Internal use

Youth Entrepreneurship Policy Academy

Workshop #1: Access to finance

20 June 2023

David Halabisky, OECD CFE

OECD

European Commission

www.yepa-hub.org

#yepa

Who are young entrepreneurs?

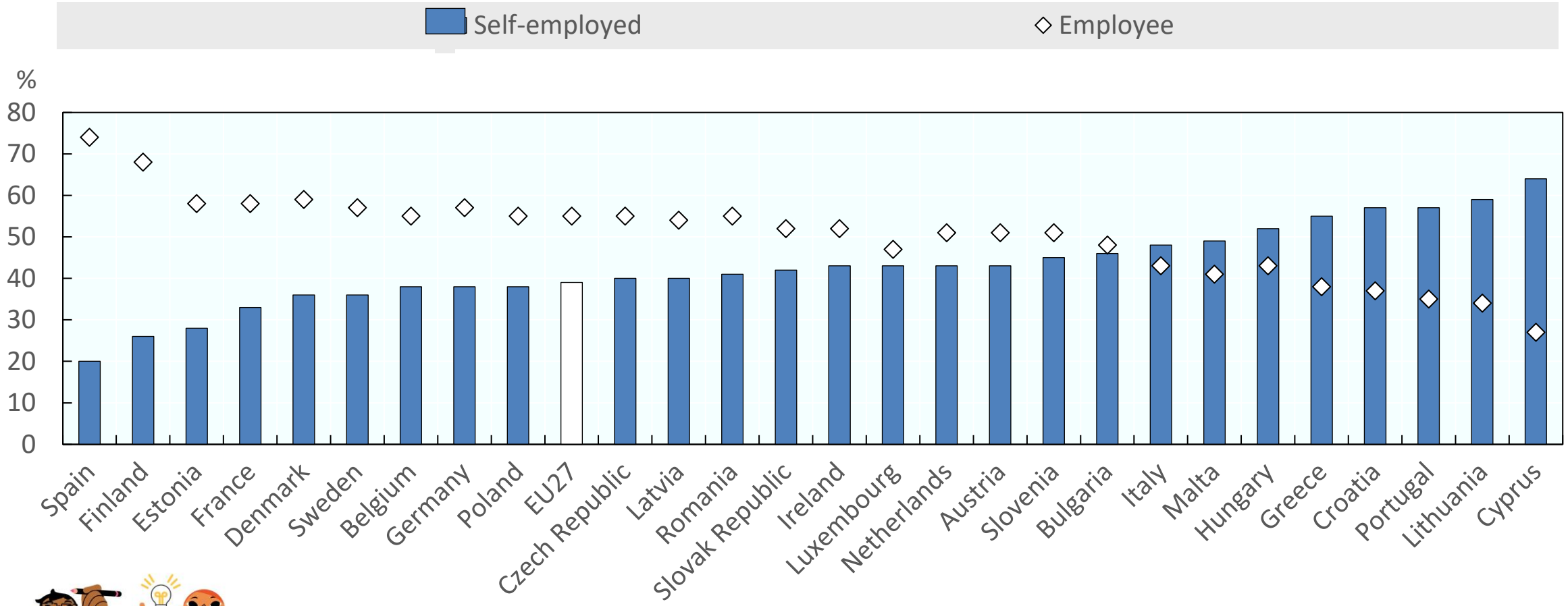
Policy:

- 15-29 years old (Youth Guarantee, Youth Employment Initiative);
- Programmes vary across countries.

Statistics:

- 15-29 years old (new Eurostat Youth Portal);
- 20-29 years old (OECD-EU Missing Entrepreneurs work).

