



Youth Entrepreneurship Policy Post COVID-19

LESSONS FOR PORTUGAL



Foreword

The COVID-19 pandemic has increased the relevance of inclusive entrepreneurship policies as unemployment and inactivity have increased rapidly in all places. Youth have been particularly hard hit. The monthly youth unemployment rate in Portugal increased from 17.0% in June 2019 to 26.4% in August 2020, relative to an increase in overall unemployment from 14.5% to 18.1%. Inactivity among youth has increased to an even greater extent. Long spells of unemployment can have serious long-term effects for individuals, such as reduced earnings and social exclusion. It is estimated that one year of unemployment during youth can reduce annual earnings at age 42 by up to 21% and that an extra three months of unemployment prior to the age of 23 results in an extra two months of unemployment, on average, between the ages of 28 and 33. Prolonged unemployment magnifies these problems and increases the chances that a person's children will experience employment challenges. In addition to these pronounced individual costs, the unemployed represent a significant stock of unused economic resources that lowers output and the potential for economic growth.

In the COVID-19 crisis and recovery phases, policy makers need to increase efforts to minimise the long-term effects of youth unemployment. While youth entrepreneurship is unlikely to be a panacea for solving the youth unemployment problem, it can be an advantageous part of the response. Youth entrepreneurship policies have been used successfully to address the high youth unemployment in the wake of the financial crisis as part of broader suite of labour market integration initiatives.

While supporting youth entrepreneurship has been a priority for Portugal for years, and the country enjoys fairly strong conditions for entrepreneurship, there is scope to strengthen the suite of support and further reduce barriers to ensure youth entrepreneurs with viable business ideas have the conditions to succeed. This report explore concrete options for improving support for youth entrepreneurship in Portugal, considering both objectives to curb youth unemployment and goals to leverage the potential of young graduates for innovative business creation. The report summarises the findings of a project on supporting youth entrepreneurship policy in a post-COVID economy in Portugal organised by the OECD in collaboration with the Portuguese Institute of Employment and Training (*Instituto do Emprego e da Formação Profissional*, IEFP). As part of this project, an action planning workshop gathered relevant Portuguese stakeholders to identify policy priorities for strengthening youth entrepreneurship support in Portugal. The workshop built on the results of a consultation using the Better Entrepreneurship Policy Tool (a toolkit developed by the OECD and European Commission) and insight from international good practices. This project was developed in the context of a wider programme of work by the OECD and the European Commission that studies how public policies and programmes can support inclusive entrepreneurship. More information can be found at www.oecd.org/cfe/smes/inclusive-entrepreneurship/.

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Executive summary

Building on the results of the collective use of the Better Entrepreneurship Policy Tool (BEPT) and insight from local stakeholders and international good practices, the report provides a brief overview of the strengths and weaknesses of youth entrepreneurship policies and programmes in Portugal and proposes concrete recommendations to improve them in the context of the COVID-19 pandemic and recovery.

Stakeholders identify a number of bottlenecks hindering youth entrepreneurship in Portugal, despite relatively supportive framework conditions for entrepreneurs, and a range of tailored measures. Overall, stakeholders scored the policy environment relatively low compared to descriptions of best practices, but perceptions varied across actors (national and local public administration, business support organisations, etc.) and policy area.

Youth entrepreneurship is an explicit priority in the strategic framework, but stakeholders identified bottlenecks in implementation, notably a need for stronger co-ordination mechanisms and more explicit resource allocation.

In terms of direct support for youth entrepreneurs, stakeholders identified a number of gaps, particularly regarding access to finance, networks, and to a lesser extent, skills support. Entrepreneurial networks are under developed and insular, and access to finance could be strengthened, particularly non-growth financial instruments. Stakeholders found skills support to be more developed, with various options available (training, business development services, coaching and mentoring), but the scale seemed insufficient to meet demand, particularly for one-on-one support. More tailoring to different profiles of youth is also needed.

In terms of framework conditions for youth entrepreneurship, stakeholders identified a limited entrepreneurial culture as an important barrier and stressed the need to foster an entrepreneurial spirit among youth, as well as to promote positive perceptions of youth entrepreneurship in society. While the regulatory environment was not seen as the main bottleneck for young entrepreneurs, stakeholders highlighted that it could be improved by measuring its impact on youth, as some disincentives exist that may disproportionately affect young starters.

Stakeholders also identify transversal needs, in particular for monitoring, programme promotion, tailoring to diverse youth and co-ordination across support providers.

The report identifies seven recommendations to strengthen support for youth business creation in the wake of the COVID-19 pandemic:

1. **Creating a dedicated co-ordination mechanism for agencies and organisations involved in delivering youth entrepreneurship support.** This would ease collaboration between providers and improve sign-posting of the wide but complex support offer, ultimately facilitating access to support for aspiring entrepreneurs.
2. **Developing an independent body to help youth access bank finance.** This would improve banks' capacities to finance youth entrepreneurs, and help increase youth entrepreneurs financial readiness.

3. **Increasing monitoring and medium/long-term follow-up of entrepreneurship support recipients.** This would help foster support at different points in the entrepreneurial life-cycle through better understanding of start-up needs and help strengthen programme design over time.
4. **Developing networking opportunities for young entrepreneurs.** Networks help entrepreneurs develop stronger businesses through identification of potential partners, clients and funding sources. They could also be leveraged to promote role models, as the promotion of a culture of entrepreneurship is identified as a priority by all stakeholders.
5. **Reinforcing financial support options to reduce barriers to entry for NEET young entrepreneurs.** The risk of debt is a strong deterrent for youth in Portugal, compounding fear of failure.
6. **Using tailoring and a funnel approach to make support programmes more responsive to the needs of diverse profiles of NEET youth entrepreneurs.** This would help address the ongoing challenge of the wide diversity of needs among young entrepreneurs in Portugal while promoting a more efficient use of resources.
7. **Fostering a positive entrepreneurial culture among youth and facilitating second chance entrepreneurship.** This would help reduce psychological barriers to entrepreneurship and contribute to the development of soft skills for entrepreneurship among youth as fear of failure and a lack of entrepreneurial culture are cited as common obstacles to entrepreneurship among youth in Portugal.

The report presents two international case studies illustrating good practices in design and implementation that are relevant to Portugal's current priorities: InnoFounder Graduate (Denmark) which aims to reduce the risk of starting a business for higher education graduates, and Yes I Start Up (Italy) an entrepreneurial skills programme working in tandem with a funding programme to facilitate follow-up support for NEET entrepreneurs.

1 What are the strengths and weaknesses of the current suite of support for youth entrepreneurship in Portugal?

Introduction

This section builds on an online stakeholder consultation carried out in Portugal using the Better Entrepreneurship Policy Tool (BEPT), a policy action-planning workshop and desk research. The consultation asked stakeholders to rate the current Portuguese environment for youth entrepreneurship against current best practices in six key policy areas (Table 1.1). The questionnaire is not a benchmark, rather, it offers a snapshot of the perception of various stakeholders on the different dimensions of the policy environment. 15 stakeholders responded to the online consultation, among which 8 were representatives from national public administration bodies, 2 from regional or local public administration organisations, 3 from civil society organisations and 2 from business support organisations. A policy action planning workshop was held to discuss the consultation results with stakeholders and reflect on strengths, needs and ideas to address them. More information on the project methodology and the Better Entrepreneurship Policy Tool can be found in Annex A and Annex B.

