



# Youth Entrepreneurship Policy Academy



Workshop #1: Access to finance

21 June 2023

David Halabisky, OECD CFE



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# 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).



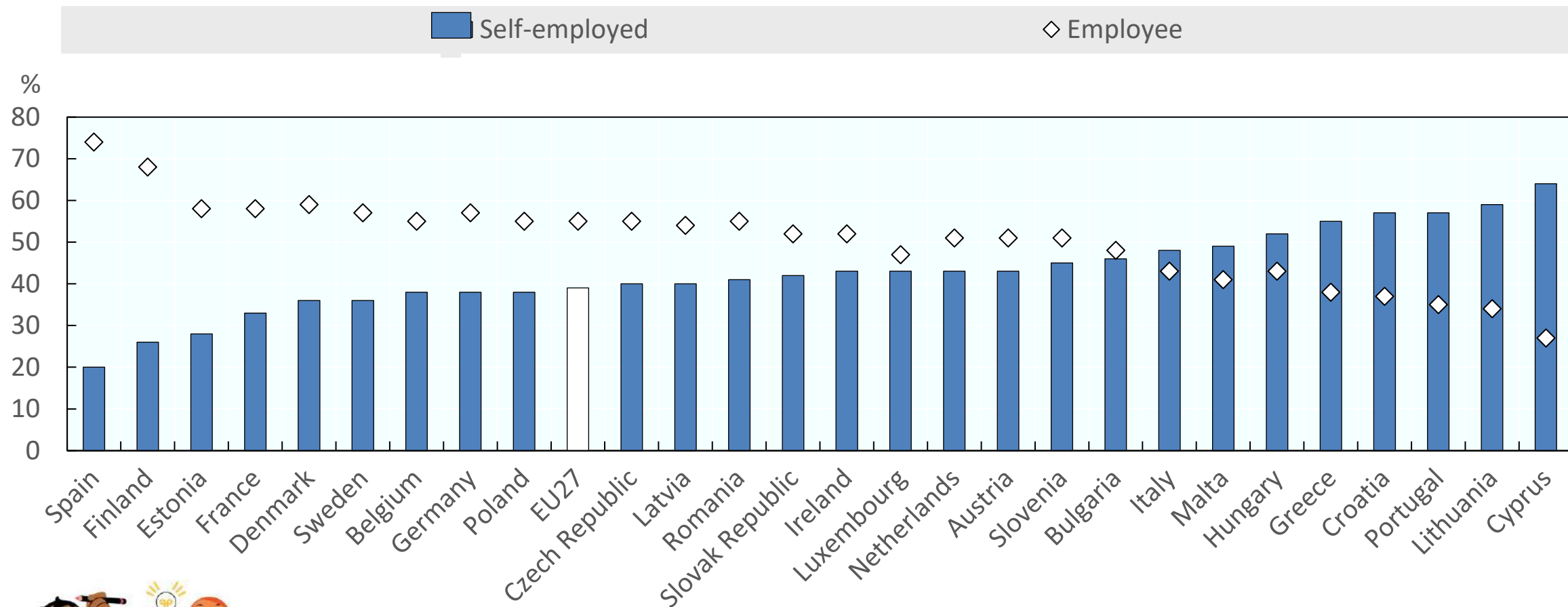
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# Preference for self-employment