Preference for self-employment



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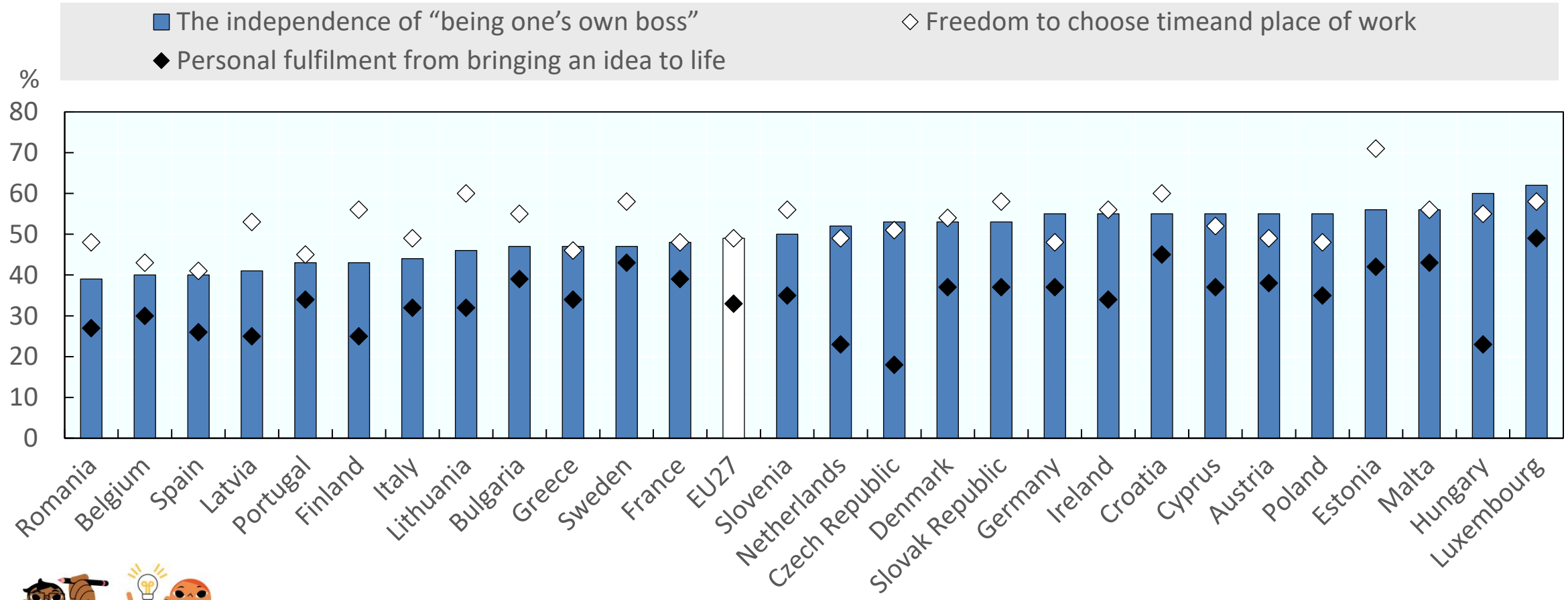
Reasons for preference for self-employment



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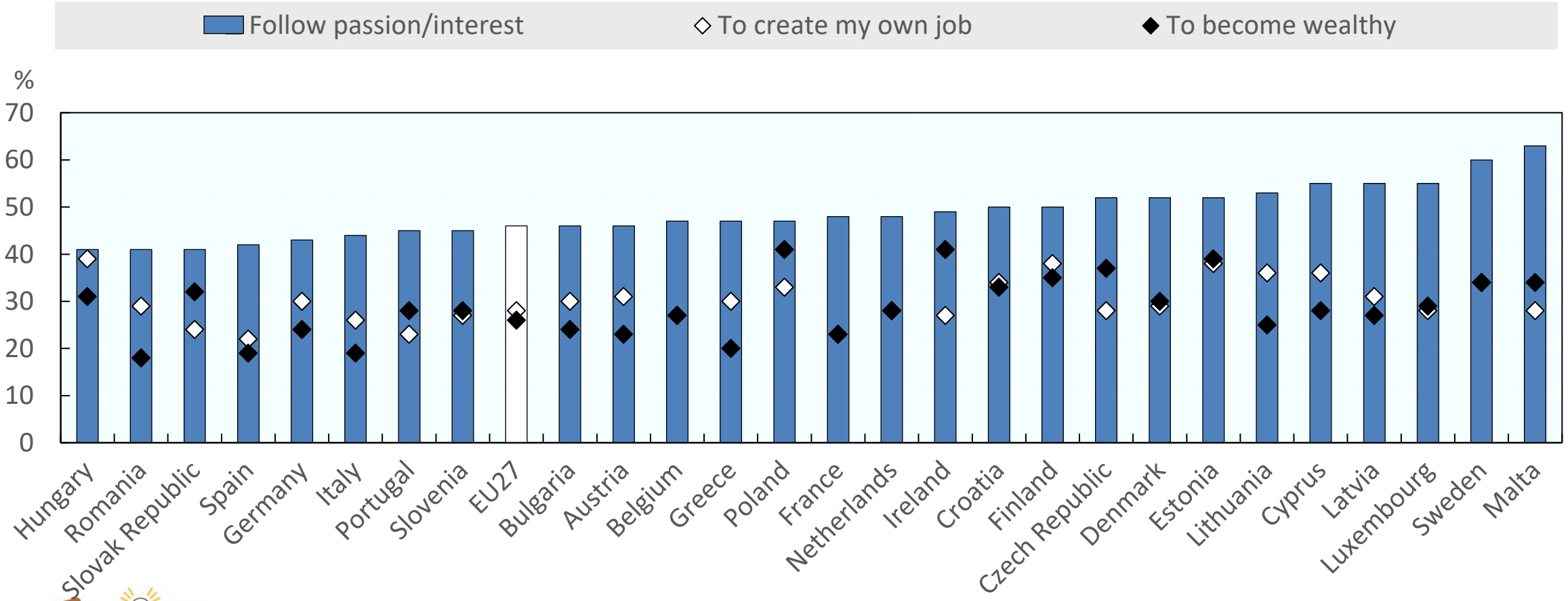
Objectives for setting up a business