Table 1.1. Policy areas considered in the BEPT consultation on current youth entrepreneurship policies in Portugal

Policy area	Description
Culture	Fostering an inclusive entrepreneurial culture
Strategies	Strengthening the design and delivery of youth entrepreneurship support
Regulations	Building a supportive regulatory environment for young entrepreneurs
Skills	Building entrepreneurship skills and capacities for youth entrepreneurship
Finance	Facilitating access to business finance for young entrepreneurs
Networks	Expanding networks for young entrepreneurs

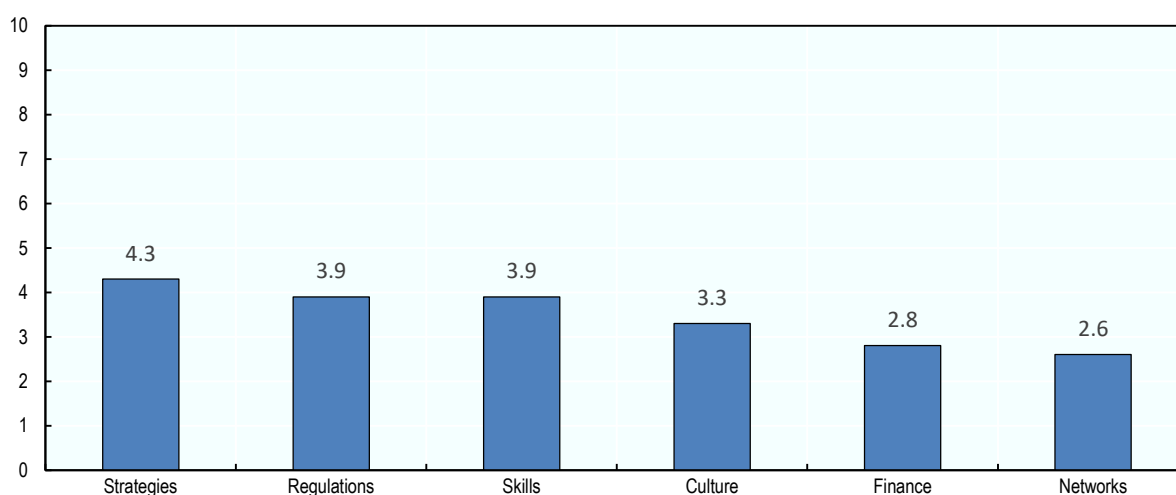
Note: each policy area includes a series of questions. The full questionnaire is presented in Annex B.
Source: Better Entrepreneurship Policy Tool (2021)

Portuguese stakeholders scored the policy environment for youth entrepreneurship relatively low but perceptions varied across groups

Portugal offers strong overall conditions for entrepreneurship, ranking in the top 5 EU Member States for SME lending, entrepreneurship skills and the number of people with entrepreneurial aspirations in 2020. Promoting entrepreneurship has been a policy priority in recent years, notably through the StartUp Portugal strategies, and measures supporting youth entrepreneurship through the Youth Guarantee. Portuguese youth – and people in general – are also fairly entrepreneurial: they were significantly more likely than the EU average to be in the process of starting a business in 2016-20 (OECD/European Commission, 2021^[1]). However, there is a need for strengthened inclusive entrepreneurship policies, particularly in the context of the COVID-19 pandemic and recovery. Results from the use of the Better Entrepreneurship Policy Tool and discussion with stakeholders suggest there is room for improvement in all dimensions of the policy support for youth entrepreneurship in Portugal. The average score was under 5/10 for all sections of the BEPT consultation (Figure 1.1).

Figure 1.1. Average scores were low for all pillars

Average score out of 10 on the six policy areas covered by the Better Entrepreneurship Policy Tool

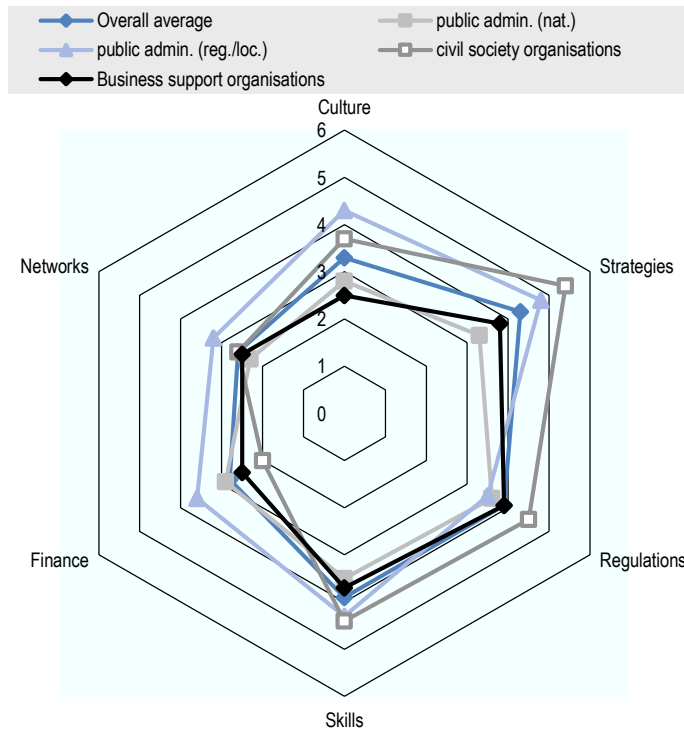


Note: the score for each policy area is an average of all recorded answers to a series of questions under this section of the questionnaire. The consultation was filled out by 15 respondents. The full questionnaire and its results are presented in Annex B.

However, perceptions varied across stakeholders (Figure 1.2). National policymakers reported the lowest average scores while local policymakers had the most positive perception of the policy environment. While the ranking of policy areas varied, most stakeholders agreed on which were the three strongest policy areas for youth entrepreneurship (Regulations, Skills, Strategies) and which were the least developed forms of support (Culture, Finance, Networks). The exception was local policymakers: their perceptions of entrepreneurial culture policies was above average but they were less positive than others about the regulatory environment. Looking at specific themes, the spread between the highest and lowest score among different stakeholders was largest for Strategies and Culture and lowest for Networks and Skills. Networks was ranked the lowest by all groups except civil society organisations.

Figure 1.2. Scores varied across stakeholder categories

Average score attributed to each policy area, out of 10



Note: the score for each policy area is an average of the scores of the questions in that module. The full questionnaire is provided in annex B.

A strategic framework is in place but there are bottlenecks in implementation

Out of the six policy areas considered, participants ranked “Strengthening the design and delivery of youth entrepreneurship support” (Strategies) the highest, but this score was still low (4.3/10). Participants consider that strategic objectives and targets for youth entrepreneurship are relatively well-defined (6.1/10, the only question with a score above 5/10). Indeed, objectives related to youth entrepreneurship are included in the StartUp Portugal Strategy (with two dedicated measures¹), and the National Plan for the Implementation Youth Guarantee (three targeted initiatives²) (OECD, 2020^[1]). However, participants identify bottlenecks for implementation. Answers outline insufficient outreach methods for different profiles of youth (3.3/10), and a need for more explicit allocation of financial resources to strategic objectives (3.6/10) and more effective co-ordination mechanisms (3.7/10).

¹ *StartUp Voucher*, which targets university graduates and the *Momentum Programme* which targets new graduates who benefited from social action grants.

² *Investe Jovem*, which financially supports unemployed young entrepreneurs (aged 18 to 29 years old), *Empreende Já* which supports entrepreneurship by NEET youth (aged 18 to 29 years old) and *CoopJovem* which supports co-operative entrepreneurship by NEET youth (aged 18 to 29 years old).

Stakeholders identify access to finance and entrepreneurial networks as priority areas for youth entrepreneurship policy

Participants ranked “Expanding networks for young entrepreneurs” and “Fostering access to finance for young entrepreneurs” the lowest of the six policy areas considered (2.6/10 and 2.8/10 respectively). Animation was identified as a major bottleneck for youth entrepreneurship networks (2.3/10). Networks were deemed underdeveloped, with a limited ability to connect young entrepreneurs to other entrepreneurs, business networks, and entrepreneurship support organisations (2.9/10) as well as insufficient online networking offering (2.8/10). This is consistent with the findings of the biennial OECD country note on inclusive entrepreneurship Policy in Portugal which identified no dedicated major networking initiative targeted to youth entrepreneurs in Portugal programmes (OECD, 2020_[1]).

Stakeholders also identify a strong need for more start-up and business development finance (the current suite is rated 2.9/10), particularly for non-high-growth firms. They also note that needs assessments are seldom used to identify gaps in the availability and accessibility of financial support for youth entrepreneurs (2.4/10) which may explain the low score in that area despite the existence of some tailored financial support programmes (OECD, 2020_[1]). During the policy workshop, participants also highlighted obstacles in access to bank finance for youth entrepreneurs, particularly for those not engaged in employment, education and training (NEETs). The obstacle affects both the offer and demand for credit. Banking institutions feel ill-equipped to assess the entrepreneurial value of projects, limiting their ability to offer grant to young entrepreneurs with no or limited track record, or entering sectors that are risky (technology) or crowded (e.g. retail, restaurants). Conversely, many young entrepreneurs are reluctant to take on loans for fear of becoming over indebted in case of business failure. This further limits their funding options and their ability to develop their project.