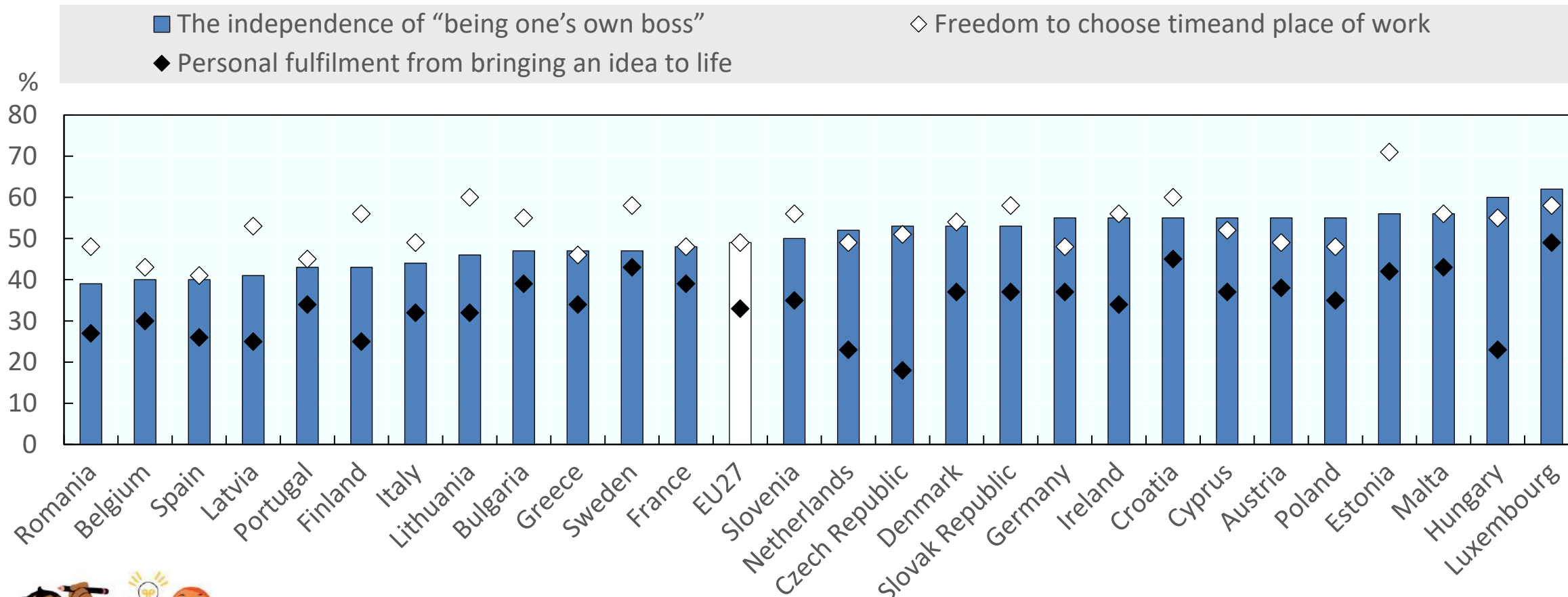
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# Reasons for preference for self-employment