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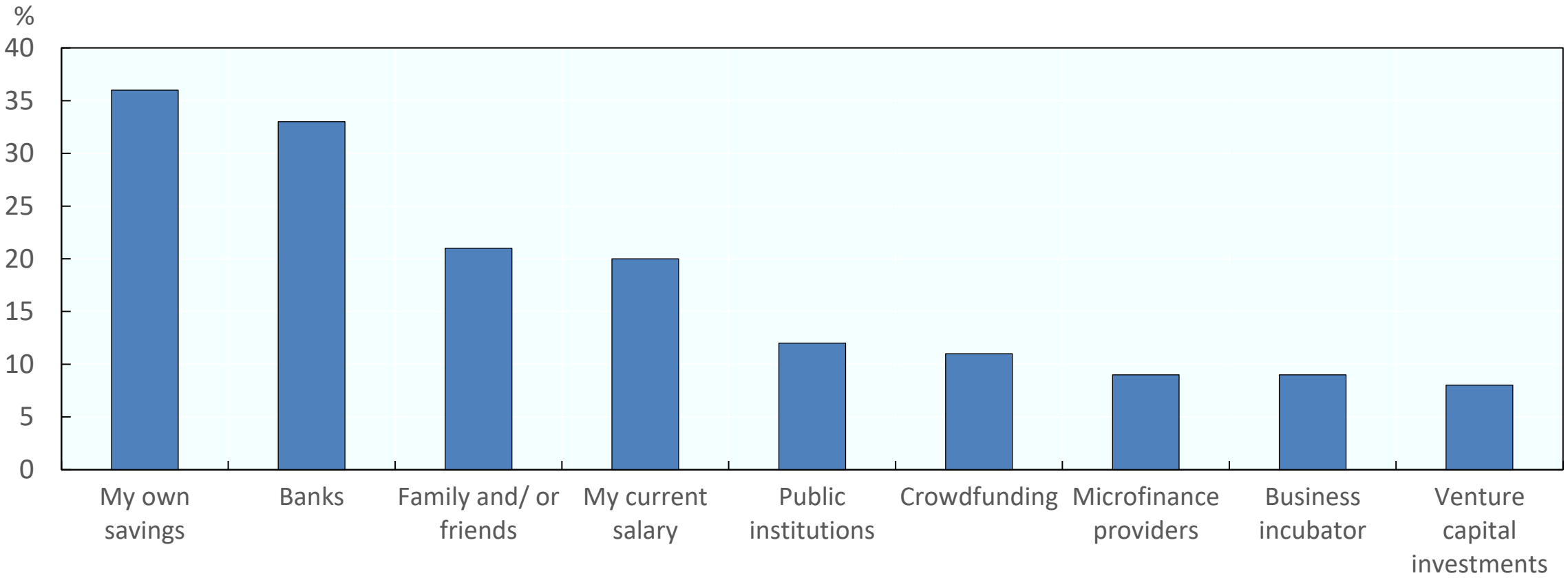
Sources of start-up funding (EU)