Further efforts are needed to promote an entrepreneurial spirit among youth

Participants to the policy webinar identified a lack of entrepreneurial attitudes as an important obstacle to youth entrepreneurship in Portugal. They highlighted that fear of failure was prevalent among youth and likely affected their decisions to engage or not in entrepreneurship. This is consistent with existing data on the subject: Portuguese youth report a fear of failure prevents them for starting a business more often than the EU average (GEM, 2020_[2]). While some initiatives are already in place, more could be done to increase awareness of the potential of entrepreneurial careers for youth, including in the initial education and vocational education system (OECD, 2020_[1]). The results of the BEPT consultation reflect this sentiment. Respondents gave a low rating to “Fostering an entrepreneurial culture among youth” (3.3/10). They consider that formal education does not sufficiently build positive attitudes among students towards entrepreneurship (3/10). They also believe there is room to further promote youth entrepreneurship in society in general (3.7/10) but also directly to different profiles of youth (3.5/10) and to key role models (3.2/10). In addition to positive promotion of entrepreneurship, stakeholders at the policy webinar saw a need for policy intervention on attitudes to business failure. Facilitating “second chance entrepreneurship” (i.e. entrepreneurship after exiting an unsuccessful business) and promoting positive attitudes towards it would help shift perspectives towards recognizing the value of learning from failure.

Skills support is available but there is demand for more mentoring and more tailoring to different profiles of youth

Several initiatives in Portugal offer tailored entrepreneurship training to youth. Entrepreneurship skills development support is notably offered through Youth Guarantee initiatives as well as through a variety of non-governmental organisations (OECD, 2020_[1]). BEPT respondents identified a need to strengthen the

offer of skills support for youth entrepreneurs, but perceptions varied by type of support. The offer of entrepreneurship training and business development services (both 4.4/10) was ranked higher than the offer for coaching and mentoring (3.7/10). Participants felt that needs assessments were used more in relation to skills development programmes than any other area of support (4.3/10 vs. 2.4/10 for finance programmes and 2.9/10 for networking initiatives), and that channels used for delivery were relatively appropriate (4.4/10). However, they still noted a need for more tailoring to different profiles of youth (3.6/10). While some programmes are in place targeting NEET youth and higher education graduates, policy webinar participants pointed out the diversity of youth within these broad categories in terms of skills and ambition.

The regulatory environment could be improved by measuring its impact on youth

Portugal has been simplifying and digitising its regulations and procedures through the StartUp SIMPLEX programme. Recent changes such as the introduction of a one-stop-shop for regulatory procedures and simplified licensing have benefitted all entrepreneurs. However, there is no specific regulatory measure targeted at youth's needs (OECD, 2020^[1]). BEPT respondents identified room for improvements in this area. The average rating for "Building a supportive regulatory environment for young entrepreneurs" (regulations) was 3.9/10. Stakeholders perceive some regulatory barriers to youth entrepreneurship and note the impact of regulation on youth entrepreneurs is not evaluated (2.7/10). During the policy workshop, some stakeholders also pointed out that regulations related to business failure may also have a disproportionate deterrent effect on youth.

Stakeholders identify transversal needs, in particular for monitoring, programme promotion, tailoring to diverse youth and co-ordination across support providers

The BEPT consultation and policy webinar discussions highlighted transversal needs across policy areas.

First, the use of monitoring and evaluation is limited. Monitoring and evaluation is scored low across all policy areas, ranging from 1.7/10 for the assessment of finance policies and programmes to 3.9/10 for the monitoring and evaluation of strategic objectives (Figure 1.3). Stakeholders also highlight the lack of long-term information on entrepreneurs after they graduate from a programme, as most initiatives only collect information during the provision of the support or at programme exit.

Second, stakeholders felt a need for further tailoring of youth entrepreneurship programmes. They rated the current state of tailoring to different profiles of youth relatively low (from 2.8/10 for financing schemes, to 4.2/10 regarding access to regulatory information) (Figure 1.4). While some programmes target higher education graduates or NEET youth specifically, stakeholders found this insufficient. They highlighted that different profiles of NEET youth in particular need different support to start a business. Some need in-depth support with soft skills while others require support in access to finance to succeed. Stakeholders felt that the current design of entrepreneurship support programmes for youth was not designed to easily accommodate these differences.

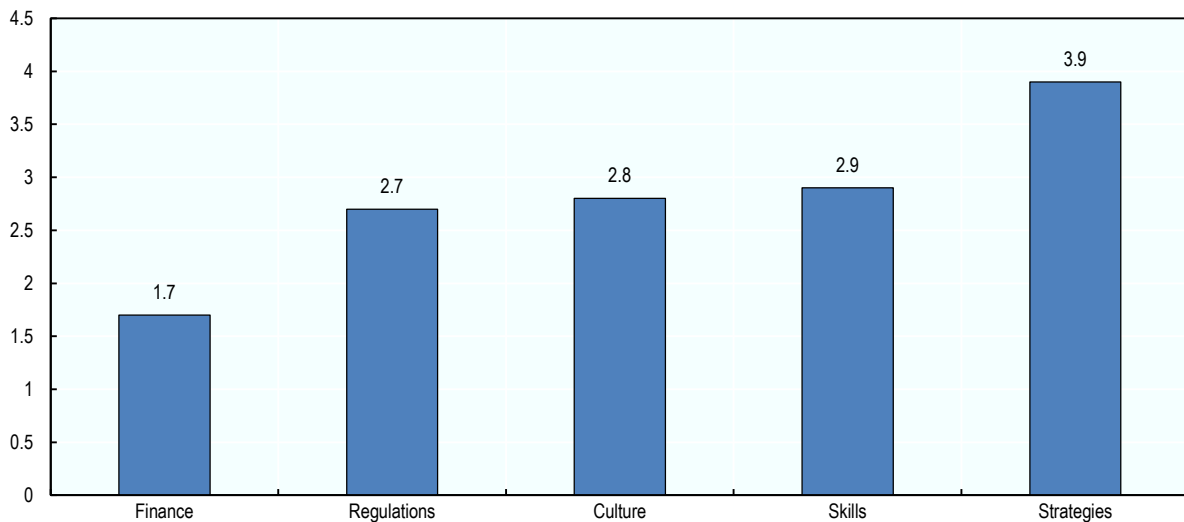
Third, awareness of existing support programmes is limited among youth, and even among support providers themselves. This is partly due to the multiple governmental agencies and non-governmental actors involved in delivering support to youth entrepreneurs at national and regional level.

Finally, stakeholders identify a need for coordination among agencies and other organisation providing support to young entrepreneurs. Coordination would help give better visibility to different programmes and facilitate co-operation among programmes to promote complementarity and reduce overlap. Stakeholders also underlined the importance for young entrepreneurs to access support at

different points of their entrepreneurial journey. Co-ordination among support providers and clearer sign-posting would facilitate access to follow up support for young entrepreneurs.

Figure 1.3. Youth entrepreneurship measures are seldom monitored and evaluated

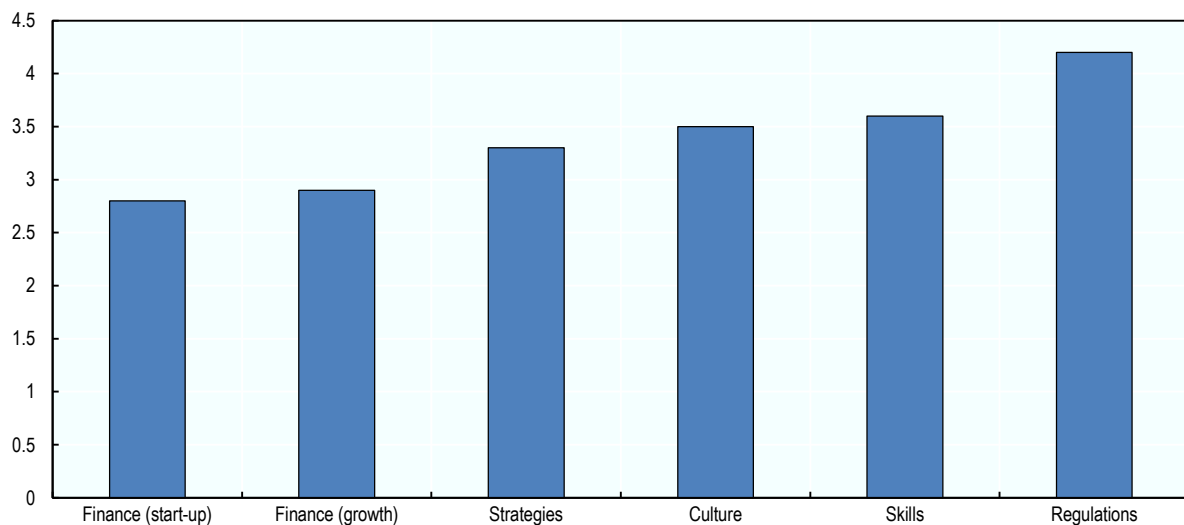
Average score out of 10 on the statement “Monitoring and evaluation are used to measure the impact, effectiveness and efficiency of [policy area]”



Note: the statements were: “Monitoring and evaluation are used to measure the impact, effectiveness and efficiency of business financing schemes for different profiles of youth.”, “Monitoring and evaluation are used to assess problems in the regulatory environment for youth entrepreneurship.”, “Monitoring and evaluation are used to assess the impact of youth entrepreneurship promotion activities.”, “Monitoring and evaluation are used to measure the impact, effectiveness and efficiency of dedicated youth entrepreneurship training, coaching and mentoring, and business development services.”, “Monitoring and evaluation are used to measure progress against the strategic objectives and targets for youth entrepreneurship.”

