the measure activated 225 courses for 1 118 NEETs. Of these 170 courses were concluded with around 800 trainees.</p> <p>SELFIEmployment between March 2016 and June 2019 received 3 458 applications for the total amount of EUR 116 million. Of these 2 835 were applications from Southern regions. The accepted applications were 1 126 (35 % of the assessed applications) and the final beneficiaries were 971 who created jobs for 1 900 employees<sup>21</sup>.</p> <p>The strength of the measures is the public-private partnership created, which involves training institutions, companies, associations, chambers of commerce and professionals. Also, the large number of NEETs involved is a strong point of the measures, however the drop-out rate is high.</p> <p>ANPAL is considering an extension of the approach for women and the long-term unemployed.</p>

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<sup>20</sup> Invitalia, SELFIEmployment – Rapporto di avanzamento trimestrale, II Trimestre 2019.

<sup>21</sup> Invitalia. 2019. SELFIEmployment. Rapporto di avanzamento trimestrale- II trimestre 2019.



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