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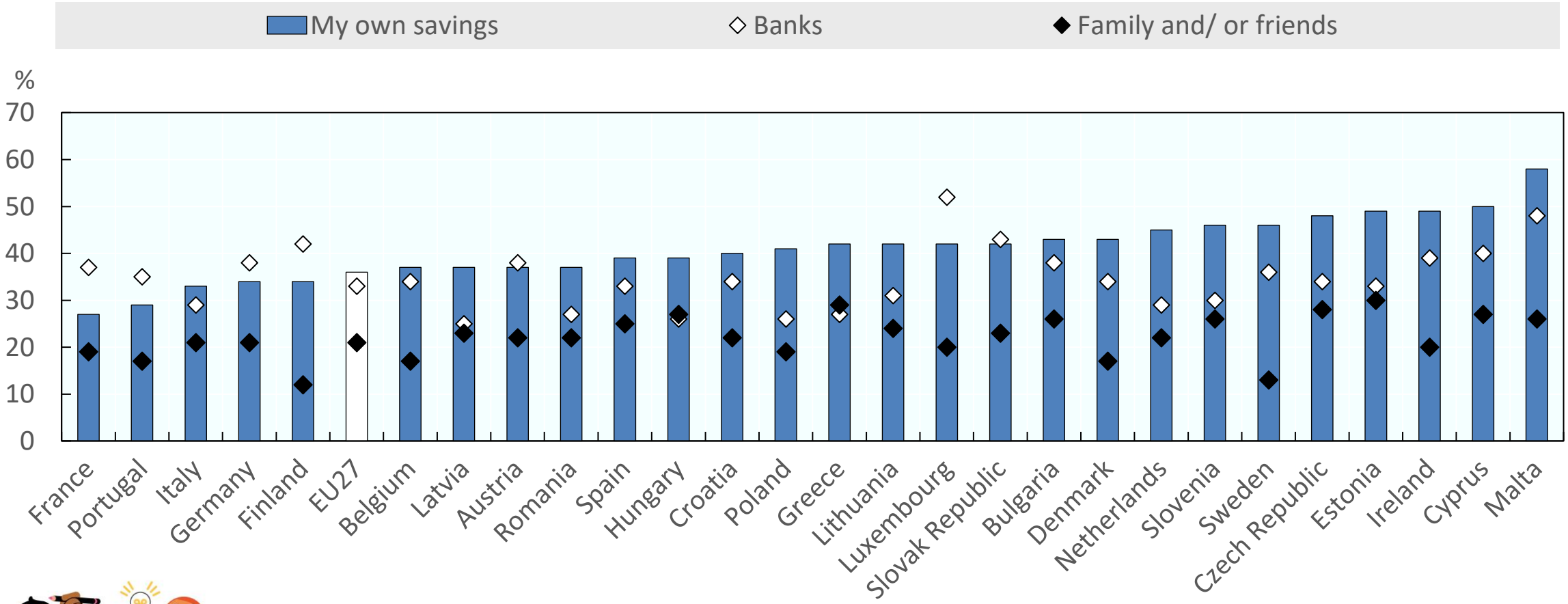
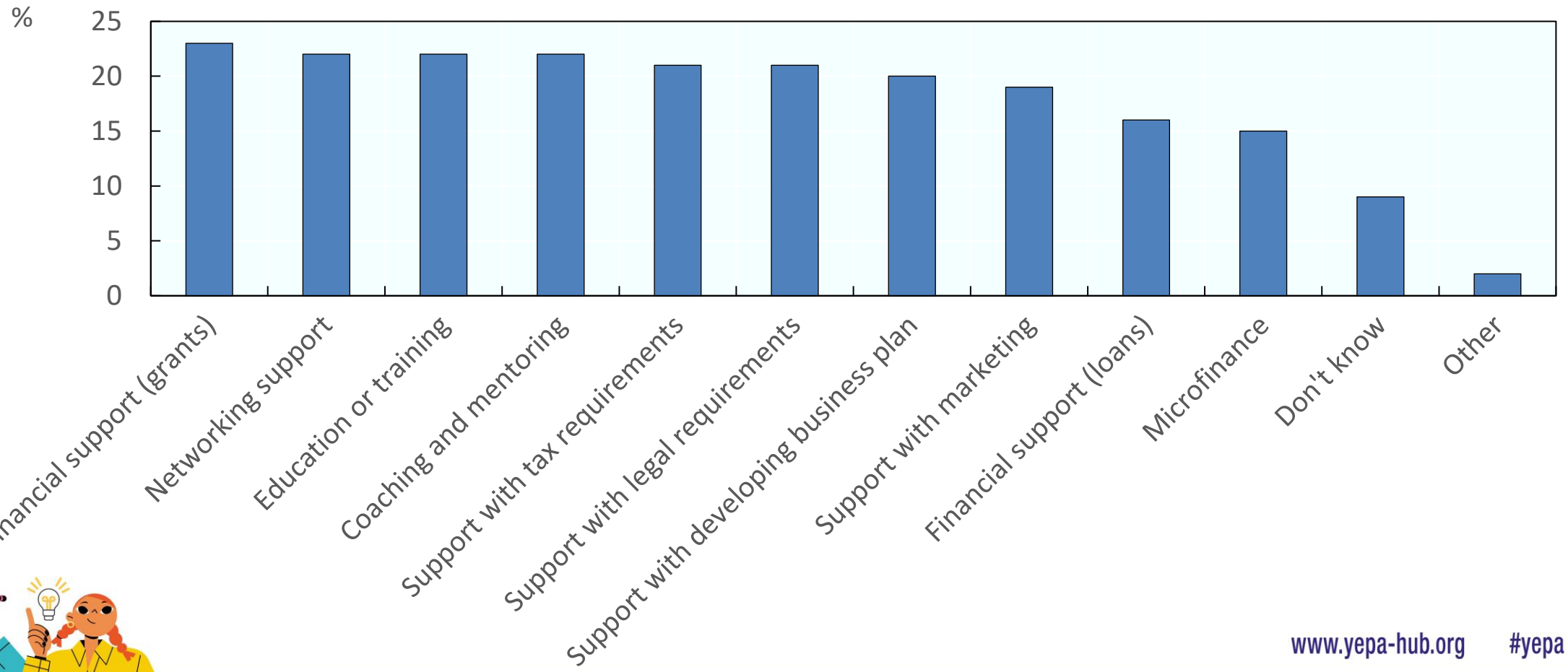


Support needed if setting up a business



Why do young entrepreneurs face challenges?

- **Demand-side barriers:**
  - Skills gaps
  - Smaller and less diverse networks
  - Lack of collateral and financial history
  - Little experience seeking start-up finance
- **Supply-side barriers:**
  - Difficulty to assess risk
  - Transaction costs are higher in small loans and investments
  - Investor bias
  - Suitability of financial instruments

What are governments doing?