Figure 1.4. Entrepreneurship support could be further tailored to different profiles of youth

Average score out of 10 on whether the current suite of support is tailored to different profiles of youth



Note: the statements were: “The current suite of business development and growth financing offers is appropriate for various profiles of youth.

The current suite of business start-up financing offers is appropriate for various profiles of youth”; “Outreach methods are tailored to different profiles of youth to inform them about the range of available entrepreneurship support offers”, “Entrepreneurship is promoted to different profiles of youth”, “Entrepreneurship skills development initiatives are tailored for different profiles of youth”, “Tailored information on business creation is available and accessible for different profiles of potential youth entrepreneurs.”

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2 What could Portugal do to improve its suite of support for youth entrepreneurs?

Introduction

Portugal has demonstrated policy commitment to supporting youth entrepreneurship by setting strategic objectives and developing a dedicated policies and programmes. Several actions can be taken to reinforce the current suite of support to youth entrepreneurs. This section presents selected policy recommendations, drawing on the results of a stakeholder consultation, international good practice evidence and contributions made by stakeholders at the policy action planning webinar.

Recommendation 1: Create a dedicated co-ordination mechanism for agencies and organisations involved in delivering youth entrepreneurship support

Why would this be beneficial?

Evidence suggests that developing inclusive entrepreneurship support in a co-ordinated manner, for example under a strategy, helps reduce gaps and duplication (OECD/European Union, 2016^[2]). Consulted Portuguese stakeholders highlighted a need for further co-ordination among ecosystem actors for three main reasons. First, the multiplicity of support providers and poor connections between different types of support (e.g. skills and access to finance) makes it hard for youth entrepreneurs to identify and access relevant help. Second, the complexity of the support landscape makes it difficult for ecosystem actors to understand what services others are providing, preventing them from sign-posting their participants to complementary support or adapting their offer to facilitate synergies. Finally, many providers do not have the capacity to adequately promote their support offering. Joint action in communication through a common network would help clarify the offer but also increase visibility for support programmes.

How could this be done?

Representatives of agencies and programmes responsible for delivering entrepreneurship support to youth could come together in a network. The network would promote exchange of information among agencies and support providers, allow for a systematic catalogue of existing programmes for different profiles of youth at different stages of business creation and facilitate co-operation. The network should have a designated coordinator and receive funding for its activities. The network could be developed under the umbrella of an existing strategic documents (e.g. StartUp Portugal or Youth Guarantee national Plan) or as a standalone initiative. The network's activities should include a coordinated approach to awareness raising about support options, as well as sign-posting between complementary programmes to facilitate

access to follow-up support for entrepreneurs. The Yes I Start Up (YISU) programme (Italy) is an example of cross-programme co-ordination beyond sign-posting (Box 2.1).

Box 2.1. YISU (Italy), an entrepreneurship skills programme for NEETs uses several mechanisms to co-ordinate with a funding programme for NEET entrepreneurs

The Yes I Start Up programme encourages its participants to seek financial support from a zero interest loan programme, the SELFIEmployment fund (SELFIE) and prepares them for this next step in three ways. First, YISU helps participants prepare a business plan whose format and content is optimised to meet the SELFIE application criteria. Second YISU regularly invites representatives from the loan programme to present the funding mechanism to YISU participants and support the application preparation process. Third, the loan programme assesses application using a point system, and YISU graduates receive extra points for completing the certification. Finally, there is regular interaction between programmes (at management and operational level) to ensure complementarity. For more information, see Yes I Start Up (Italy) – connecting a skills and a funding programme to facilitate follow-up support for NEET entrepreneurs.

Recommendation 2: Develop an independent body to help youth access bank finance

Why would this be beneficial?

Stakeholders reported that banks are not equipped to accurately assess the value of entrepreneurship projects presented by youth entrepreneurs, either because these entrepreneurs are operating in fast-changing markets (digital entrepreneurship) or because they pursue relatively crowded markets and/or have limited guarantees. This reduces the ability of banks to support youth entrepreneurs. Conversely, young entrepreneurs may lack the know-how to properly present their projects to bank or may refrain from seeking bank finance. An intermediary organisation could help bridge these gaps.

How could this be done?

An independent body could be created to act as a certification agency evaluating the quality of business plans prepared by youth entrepreneurs. This certification system could be linked to skills development programmes that help early stage NEET and graduate youth entrepreneurs. This activity could also be done by the organisations in charge of providing public guarantees for youth entrepreneurs under the Youth Guarantee. An example of a certification process used to support entrepreneurship is the INVEST programme (Germany). The programme offers grants to investors funding innovative start-ups. To reduce barriers to investments for inexperienced investors, the programme has a certification process for entrepreneurs and lists eligible start-ups in a database (OECD, 2020^[4]). The process could inspire a similar approach for youth entrepreneurs seeking loans instead of risk capital.

Recommendation 3: Increase monitoring and medium/long-term follow-up of entrepreneurship support recipients

Why would this be beneficial?

Evidence shows that monitoring and evaluation contribute to programme effectiveness when they are built in from the start and appropriate mechanisms are in place to respond to monitoring and evaluation results. However, appropriate resources should be allocated to this activity and reporting should be designed to minimize burden on programme managers and operators (OECD, 2020^[3]). While most programmes collect basic information on attendance, few programmes conduct in-depth monitoring and evaluations. Programmes also seldom monitor participants' activities in the medium or long term after graduating, and those who do focus only on survival rates. Collecting more information on the impact of support, on what youth entrepreneurship support graduates go on to do (types of business created, employment status), and on what needs arise later in their entrepreneurial journeys would help improve on programmes design (e.g. selection process, type of support offered). It would also allow programme managers to better redirect participants to programmes they are likely to need in the future, promoting continuity of support.

How could this be done?

Programmes should systematise monitoring and evaluation practices and consider conducting exit surveys of participants as well as an additional survey one year after programme completion. Programmes should also set clear mechanisms for using the results of the monitoring to adapt the design of the programme if needed. This implies allowing for flexibility to change some programme parameters over time. The extent and nature of monitoring and evaluation activity should be adapted to the size of the project and the capacity of its operators. For programmes relying on multiple local providers, this could take the form of involving these partners in collecting information through standardised processes and inviting them to share insight on their experience to inform programme design (Box 2.2).

The co-ordination network discussed above could play a role in centralising some monitoring activities. For example, it could be a place to exchange good practices and share lessons from monitoring and evaluation results. Some more demanding activities (e.g. long-term follow-up survey) could also be done jointly by several operators through the network.

Box 2.2. YISU (Italy) and InnoFounder Graduate (Denmark) have mechanisms in place to adapt their programmes based on monitoring evidence

The InnoFounder Graduate programme collects information on participants, feedback from graduates, and input from programme operators (trainers, mentors). Based on this information, it has adapted over time, reviewing the criteria for participant selection, putting more resources in more impactful activities (e.g. monitoring) and reducing or removing less impactful features (e.g. the programme stopped offering office space). It has also developed new activities to respond to unmet needs, particularly increasing networking opportunities between programme graduates and current participants.