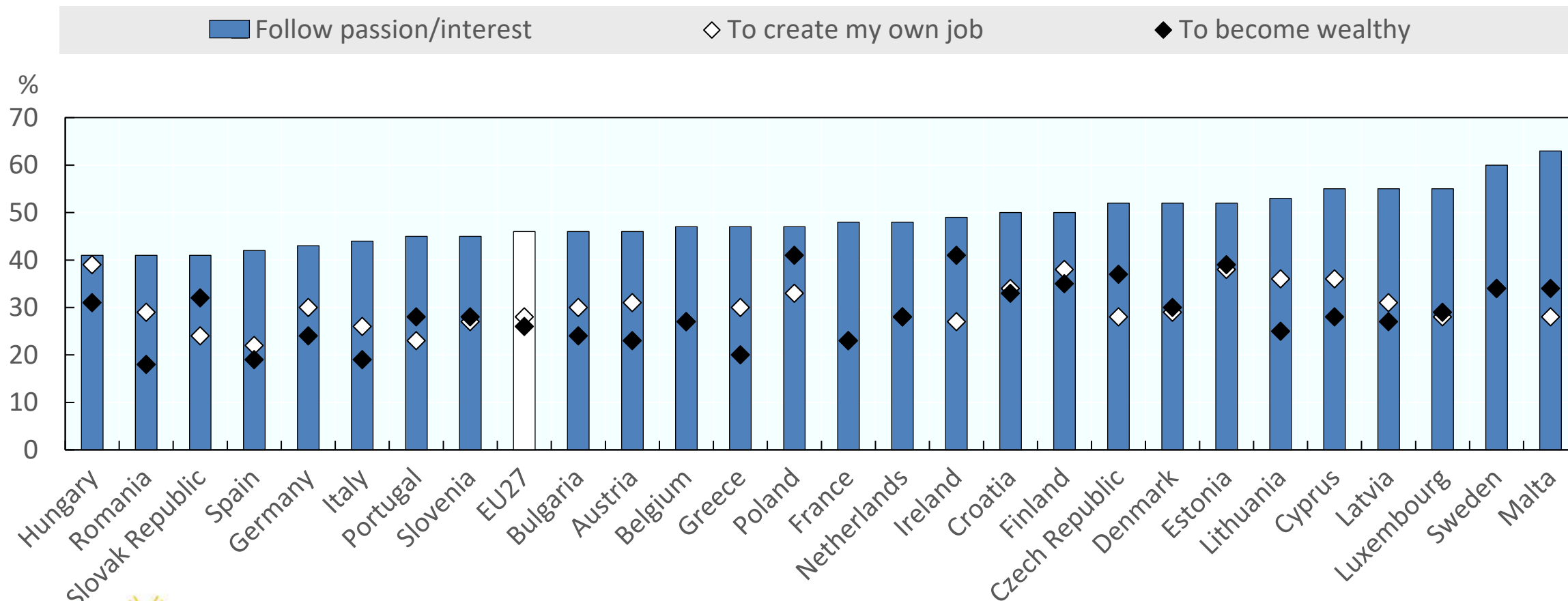


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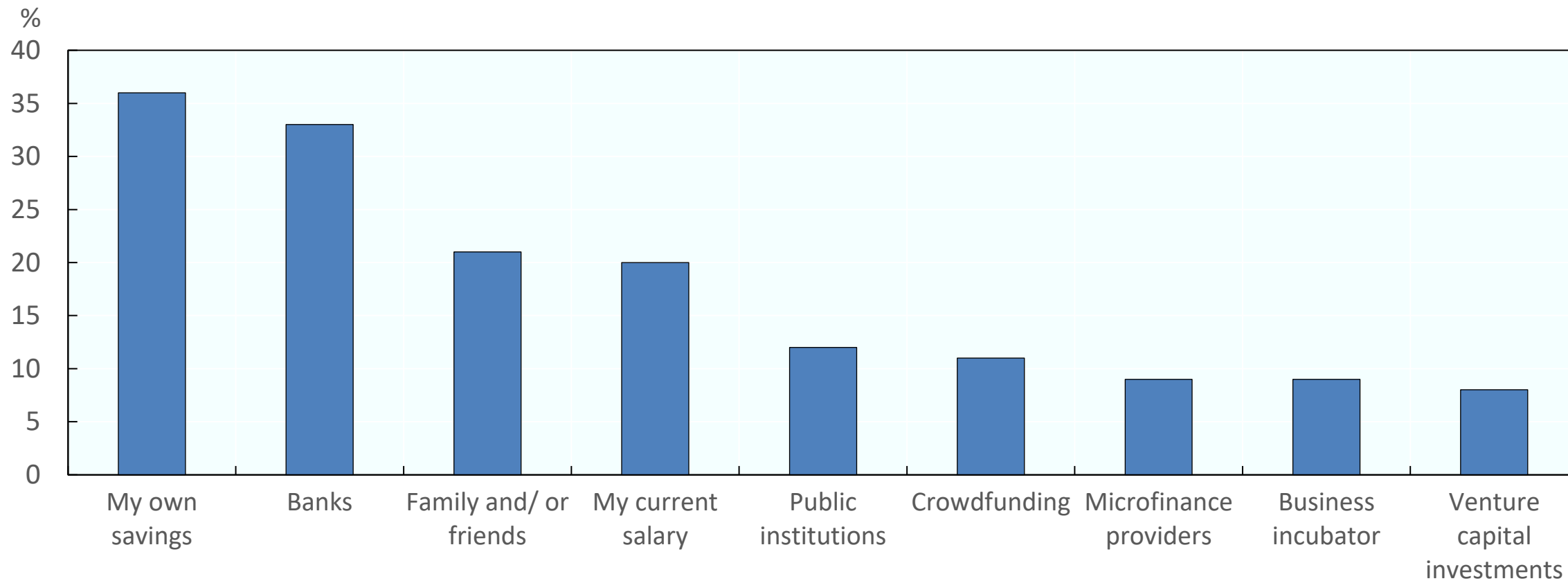
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# Objectives for setting up a business