- Grants and income subsidies
- Soft loans
- Loan guarantees
- Microfinance
- Alternative debt finance
- Crowdfunding & peer-to-peer lending
- Business angel networks
- Self-financing groups
- Risk capital

+

- Non-financial supports
  - **Integrated** packages
  - **Sequenced** packages

Brief overview of support for innovative young entrepreneurs

Government

- Innovation grants
- Equity: Risk capital/seed capital
- Matchmaking (often local)
- Build support infrastructure, including via corporate supports

Support via higher education institutions

- Matchmaking/introductions (via incubators and accelerators)
- Awards and competitions
- Directing young entrepreneurs to other support centres

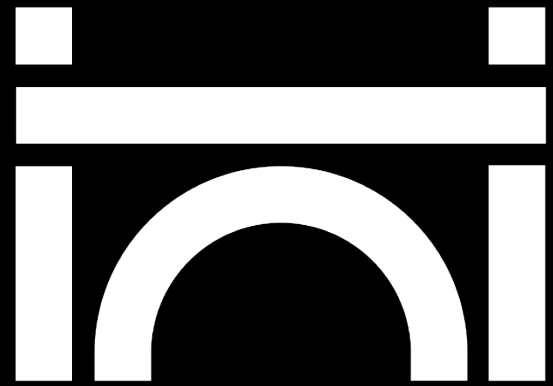
Thank you!

Any questions?

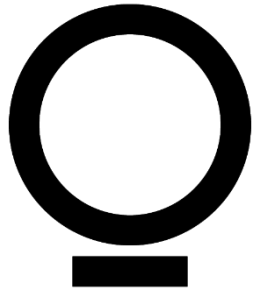
UPTEC SCIENCE AND TECHNOLOGY PARK OF UNIVERSITY OF PORTO

MISSION

Foster the creation and development of business projects in the arts, sciences and technologies, through sharing knowledge between the University and the market.



Since
2007



+700 supported projects

98 graduated companies

In 2022

207 supported projects

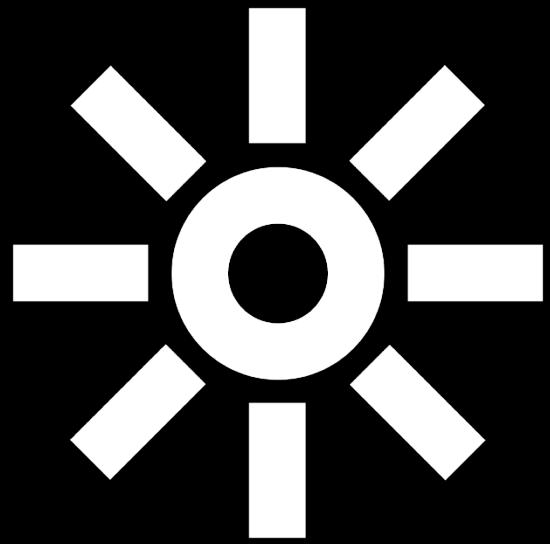
32 foreign companies

+2100 jobs

37 nationalities

OUR STRATEGY

Provide the integration into a multidisciplinary community, distinguished by the dynamic environment of knowledge and innovation.



OUR APPROACH

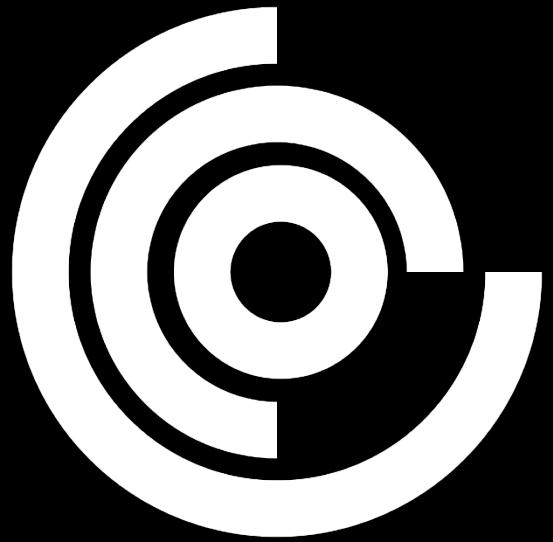
UNIVERSITY PORTO
CONNECTION

MENTORING & BUSINESS
DEVELOPMENT

STRATEGIC
PARTNERS COOPERATION

EVENTS
& NETWORKING

KNOWLEDGE SHARING
PROGRAMMES



UNIVERSITY PORTO
CONNECTION

UPTEC acts as a privileged link to the University of Porto while enhancing synergies with its R&D+i departments and interface institutes.

Cooperation with R&D centres

Collaboration with PhDDesign (studio located at UPTEC Baixa)

Specialisation Course in Interaction, Web and Games Design

Creation of innovation and business training programmes designed for U.Porto

Incubation of 37 U.Porto spin-offs

+100 projects created by alumni U.Porto

[In 2022]

Access to talent

MENTORING & BUSINESS
DEVELOPMENT

Our mentoring maximizes the potential of each business idea and integrates them into global networks of growth and internationalisation.

STARTUPS

ANCHOR PROJECTS

INNOVATION CENTRES

OFFICE • LAB • COWORK • VIRTUAL

STRATEGIC PARTNERS
COOPERATION

Our ecosystem integrates a wide global partners network, with a strong experience in the industry, internationalisation and investment.