YISU is implemented through a network of 300 local partners. To ensure equity and quality of service over the territory, they monitor performance of providers through standardised processes requiring minimal efforts from operators (using an online platform). They also rely on operators to administer satisfaction surveys and use data collected automatically by the online interface to learn more about participants' experiences on the programme. YISU uses the multiple sources of information to adapt the content of the course and to better understand differences across regions.

For more information, see InnoFounder Graduate (Denmark) – reducing risk for higher education graduates and Yes I Start Up (Italy) – connecting a skills and a funding programme to facilitate follow-up support for NEET entrepreneurs.

Recommendation 4: Develop networking opportunities for young entrepreneurs

Why would this be beneficial?

Youth typically have smaller professional networks due to their limited experience. This affects their ability to find partners, secure funding, but also identify support (OECD/European Commission, 2020^[4]). There are limited options for networking for youth entrepreneurs in Portugal, and support programmes typically do not include a networking component. Stakeholders highlighted that further opportunities for connection could help youth entrepreneurs expand their networks but also be inspired by role models with similar trajectories.

How could this be done?

There are different policy options for the development of network for youth entrepreneurs: they can be standalone networks, be developed around another type of intervention, or be specialised (e.g. for young tech entrepreneurs) (OECD/European Commission, 2020^[4]). A first step to expanding networking opportunities for youth entrepreneurs in Portugal would be to develop networks around existing support programmes (e.g. a network around Youth Guarantee initiatives and one around StartUp Portugal youth measures). This would allow programme graduates to connect with one another but also with previous and more recent programme participants. These networks could operate in a hybrid format (combining online and physical engagement opportunities). These new networks could create linkages to existing youth entrepreneurs associations (e.g. *Associação Nacional de Jovens Empresários*, National Association of Youth Entrepreneurs, ANJE) and wider entrepreneurial networks (e.g. *Associação Portuguesa para o Empreendedorismo*, Portuguese Association for Entrepreneurship) to facilitate linkages with the broader entrepreneurial ecosystem. The suggested coordination mechanism for youth entrepreneurship support providers could also serve as a basis to develop networking opportunities for youth or exchange experiences around this topic among providers.

Recommendation 5: Reinforce financial support options to reduce barriers to entry for NEET young entrepreneurs

Why would this be beneficial?

The risk of debt is a strong deterrent for potential youth entrepreneurs in Portugal. This applies both to NEET youth, that often fear an inability to reimburse a loan if an entrepreneurial project fails, and graduate youth, who are faced with the opportunity cost of finding traditional employment or investing time in a start-up that may take years to generate revenues. It compounds the limited entrepreneurial culture and fear of failure.

How could this be done?

Portugal already has programmes in place that offer small grants or living allowances to graduate entrepreneurs (*Momentum*) and to NEET youth (*Empreende Já* and *CoopJovem*). More outreach could be done around these programmes to increase awareness, and capacity could be increased. In addition, adaptations can be made to reduce the perceived risk of financial support options such as zero-interest loans and guarantees for NEET youth. This can be done by adopting a funnel approach whereby funding is disbursed in small tranches of increasing size rewarding success alongside non-financial support. Developing further linkages with skills development programmes and financial literacy efforts would be beneficial. Finally, conditions of repayment for honest failures should be flexible.

Box 2.3. InnoFounder Graduate combines skills supports to grants to reduce the opportunity cost of entrepreneurship for young graduates

The InnoFounder Graduate combines a pre-incubation course, a development grant (to be spent on project development) and a monthly living allowance (to be spent freely by founders). This design reduces the opportunity cost of entrepreneurship compared to paid employment for higher education graduates, reducing the risk of entrepreneurship.

For more information, see InnoFounder Graduate (Denmark) – reducing risk for higher education graduates.

Recommendation 6: Use tailoring and a funnel approach to make support programmes more responsive to the needs of diverse profiles of NEET youth entrepreneurs

Why would this be beneficial?

Portugal has youth entrepreneurship support programmes open to all youth as well as some aimed at NEET youth, and some targeted at university graduates. However, young entrepreneurs have varying needs even within these broad categories. This is especially true among NEET youth entrepreneurs, with some youth needing significant support with soft skills before they are able to bring their business idea to life while other only need financial support to start a business. Further segmentation would allow for more efficient use of resources.

How could this be done?

Several approaches could be used to adapt skills support programmes to different starting skillsets without a multiplication of programmes. One approach is to propose several tracks within a programme to provide additional support to those who need it. Another option is to create dedicated optional modules on specific topics that can be proposed to the participants who need it in addition to (or ahead of) the main curriculum of the programme. This allows for providing extended support to those who need it without unnecessarily expending resources to those who do not. Another approach to segmenting the support is to use a funnel approach, whereby the support is offered in tranches. The most basic support is offered to a wide range of participants while the most extensive support is progressively extended to those who demonstrate motivation and success (OECD/European Commission, 2020^[11]). This can be done within one programme or using a coordinated approach between different programmes offering support at different stages of business development. The YISU programme (Italy), which provides entrepreneurship skills support to NEET youth and prepares them to apply to a relevant funding programme can be seen as a variation on this approach (see Yes I Start Up (Italy) – connecting a skills and a funding programme to facilitate follow-up support for NEET entrepreneurs).

Recommendation 7: Foster a positive entrepreneurial culture among youth and facilitating second chance entrepreneurship

Why would this be beneficial?

Fear of failure and a lack of entrepreneurial culture are cited as common obstacles to entrepreneurship among youth in Portugal. Entrepreneurship education in initial education is still limited. Fostering a positive entrepreneurial culture and reducing the barriers to second chance entrepreneurship (entrepreneurship after a business failure) would help reduce psychological barriers to entrepreneurship and contribute to the development of soft skills for entrepreneurship among youth.

How could this be done?

Strengthening entrepreneurship education in school curricula would help foster an entrepreneurial culture in the long-run. This should include practical education (learning by doing) and interaction with entrepreneurs to the extent possible, as well as training for teachers to deliver the curricula. The promotion of entrepreneurship as an option for youth (and others) with different backgrounds should also be continued, while acknowledging that it is not a suitable career path for all. In parallel, measures should be taken to reduce the perceived risk of entrepreneurial failure through the development of second chance programmes for entrepreneurs exiting failed ventures. This is all the more relevant in the context of COVID-19 pandemic, where reducing fear of entrepreneurship among potentially successful aspiring entrepreneurs could contribute to recovery through innovation and job creation.

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3

What can be learned from international good practices?

Introduction

Portugal has a two-pronged approach to youth entrepreneurship support, aiming to leverage the innovative potential of higher education graduates on the one hand and improve labour market participation of NEET youth on the other. International good practices in these two areas can inform the evolution of Portugal's current suite of support for both groups, in terms of design and implementation.

InnoFounder Graduate (Denmark) – reducing risk for higher education graduates

Why is the programme relevant for Portugal?

In Europe, youth are more likely than older adults to consider entrepreneurship desirable and feasible, and are typically more innovative. However, few are actually involved in business creation (OECD/European Commission, 2020^[1]). Important obstacles to entrepreneurship include limited access to finance, lack of skills and a fear of failure. The risk of entrepreneurship is a particularly strong disincentive in Portugal, when fear of failure is relatively high and fear associated with debt caused by potential business failure is often reported by ecosystem actors as a barrier for potential entrepreneurs (OECD, 2020^[1]). Higher education graduates have a strong potential to contribute to innovative entrepreneurship, but the risk associated with early-stage entrepreneurship and lack of resources (especially when compared to the relative safety of salaried employment) may lead them to give up early on a potentially successful start-up or opt out of business creation altogether. To lower barriers to entrepreneurship and harness the potential of youth to contribute to innovative entrepreneurship, the InnoFounder Graduate programme offers financial and business development support to early-stage innovative start-ups led by recent graduates.

What are the programme's main features?

What issue does this programme address?

The InnoFounder Graduate programme was created to foster innovative entrepreneurship among young graduates by reducing the risks associated with early-stage innovative entrepreneurship, in particular the trade-off between the security and immediate income of salaried employment and the delayed and uncertain reward of entrepreneurship. To do so, the programme supports entrepreneurs financially during the early stages of a start-up before it generates revenue (sometimes called the “valley of death”). It targets aspiring innovative entrepreneurs (alone or in teams of up to three people) who have graduated from a higher education programme in the previous 24 months. The programme aims to strengthen knowledge-based entrepreneurship in this group in the short and long term. The programme is organised by Innovation

Fund Denmark, a public investment fund, focused on fostering strategic research, technology and innovation that strengthen the competitiveness and sustainability of the Danish society.