# Sources of start-up funding (EU)

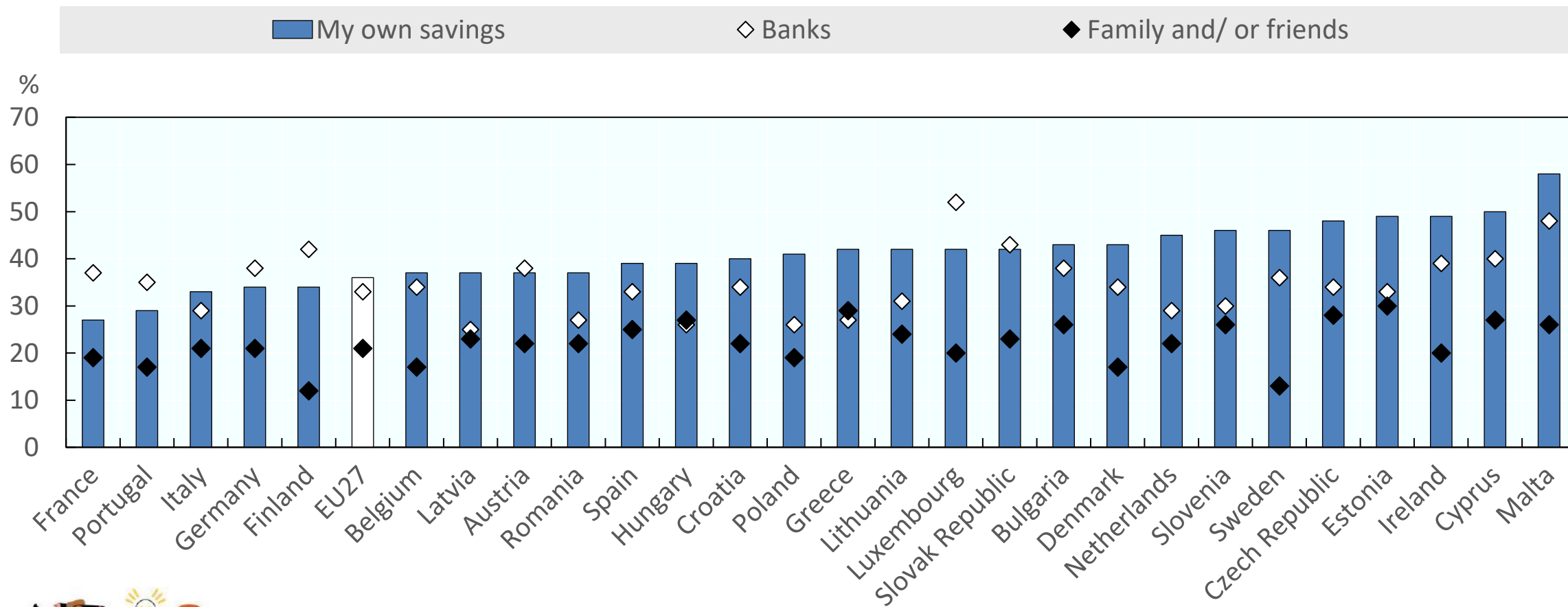


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# Sources of start-up funding