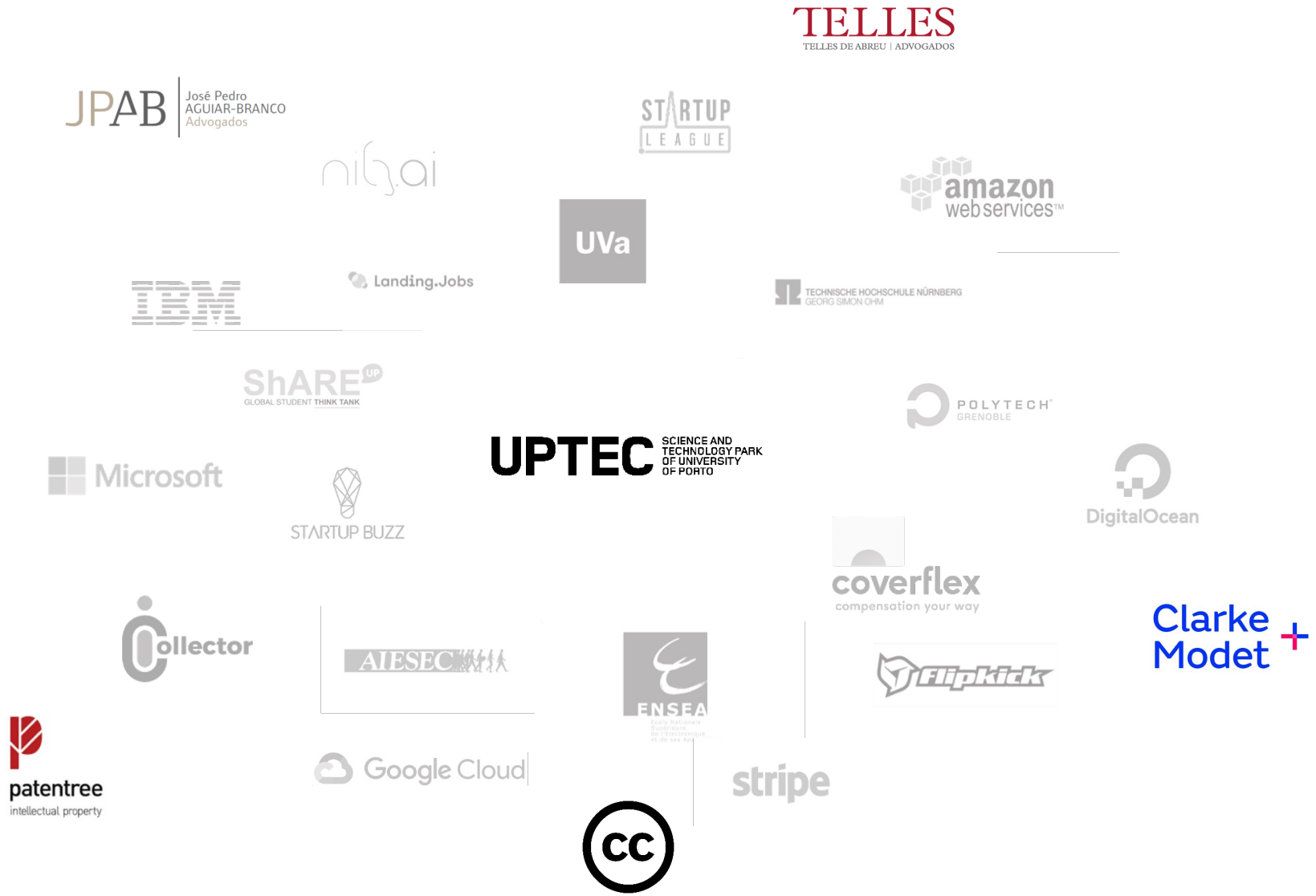
TALENT

International internships

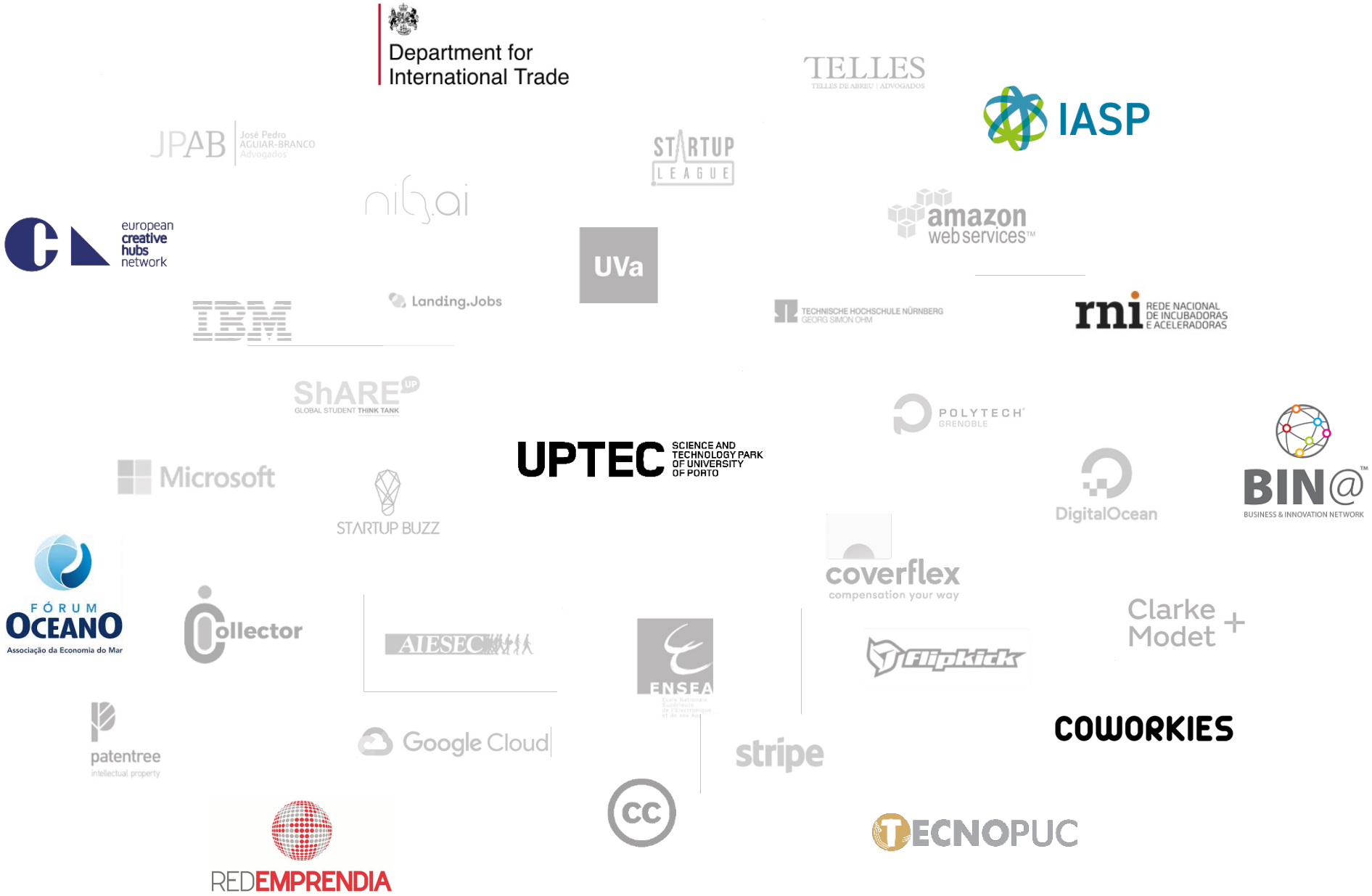
Master's theses

TECH & FINANCE SERVICES

IP & LEGAL ADVICE



COOPERATION NETWORKS

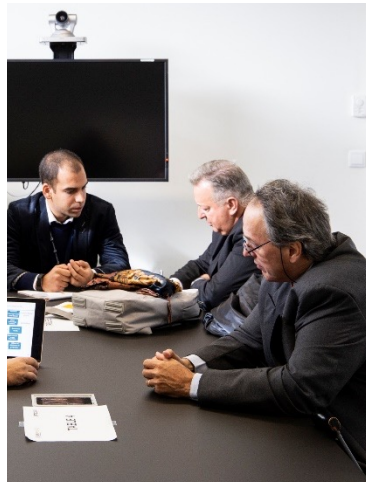


EVENTS
& NETWORKING

In order to increase the interaction between our vibrant community, we are actively organising thematic workshops, discussion sessions and informal events.

Bridging

An initiative to network corporations with startups, and U.Porto's Faculties and Interface Institutes



Investor Day

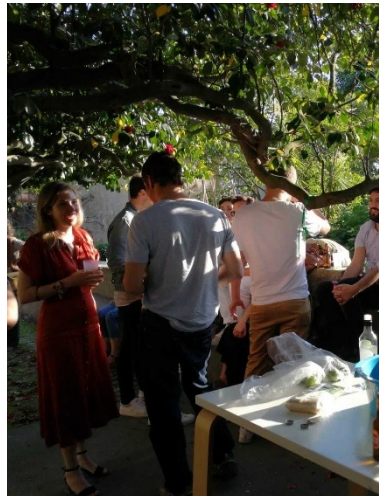
An event that brings together investors/ business angels with startups to discuss investment opportunities

+300

Events
[In 2022]

BlaBla Breakfast

In-house gathering of entrepreneurs with common areas of interest



Cheers

A welcome session for newly integrated startups to present their projects to the community

UPTEC Non-stop

An event for UPTEC companies to present their business ideas to investors, industry and partners

KNOWLEDGE SHARING
PROGRAMMES

With more than 10 years of experience in innovation and entrepreneurship, we develop our own programmes and in collaboration with partners.

UPTEC SCHOOL OF STARTUPS

for **entrepreneurs**

Pre-incubation program, designed to prepare entrepreneurs to the challenges of creating and developing a new business project.

11
editions
[since 2013]

+200
business ideas

+75
created companies

+480
entrepreneurs

for **researchers**

An intensive one-week programme that provides an overview of the entrepreneurship fundamentals to researchers.