What does this programme look like?

InnoFounder Graduate³ was a grant associated with a 12-month pre-incubation and incubation course helping entrepreneurs develop an innovative business idea to market or investment readiness (Innovation Fund Denmark, 2021^[1]). InnoFounder Graduate targeted projects that were beyond the idea stage but still in early development, with significant work needed before market readiness. Having recently registered a company based on the business was an option but not a requirement. Participants had to work full-time on their project during the programme. Participants received a monthly allowance of DKK 15 000 (approximately EUR 2 000) for their living expenses and a development grant of DKK 50 000 (approximately EUR 6 750) per founder in the team. The development grant could be used to cover costs related to developing the business idea (e.g. rental of equipment, consulting, prototype testing, traveling costs). 80% of the development grant was transferred to the company account at the beginning of the programme and the remainder was transferred at the end, upon receipt of the company's audited expenses report. Participants were allocated office space in a co-working space (in one of five cities in Denmark). InnoFounder Graduate offered a series of thematic workshops with Danish and international experts and a dedicated business mentor supported each team for the duration of the programme. Participants had access to investors and other national and international ecosystem actors through dedicated events. The selection process for the programme was done in two steps: an online application and a pitch by selected applicants. Applications were evaluated on the innovativeness of the idea, potential value creation, planned implementation and investment potential. Basic information on InnoFounder is provided in Table 3.2.

Table 3.1. Basic programme information

Policy area	Skills, Finance
Target group	Recent higher education graduates (previous 24 months). The new InnoFounder programme (2021 onwards) is open to all but designed to respond to the need of young entrepreneurs.
Timeline of the programme	2015-2021. Merged into a general InnoFounder programme in October 2021
Size of the programme	InnoFounder Graduate supported around 40 entrepreneurs per year. The new InnoFounder programme has a capacity of 100 teams per year.
Institution in charge of the programme and its implementation	Organised and implemented by Innovation Fund Denmark (IFD) in collaboration with the Danish Design Centre (DDC) and the Copenhagen Institute of Interaction Design (CIID), that are responsible for running the programme.

What results did the programme achieve?

In 2019, an evaluation of the programme was conducted on 109 founders from seven incubation cohorts between 2015 and 2018. Overall, the evaluation found the programme to be successful in terms of the initial value created by participant start-ups (funding raised, job creation and expected revenue growth) and organisational value created by the course (notably skills and network improvements) (Innovation Fund Denmark, 2019^[2]; Innovation Fund Denmark and Iris Group, 2019^[3]). Half of the participants had attracted further public funding⁴ by the end of the programme – typically grants around DKK 500 000 (approximately EUR 67 500) and some participants also attracted private funding. 70% of participants had

³ In 2021, InnoFounder Graduate was merged with its sister programme, InnoFounder Experienced (targeting more experienced aspiring entrepreneurs) into a single-track InnoFounder programme. The programme design remains the same with adaptations building on results from the previous programmes (see next section).

⁴ A popular funding programme is the Innovation Fund Denmark Innobooster programme, which offers co-financing grants for knowledge based projects.

customers by the end of the course, and almost all had employees besides the founders (between one and three on average). Participating companies had relatively small turnovers at the end of the programme (as expected for a scheme focusing on the pre-commercialisation stage) but most expected significant and rapid increases in revenue (supported by a portfolio of customers), and three participants reported a turnover of more than DKK 1 million (approx. EUR 134 500) during the programme (which is notable for the stages of development expected during the programme). Participants were satisfied (83% would recommend the programme to their peers) and most reported that the programme had made a positive contribution to the development of their product and business model. More than half of the participants also considered that InnoFounder had increased their ability to attract capital (Innovation Fund Denmark and Iris Group, 2019^[2]).

What features contributed to the programme's success?

Financial support, in particular the monthly allowance reduces risk, lowering barriers to starting but also reducing drop-out during the early stages of business development

89% of participants ranked the monthly allowance as the most important component of the InnoFounder programme. 42% of teams over 2015-17, and 56% of those in 2018-19 reported that they would have had to stop their project without it (Innovation Fund Denmark and Iris Group, 2019^[8]). The development grant was ranked second highest. The positive impact of the grant is particularly significant in light of the growth potential of business created. This is consistent with current evidence, as access to finance is one of the main obstacles to youth entrepreneurship (OECD/European Commission, 2020^[1]).

The importance of the allowance is twofold. First, it allows entrepreneurs to focus full-time on developing their business without having to hold a job to generate income at the same time, dedicating their full attention to the project. Second, it lowers barriers to entry by reducing the trade-off between finding employment (immediate and secure income) and creating a business (uncertain and delayed revenue). It also prevents entrepreneurs from giving up on a promising business idea in the early stages of development (product or service development, testing and validation, business model development) before an innovative business can generate revenue or secure outside investment, the so-called "valley of death". It is especially important for youth, who typically do not have extensive savings to rely on (Eurofound, 2016^[2]) (Schøtt, Kew and Cheraghi, 2016^[2]). Living allowances are often used as part of support programmes for unemployed youth, but can be a critical safety net for youth entrepreneurs in general (OECD/European Commission, 2020^[1]).

An important feature of the monthly allowance in the InnoFounder programme is that there is no restrictions nor reporting needed on how it is spent, unlike the development grant.

Strong use of mentoring increases the impact of the financial support

Evidence suggests that mentoring improves the sustainability of businesses created by youth (OECD/European Commission, 2020^[1]). Individual business mentoring is thought to be the most important non-financial component of the InnoFounder Graduate programme. Mentors were paid experts selected by programme. A mentor was selected by the programme for each team based on relevant skillset and experience for the project and met with them for one hour monthly for the duration of the programme. 64% of programme participants found meeting with mentors very or extremely useful to their idea development. This ranked higher than interactions with other experts, or with design consultants (who advised entrepreneurs on responding to customer needs).

Mentors benefitted teams in two ways. First, their shared advice based on their expertise in the sector, allowing teams to access insight from someone with longer experience. Second, mentors shared their networks, helping teams make connections for their business (for advice but also to identify suppliers, partners, etc.).

Based on the experience of the InnoFounder Graduate programme, the new InnoFounder programme has reinforced its mentoring component. First, mentors meet teams more frequently (every two weeks for 90 minutes). Second, interactions with the mentor and other advisors (design advisors, experts) start before the incubation programme, to ensure the project is ready for that stage and to personalise support further. These initial meetings discuss the financial plan, idea validation process, and product-market fit to identify which issues the team needs to work on and what support will be most valuable.

Several features have made the mentoring dimension of InnoFounder Graduate particularly efficient. First, a single mentor follows each project from beginning to end, allowing the development of a deep rapport. Second, mentors are selected based on their relevant experience that closely match the needs of the project. Third, the regularity and frequency of sessions was identified as a factor for success (and thus increased over time). Finally, there is a forum for mentors to meet with each other and exchange insight, allowing peer learning. This is consistent with best practices with regards to mentoring for youth, which emphasize the importance of careful pairing and mentor availability for success (OECD/European Commission, 2020^[1]).

The programme adapted over time to focus resources on the most efficient interventions

InnoFounder Graduate had a strong monitoring system in place that has allowed it to adapt over the years. InnoFounder Graduate gathered information on an ongoing basis through the insight of programme operators as well as through a final evaluation survey filled out by each start-up at the end of the programme. The programme also reviewed information from the pool of applicants (selected and unselected), which represented around 900 teams per year. In addition, Innovation Fund Denmark monitored the evolution of the Danish start-up ecosystem through regular dialogue with ecosystem actors.