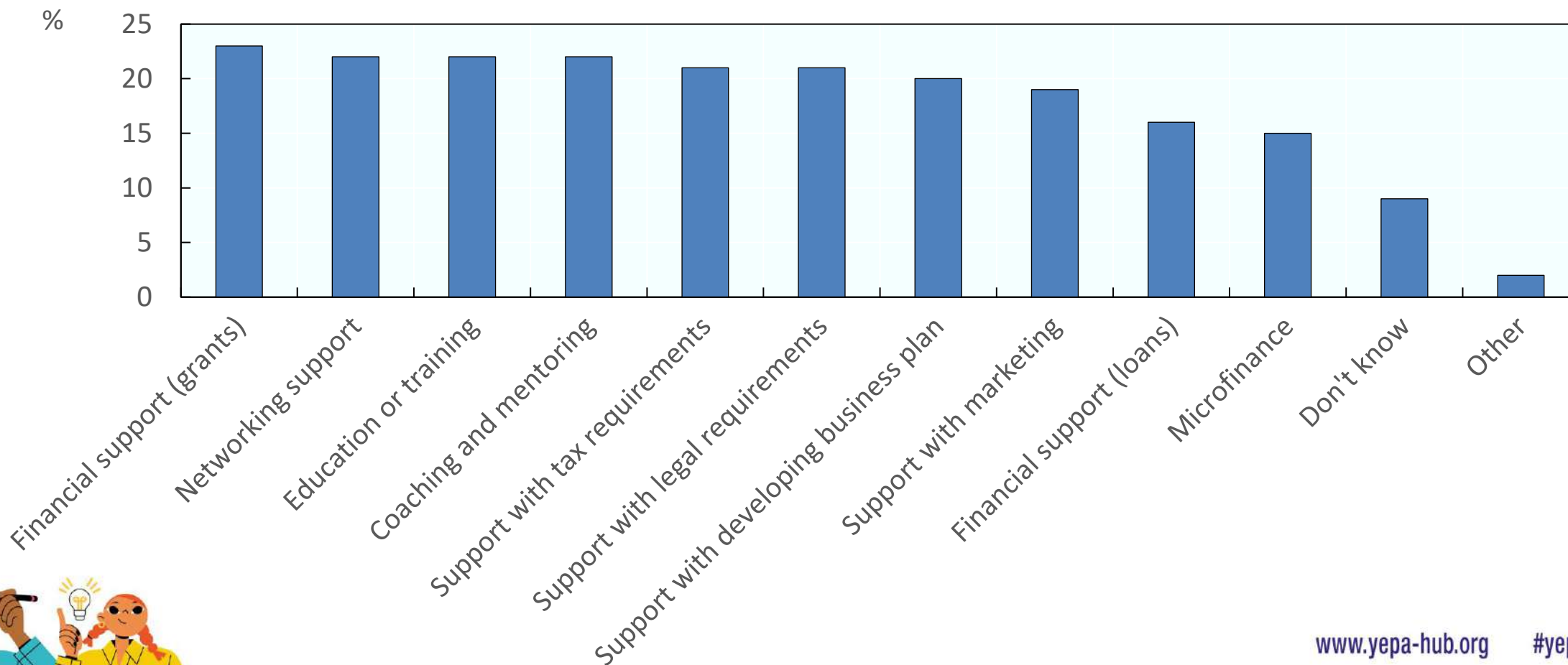
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# Support needed if setting up a business



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# 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



# Thank you!

## Any questions?



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# YES I START UP



# YES I START UP



Business Management Education and Training project

managed by the *Italian Agency for Microfinance*  
in institutional agreement with *Anpal*

aimed at promoting **self-employment**  
**and self-entrepreneurship** among  
young people through a specific  
program which includes both  
theoretical training and tutoring.

## WHAT

Launched on 18 April 2018, the project offers free training courses designed to convey all the skills that are necessary to realize an entrepreneurial idea.

## HOW

This includes useful information to create an effective business plan and to prepare the required documentation to request a loan and start up their own business.

## WHO

These training courses are aimed at NEETs, young people between 18 and 29 who do not work and do not study, nor are they in professional training, but who have an idea to develop and the will to work hard towards their goal

# YES I START UP & SELFEMPLOYMENT

Yes I Start Up provides targeted training courses and personalized accompaniment, with classrooms of at least 4 students and a maximum of 12, lasting a total of 80 hours (60 in the classroom and 20 for personalized tutoring).

The project is aimed at accessing the **SELFIEmployment** measure, managed by Invitalia, which finances projects ranging from 5,000 to 50,000 euros with zero-interest loans, without the need for collateral and / or other subsidy measures.





WHY IT WORKS

## A SUCCESSFUL MODEL

The **strength of this measure** is the management model, based on a public-private partnership network composed of different subjects specialized in training:

- training institutions and bodies,
- companies,
- associations,
- chambers of commerce,
- professional offices.