10
editions
[2016–2022]

229
participants
[doctorates and masters]

57
business ideas

Immersive programmes

For startups and scaleups

An intensive programme that aims to soften the entry and facilitate the business experience in the European market.

For corporate leaders

An immersive approach for worldwide leaders to get close to the innovation and entrepreneurship environment.

UPTEC PARQUE DE CIÊNCIA E TECNOLOGIA DA UNIVERSIDADE DO PORTO

Access to Finance and Matchmaking

The UPTEC cases of “Investor Days” and “Bridging”

The hardships of fundraising for young entrepreneurs

THE HARDSHIPS OF FUNDRAISING

- What to look for in an investor and how to address a VC?
- Is pitching a skill present in all entrepreneurs?
- Does the lack of experience represent a risk for traditional investors?
- Is there enough public support for starting up?
- Are there other financing instruments to empower young people?

- More importantly: are these instruments well communicated?

UPTEC

THE HARDSHIPS OF FUNDRAISING

What can UPTEC do to support its community and streamline the growth of their start ups and entrepreneurial projects?

UPTEC

INVESTORS DAY @ UPTEC

Reverse Pitching

Networking

Curated 1 on 1 meetings between start-ups and funds

UPTEC

INVESTORS DAY
@ UPTEC

- **Introducing the entrepreneurs to the mindset of investors**
  - Understanding what VCs look for
  - What sectors do they invest in
  - Prevent mismatching between funds and VCs

- **Promoting one on one meetings after dilligent prepation and curation on UPTEC's BD team behalf**

- **For investors:**
  - Feeding their pipeline with investor ready start-ups
  - Keeping them up to date with the most innovative projects

UPTEC

INVESTORS DAY
@ UPTEC

Where to improve

- Dropping the pitching sessions
- Promoting coaching sessions previous to the 1 on 1 meetings to better prepare our start-ups
- Promote more relaxed networking moments for entrepreneurs to start their conversations with investors

UPTEC

BRIDGING
@ UPTEC

Creating innovation challenges in partnership with corporations

Promote 1 on 1 meetings where corporates and start-ups develop possible solutions together

Diligent follow up to turn the design session into business opportunities

UPTEC

BRIDGING
@ UPTEC

- Generate business opportunities for start-ups
- Accelerating innovation in other sectors
- Narrowing the gap between industry, corporates, and young, innovative start-ups
- Serving as interface for the entrepreneurs and acting as mediators, mitigating the risk for corporates
- Mentor young entrepreneurs through the processes of other, bigger companies, and preventing possible mistakes
- Create a pool of talent that can mentor future participants through experience and contribute to always-improving results

UPTEC

BRIDGING
@ UPTEC

Where to improve?

- We've tried sectorial, but we can start looking into supply chain focused events, to prevent competition and promote consortia approaches (for both corporates and start-ups)
- The canvas interface became a very important tool to mediate conversations and provide a translating tool between the corporate mindset and the more innovative and loose approach of start-ups
- There's a need for more networking moments to promote more interaction between entrepreneurs, as well as learning moments

UPTEC

Any questions?

GovTech
A case of citizen participation

GovTech – a case of citizen participation

In 2018, the Portuguese Government launched **GovTech** programme

An innovation programme designed and managed by the Secretary of State for Administrative Modernisation Graça Fonseca and the Agency for Administrative Modernisation

GovTech – a case of citizen participation

About GovTech

- Public contest to foster innovation;
- Designed to award services and products addressing the UN's SDGs;
- Three start-ups would be awarded with prize money;
- The MVPs needed to be supported by a business model;
- The finalist projects would be selected based on citizen participation.

GovTech – a case of citizen participation

GovTech award

- € 30.000 in prize money;
- Protocol signed with the Portuguese State to develop and test;
- Incubation contract with a certified entity;
- Internationalisation support;
- Access to Web Summit.

GovTech – a case of citizen participation

GovTech innovations

- Citizen participation happened through a crypto-asset (token)
  - Citizens reclaimed a token to then cast a vote on the favourite project;
  - Simulation of an investment scenario through gamification;
  - The value of the token was only associated with the voting process;
  - Tokens issued: 4.959.400;
  - Tokens used: 4.559.312;
  - Total ”investors”: 1.734 ;
  - Competing start-ups: 113.
- Voting system through blockchain

GovTech – a case of citizen participation

GovTech winners

- Informat
- Semiautonomous robot cleaning and maintaining forests and preventing wildfires

- Vida saudável para todos
- Nutrition product design to prevent strokes and heart failure

- Bio2skin
- Adhesive material for medical application

GovTech – a case of citizen participation

Where GovTech fell short

- The citizen vote only worked in the first phase;
- The token had no other value besides democratic;
- Citizen participation did not address the potential of pre-market validation, nor distributed ownership;
- Token transaction was not exactly necessary, nor did it represent a true value for the citizens, nor the start-ups;
- No use for the remaining 400.088 tokens not used by *investors*;
- No information on how *investors* casted their votes;
- Is there a match between investors and jury decisions?

GovTech – a case of citizen participation

May GovTech serve us as a blueprint or benchmark for innovation in public financing or policy making for young entrepreneurship?