Based on this information, InnoFounder Graduates updated its selection criteria and some of its operational procedures regularly. More substantial changes to the programme were also made over time, particularly at the time of on-boarding new programme operators (in 2017 and 2019) and after the 2019 systematic evaluation. Changes were also implemented when launching the new InnoFounder programme in 2021. The new programme puts more resources in activities that were ranked high in terms of impact and participant satisfaction by the evaluation. This includes the capacity building activities: increased mentoring, with more frequent and longer meetings, and emphasis on workshops, peer learning (pairing teams from previous cohorts with new teams for roundtables) and a focus on preparing teams for funding. The monthly allowance was also raised to DKK 27 500 (approx. EUR 3 500) per founder up to three founders while the development grant is now fixed at DKK 100 000 per team irrespective of team size. By contrast, the programme no longer subsidises office space, which is a programme feature participants saw less value in, and that teams could access at a reasonable cost in the incubators involved in running the programme. The new InnoFounder programme can support teams that include both new graduates and more experienced members. Because of its design (in particular the allowance), the programme still attracts young graduates. The abrupt end of the programme was seen as a challenge for programme graduates. As a response, the InnoFounder programme is developing an alumni platform to allow exchanges among former programme participants and to soften the transition outside of the programme. Some flexibility was also introduced, for example, allowing teams from previous cohorts to attend pitch events after graduation if they are not ready to do so during their stint in the programme. Former participants can also access certain resources (e.g. e-learning courses). The InnoFounder programme will continue to monitor output and adjust programme design accordingly and envisages to measure survival rates of alumni companies. The programme is also currently investigating how the outreach and selection process may affect diversity in candidates, notably in terms of gender, as women represented around a third of applicants over 2015-19 and tended to be half as successful as men ((Innovation Fund Denmark, 2021^[4])).

Two factors that contribute to the success of the feedback loops of the InnoFounder programme are the multiple streams of formal and informal input and the agility of the programme's operations, which allows for regular iterations on the programme's feature to respond to monitoring information and ecosystem changes. Current evidence on efficient entrepreneurship support programmes emphasize the need for monitoring and evaluation and appropriate mechanisms to implement changes to ensure relevant, effective and efficient interventions (OECD, 2020^[4]). This is particularly important for inclusive entrepreneurship support, which may target harder to reach entrepreneurs and have more limited resources (OECD/European Union, 2016^[5]).

Yes I Start Up (Italy) – connecting a skills and a funding programme to facilitate follow-up support for NEET entrepreneurs

Why is the programme relevant for Portugal?

While youth face common barriers to entrepreneurship (e.g. limited skills, difficult access to finance, small networks), certain profiles of youth are disproportionately affected, including NEETs, calling for adapted support (Halabisky, 2012^[1]). Increasing labour market to NEET youth through entrepreneurship is a policy priority in Portugal, and youth entrepreneurship support providers report challenges in accurately serving the diverse population of aspiring entrepreneurs that fall under the NEET umbrella. The Yes I Start Up programme provides NEET youth with the skills needed to start and operate a business through a network of local providers, ensuring a resource-efficient way to offer support to small groups of NEET youth across the country. The programme includes one-on-one support to develop a business plan, allowing for more personalised assistance. Research shows that combining different types of support (e.g. training and financial support) increases chances of success for entrepreneurs compared to providing only one (OECD, 2020^[1]). While Portugal offers many options for support to youth entrepreneurs, the multiplicity of actors involved and lack of co-ordination make it difficult for youth to access follow-up support. The Yes I Start Up programme addressed this issue by creating linkages with zero-interest loan programme targeting NEET entrepreneurs to facilitate access to finance by programme graduates.

What are the programme's main features?

What issue does this programme address?

Yes I Start Up (YISU) provides NEET youth (18-29 years old) with the skills needed to start and manage a business. The programme helps participant prepare viable business plans and helps those who are willing to do so to apply for zero-interest loans from another programme, the SELFIEmployment Fund.

The initiative was launched as part of the Youth Guarantee programme to improve labour market integration of NEET youth through entrepreneurship, a policy priority for Italy since the 2008 financial crisis and the subsequent increase in youth unemployment. Activating youth can help reduce the long-term and inter-generational scarring effects of unemployment.

What does this programme look like?

Yes I Start Up is a programme of the National Agency for Active Labour Market Policies (*Agenzia nazionale per le politiche attive del lavoro* – Anpal). It offers an entrepreneurship training course and mentoring. The training curriculum was developed by Invitalia (Agency for enterprise development) and the Italian Agency for Microfinance (*Ente Nazionale per il Microcredito* – ENM) and is delivered by a network of local providers. Basic information on Yes I Start Up is provided in Table 3.2.

The training programme is divided into 15 modules and takes 80 hours to complete, including 60 hours of online classes and 20 hours of individual tutoring. Courses are delivered to small groups of up to 12 people. The training guides participants through the steps of defining their business idea and developing a viable business plan. The goal is for candidates to develop business plans that are suitable for seeking funding, and in particular meet the evaluation criteria of the SELFIEmployment Fund, which provides zero interest rate loans of EUR 5 000 to EUR 50 000 with no requirement for collateral or guarantee. Entrepreneurs who qualify for the loan benefit from support from an Invitalia tutor for a year and a half to support them with financial and administrative matters. SELFIEmployment is the Youth Guarantee financial instrument managed by Invitalia.

The programme has continued during the COVID-19 pandemic by adapting its delivery. The training sessions have been moved online through a dedicated platform. Participants did not report a drop in the quality of training due to the move to a digital delivery. Yes I Start Up also identified benefits to this method of delivery, including improved access to training (e.g. for those in rural areas) and higher quality monitoring of activities and participants.

Table 3.2. Basic programme information

Policy area	Skills, Finance
Target group	NEET youth (extended to women and unemployed adults)
Timeline of the programme	2018 – 2020. New edition launched in 2021 and currently active.
Size and budget of the programme	1 700 youth were trained over 2018-20 for a budget of EUR 3 million. The new edition (2021-23) also has a budget of EUR 3 million
Institution in charge of the programme and its implementation	Implemented by the Italian Agency for Microfinance (ENM) on behalf of the National Agency for Active Labour Market Policies (<i>Agenzia nazionale per le politiche attive del lavoro</i> – Anpal)

What results did the programme achieve?

Over 2018-20, 1 700 NEET youth completed the Yes I Start Up course. This corresponds to 350 training sessions, 100 of which were conducted online. Around half of YISU graduates went on to create a business and 21.5% were in employment 3 months after the end of the programme. 38.9% (586) of YISU graduates applied for funding through the SELFIEmployment Fund and 35.5% of them (208) were successful. Among these, 135 created a business with the funding while the other dropped out of the programme at this stage. Among those who created a business, 97.2% were still in operation after 3 months.

The Yes I Start up model has been replicated in Calabria with regional funds as “Yes I Start Up Calabria” which started in October 2018. The regional programme has provided training to more than 1 000 NEETs, 30.7% of which applied to SELFIEmployment. The main YISU programme and YISU Calabria were active in the same time period and youth in Calabria were welcome to apply to either YISU programme depending on which one suited their schedule best.

More broadly, data from the SELFIEmployment Fund (which targets NEET youth) show that 1 555 enterprises had received EUR 52 million by March 2021. This has led to the creation of 2 746 new jobs.

What features contributed to the programme’s success?

The public-private partnership model facilitates local outreach and allows for cost-efficient broad coverage

Evidence suggests that building on existing ecosystem actors and infrastructure facilitate efficient and effective delivery of entrepreneurship support (OECD, 2020^[11]). Yes I Start Up uses a public-partnership

model. The training is delivered through a network of local training providers⁵ (e.g. public training institutions including universities, private consultancy companies, associations, Chambers of Commerce). The providers are selected through a standardised process and are required to meet certain criteria. This includes being specialised in training or business advice, demonstrating the ability to offer training to NEETs, having access to appropriate infrastructure to host the course, having qualified teachers, and participating to trainings and information events for the programme. A call for application is published, and applications are examined on a rolling basis until the funding has been allocated in full.

Trainers all teach using the same curriculum, which has been developed at the programme level. ENM provides each training structure with a detailed programme of the training path, guidance on curriculum delivery, educational materials, and access to a dedicated information system for the management, monitoring, implementation and reporting of the training activities. As of 2021, 500 training bodies were delivering the Yes I Start Up programme throughout Italy.

The involvement of this wide network of training providers has two advantages. First, because the training providers are local bodies, they typically have a good understanding of the local context and are well connected to relevant local stakeholders. These local bodies can leverage territorial channels to promote the programme: some have used local databases, advertised at regional events, partnered with local initiatives, and carried out their own promotion activities in the territory. This is an advantage in identifying and targeting NEET youth who may not be connected to the information channels used to raise awareness among youth who are actively looking for a job or in education. Second, the involvement of existing providers in the territory allows to broaden the coverage in a more cost-efficient way, without the need to create a superstructure to cover the territory, potentially duplicating local offers.

The main factors that have made the PPP model work well for YISU are the development of a standardised curriculum to ensure equity of access and the use of a strong monitoring system (see last section).