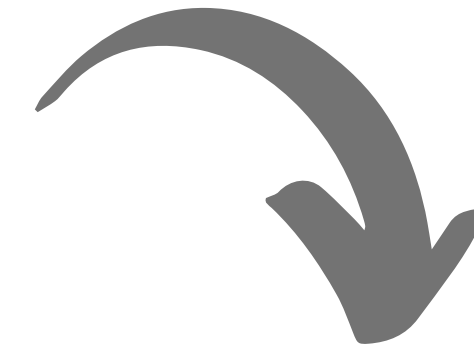
The **recruitment and involvement** of NEETs in the training courses is being carried out throughout the country by **500** training bodies, which are essential for the identification of this specific category of subjects on the territory.



# EVOLUTION OF THE MODEL

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The health emergency has created the need for an immediate response and the implementation of tools to support economic recovery.



To this end, YES I START UP has evolved, adapting to the new conditions through a unique remote training program, thanks to which NEETs were able to keep training in e-learning mode and contribute to the national recovery through the development of their business ideas.

# HOW DO WE GUARANTEE THE RESULTS?

1

CAREFUL SELECTION OF THE  
TRAINING STRUCTURES

2

STANDARDIZATION AND  
UNIFORMITY OF TRAINING

3

CONSTANT MONITORING

# CAREFUL SELECTION OF THE TRAINING STRUCTURES

In order to become part of the partnership network and therefore deliver the courses, each training structure must demonstrate that they have

- experience and skills in the field of training
- support for business creation,
- suitable and equipped classrooms
- qualified teachers.







# STANDARDIZATION AND UNIFORMITY OF TRAINING

To ensure the effectiveness of the courses, the teachers are first uniformly trained throughout the national territory through webinars and meetings, then equipped with modules and slides to follow for each day of class.



Thus the standardization of the paths is ensured, so that each NEET receives the same level of education regardless of the geographical area or the teacher.



# CONSTANT MONITORING

A monitoring platform allows the evaluation of the output, highlighting the performance of the training bodies and thus allowing them to intervene in critical situations in order to maintain a high level of qualitative supply



In the first phase 2018-2020,  
Yes I Start Up has achieved excellent  
results

1,700

TRAINED NEETS<sub>s</sub>

500

ACTIVE  
TRAINING STRUCTURES



**1500**

CLASSROOMS

**1610**

TEACHERS

350

COMPLETED COURSES

100

COURSES COMPLETED  
THROUGH ONLINE DISTANCE  
LEARNING

**97,2%**

survival of businesses  
funded through  
Selfiemployment

**586**

funding applications  
submitted



# TAKE HOME

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The project has been recognized as an Italian good practice to help vulnerable groups to create new businesses.

- The network model allows you to quickly involve the territory and reach the most difficult targets, so much that it was extended to two new target groups: **women and long-term unemployed**
- It is the only PA project to have developed a synchronous learning platform, completed by management and reporting software that allows smart working and monitoring
- All the procedures have been simplified and streamlined, the training courses are carried out in 35 days and in 15 the reporting and reimbursement of the individual courses is completed. All online and without paper, with secure login credentials.
- The model can be extended to support born businesses, to ensure their survival and growth in response to the Covid 19 crisis



# ANY QUESTIONS?



# Supporting Crowdfunding to support young entrepreneurs



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# Overview

Introduction: EUROCROWD

Tackling common misconceptions on crowdfunding

- Lack of in-depth knowledge about crowdfunding
- Administrative complexity
- Legal fragmentation
- Reputational concerns

Examples and case studies

Q&A





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# European Crowdfunding Network - EURO CROWD

- Promotes transparency, (self-) regulation and governance of the crowdfunding and alternative finance industry since 2013
- Aims at increasing the understanding of crowdfunding and alternative finance as key support for entrepreneurship and active citizenship
- Promotes crowdfunding as a viable offering of job creation, social innovation and boost to entrepreneurship to the European public, policy makers and stakeholders
- Providing resources, professional support and a forum for collaborative action regarding crowdfunding
- Create and influence the political discourse regarding crowdfunding within EU Member states and regions



# Activities

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CROWD

## Policy

- Ongoing dialogue with EU institutions
- Joint statements with fellow trade bodies

## Advisory

- Market studies
- EC research projects
- Consulting services for regional and local authorities
- Coaching and mentoring for start-ups and SMEs

## Education

- Publications
- Events
- 2 annual conferences
- Seminars, webinars and workshops

## Conduct

- EUROCROWD Code of Conduct
- Best practices
- Transparency
- Fairness

# Misconception n° 1

*Crowdfunding = online charity donations*

"Crowdfunding can be effective for some specific causes/initiatives, mainly not-for-profit ones, but it cannot be used to support companies that want to engage in significant development and growth"



# Models

Common features to all models:

- marketplace matching idea with funds
- open to any individual over 18 and with access to internet
- limited duration (time) of crowdfunding campaign
- combination of economic and non economic benefits



## Equity

- Financial Regulation (stocks)
- Perfect for startups
- Crowd + professional investors (VCs, BAs).