Strong linkages with the main financial support instrument for the target group helps participants access follow-up support

Evidence shows that entrepreneurs benefit from receiving support at different stages of the business development rather than only in the pre-start-up phase (OECD/European Union, 2016^[2]). Combining different types of support (e.g. training and financial support) also increases chances of success for entrepreneurs compared to providing only one (OECD, 2020^[1]). An important barrier in access to finance for youth entrepreneurs is lack of knowledge of how to access finance and how to properly prepare for receiving funding, and, down the line, properly manage it. This is all the more the case for NEET youth, that tend to have lower levels of financial literacy.

The Yes I Start Up programme is designed to help participants be ready for funding, in particular ready to apply to the main entrepreneurial funding programme for NEET entrepreneurs, the zero interest loan programme SELFIEmployment Fund. The Yes I Start Up curriculum guide participants to prepare business plans that meet the criteria of the Fund, and YISU trainers are well-informed of the Fund's application process and equipped to help participants apply during the personalised tutoring hours. In addition, YISU training structure cooperate closely with SELFIEmployment representatives, and invite SELFIEmployment local agents in the classroom to present financing options and monitor application preparation activities. Tutors in the SELFIEmployment Fund also connect with YISU to ensure continuity in support. In addition, YISU graduates (and other candidates who have completed a "recognised accompaniment path") are granted additional points in their applications for SELFIEmployment compared to applications who have not completed any training.

⁵ The list is available online at www.diventaimprenditore.eu/soggetto-attuatore/soggetti-attuatori-attivi/

In practice, 38.9% of Yes I Start Up training participants applied to the SELFIEmployment Fund over 2018-20. 35.5% were successful. The survival rate in September 2020⁶ of YISU graduates who received funding was slightly higher than this of those who did not (97.2% vs. 83.3%). 44.8% of companies considered had been in existence for over two years. Unfunded companies were more likely to be older (50.2% were two years or older), while the companies that have had access to SELFIEmployment were newer (49.6% were started less than a year prior).

Factors that have made coordination with the SELFIEmployment Fund successful are the design of the curriculum with continuity in mind, the close co-operation of programme managers in both initiatives during the duration of the programme, and the effort to monitor outcomes of candidates across both independent initiatives.

Regular monitoring helps the programme ensure quality of training and informs adaptations of the curriculum

Monitoring is important to allow for adaptation of programmes over time and ensure effective use of resources. To be effective, monitoring and evaluation systems should be an integral part of the programme design. It is also important to minimise the time and effort needed by programme operators for reporting, for example by using online platforms to simplify the process and to allocate appropriate resources to this activity (OECD, 2020^[11]).

Yes I Start Up has developed a strong monitoring system and procedures to use information gathered to improve the programme. This system includes several elements. First, the quality of the training offered by the providers is regularly monitored in order to guarantee equal service over the territory. The performance of the training providers is reviewed on an ongoing basis on factors such as the number of participants who complete the course and the quality of the course provided (e.g. delivery of the full curriculum and compliance with the different requirements of the programme). Training organisations provide regular feedback to YISU through an online training platform and help monitor participants outcomes through administering progress questionnaires. If training providers do not meet quality requirements, they can be prevented from delivering further courses.

Second, the programme developed an online platform to deliver the training in 2020. Through the training platform, Yes I Start Up monitors several factors, such as attendance, but also adequate targeting of participants and responsiveness of the programme to participants needs. This is notably done through a preliminary assessment of the entrepreneurial potential of the participants (attitudes, values, creativity etc.). Third, the programme monitors the experience of training participants. Participants are asked to provide feedback on their satisfaction with the training. Yes I Start Up also monitors the activity of previous participants after completion of the course. In particular, whether participants go on to create a business, to find employment, and whether they apply to the SELFIEmployment Fund.

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Annex A. Project Methodology

The project aimed to examine policy actions undertaken in Portugal to facilitate business creation by youth in order to identify their strengths and weaknesses, as well as areas for improvement. The project did so using a co-creation model involving key national stakeholders as well as leveraging good practice knowledge based on international examples.

The project involved the following steps:

- **Collection of stakeholder perceptions** (including representatives from the public sector, entrepreneurship programmes, youth organisations, financial institutions, and researchers) on the current state of public youth entrepreneurship support in Portugal using the OECD-EC Better Entrepreneurship Policy Tool (www.betterentrepreneurship.eu);
- **Analysis of the results of the consultation** to identify strengths and weaknesses, variations across stakeholders and trends in different policy areas;
- **Identification of two international good practice examples** relevant for the Portuguese context;
- **Organisation of a virtual action planning workshop.** The workshop included a presentation and discussion of the results from the collective use of the Better Entrepreneurship Policy Tool; the presentation of two international good practice examples by representatives involved in their design and implementation, and an action planning session.
- **Preparation of a short report, presenting the findings of the projects.**

Annex B. The Better Entrepreneurship Policy Tool

The Better Entrepreneurship Policy Tool is an online self-assessment and guidance tool designed to help policy makers and other stakeholders reflect on their policy environment for inclusive and social entrepreneurship and promote better policy making in these areas. The BEPT contains four sections on inclusive entrepreneurship focusing on four groups: youth, women, immigrants, the unemployed. Each section including a self-assessment questionnaire, six policy guidance notes and a selection of case studies.

Table A B.1. Questionnaire on youth entrepreneurship policy and average scores

Average score out of 10

	Question	Score
Culture	Youth entrepreneurship is promoted widely in society.	3.7
	Entrepreneurship is promoted to different profiles of youth.	3.5
	Targeted campaigns promote youth entrepreneurship to key role models.	3.2
	Formal education builds positive attitudes among students towards entrepreneurship.	3
	Monitoring and evaluation are used to assess the impact of youth entrepreneurship promotion activities.	2.8
Strategies	Policy objectives and targets for promoting and supporting youth entrepreneurship have been defined.	6.1
	There is an action plan to mobilise public sector actors and other relevant stakeholders to achieve youth entrepreneurship policy objectives.	4.8
	Appropriate financial resources have been allocated to implement the youth entrepreneurship support.	3.6
	Effective co-ordination mechanisms are in-place to facilitate collaboration among public sector actors involved in designing and delivering youth entrepreneurship policies and programmes.	3.7
	Outreach methods are tailored to different profiles of youth to inform them about the range of available entrepreneurship support offers.	3.3
	Support providers are equipped to work with different profiles of youth entrepreneurs.	4.9

	Monitoring and evaluation are used to measure progress against the strategic objectives and targets for youth entrepreneurship.	3.9
Regulations	Business start-up regulations and procedures do not pose undue difficulties for youth entrepreneurs.	4.2
	Tailored information on business creation is available and accessible for different profiles of potential youth entrepreneurs.	4.2
	Social security systems contain incentives for youth entrepreneurship.	4
	Monitoring and evaluation are used to assess problems in the regulatory environment for youth entrepreneurship.	2.7
Skills	Needs assessments are used to identify the policy supports needed to strengthen entrepreneurship skills for various profiles of youth entrepreneurs.	4.3
	Entrepreneurship training is offered for youth.	4.4
	Entrepreneurship coaching and mentoring are offered for youth.	3.7
	Business development services are offered for youth.	4.4
	Entrepreneurship skills development initiatives for youth have strong linkages with business financing supports.	4
	Entrepreneurship skills development initiatives for youth are delivered through appropriate channels.	4.4
	Entrepreneurship skills development initiatives are tailored for different profiles of youth.	3.6
	Monitoring and evaluation are used to measure the impact, effectiveness and efficiency of dedicated youth entrepreneurship training, coaching and mentoring, and business development services.	2.9
Finance	Needs assessments are used to identify how policy can address gaps in the availability and accessibility of finance for youth entrepreneurs.	2.4
	The current suite of business start-up financing offers is appropriate for various profiles of youth.	2.9
	The current suite of business development and growth financing offers is appropriate for various profiles of youth.	2.8
	The current suite of business financing offers for high-growth potential firms is appropriate for youth.	3.2
	Business financing initiatives for youth entrepreneurs have strong linkages with non-financial supports.	3.2
	Business financing support for different profiles of youth entrepreneurs is delivered through appropriate channels.	3
	Monitoring and evaluation are used to measure the impact, effectiveness and efficiency of business financing schemes for different profiles of youth.	1.7

Note: 15 respondents completed the questionnaire.