## Lending

- Financial regulation (lenders)
- Perfect for scale-ups or SMEs
- Crowd + Institutional investors (Banks)



## Reward/pre-sales

- NO financial Regulation
- YES commercial/VAT regulation
- Perfect for pre-sales of product and/or market validation



## • Donation

- NO financial Regulation
- NO commercial/VAT regulation
- Perfect for public authorities, charities and non-profit projects

# EU market

- Steady and significant growth over the past decade
- New consolidation phase in the EU, also due to the entering into force of EU regulation for crowdfunding (November 2023)
- Fully integrated EU market for crowdfunding, higher transparency, higher volumes, more opportunities for companies and investors



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Figure 2.1: European Online Alternative Finance Market Volumes 2013-2020, USD (Including UK)

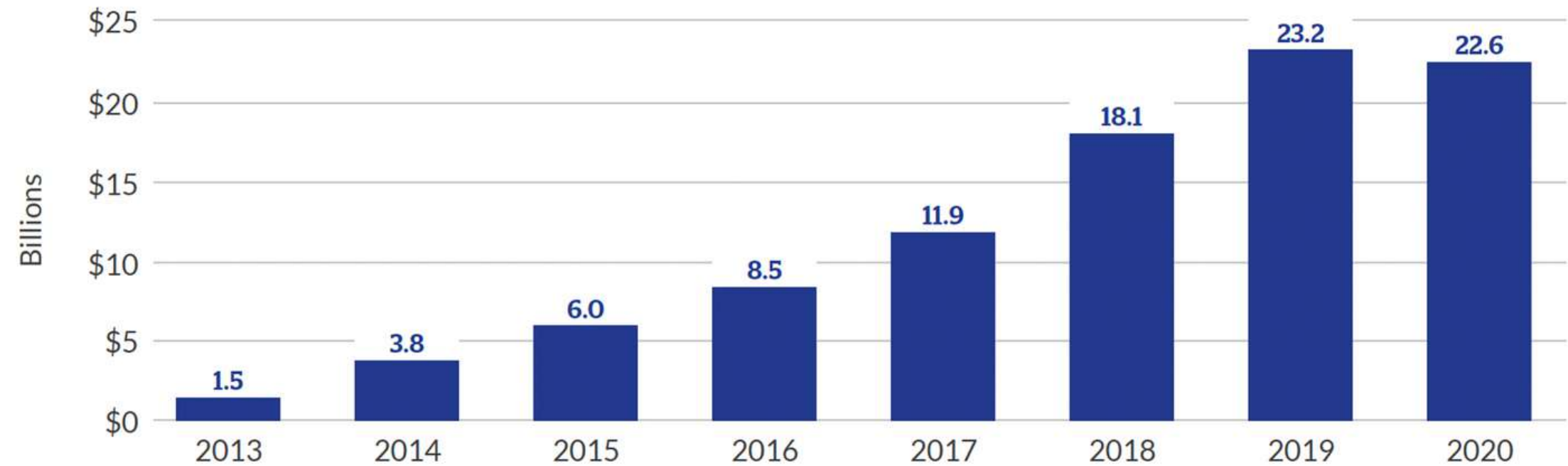


Figure 2.9: Total Alternative Finance Funding for Businesses USD (Excluding UK)



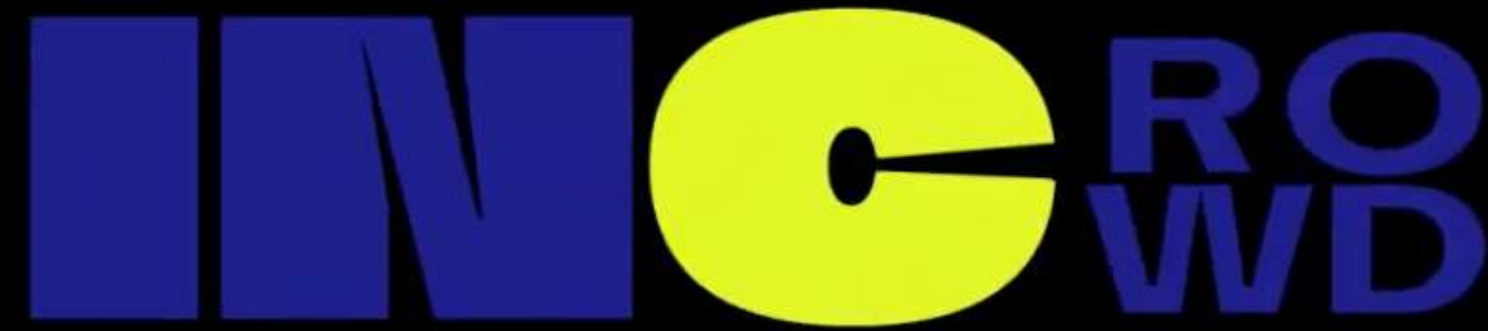
# Misconception n°2

*Crowdfunding as last resort for the "unbankables"*

"I cannot use crowdfunding to raise funds for my company, it would look like I have no other choice and I am desperate for money!"







## **"InCrowd" - Inclusion through Crowdfunding -**

Is a project aimed to empower the "NEET" (Neither in Employment nor in Education or Training) young people, between 18 and 30 years old, with a new and innovative form of self-expression and economic determination: crowdfunding.

- **Total number of launched campaigns: 25 (+ 4 in preparation)**
- **Average funding goal in finalised campaigns: €5387,5**
- **Average amount raised: €5751,87**
- **Average number of backers: 57**
- **Success rate (number of successful campaigns): 81,25%**
- **Percentage of campaigns in Overfunding: 81,25%**



# Misconception n°3

*Crowdfunding is a patch, not a solution*

"You can run a crowdfunding campaign once, maybe even twice and be lucky and be successful, but it's only a temporary relief. You cannot build a long-term strategy on it"





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# Fairphone | It's time to expand our impact

Fairphone 📍 Amsterdam, The Netherlands



## € 2.500.000

of € 1.000.000

max € 2.500.000

Raised: € 2.500.000

👤 1819 funders

🕒 Successful

Convertible loan

Interest until conversion  
5 %

Servicing fee [🔗](#)  
0,8 %

Conversion discount year 1  
15%

Conversion discount year 2 and 3  
30%

✅ Project successfully funded on 16 August 2018

Jan 31, 2023	📄 Venture Round - Fairphone
Dec 11, 2018	📄 Debt Financing - Fairphone
Nov 15, 2018	📄 Venture Round - Fairphone
Oct 1, 2018	📄 Venture Round - Fairphone
Aug 17, 2018	📄 Equity Crowdfunding - Fairphone
Sep 21, 2017	📄 <u>Venture Round - Fairphone</u>
Aug 1, 2017	📄 Series A - Fairphone
Oct 1, 2015	📄 Product Crowdfunding - Fairphone
Mar 1, 2013	📄 Pre Seed Round - Fairphone
Jul 1, 2012	📄 Seed Round - Fairphone



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# Crowdfunding- related opportunities

Development of new  
financial schemes

Support to new  
business models  
(creation and  
validation)

Inclusion of citizens  
in different stages  
of the project

Increased visibility  
of project and  
initiatives

Easier access to  
finance for  
companies in  
underserved  
markets

High-risk, high  
potential sectors (AI,  
Blockchain, Medtech,  
Agritech, etc.)

Culture and creative  
industries, gaming  
industry

Entrepreneurship in  
rural areas

High relevance for  
social &  
environmental  
initiatives

Social innovation  
and social inclusion

Circular and  
environmentally  
sustainable  
ventures/initiatives

Impact generating  
ventures/initiatives

Gender equality and  
female  
entrepreneurship

Matching with  
different types of  
potential investors

Business Angels

Venture capital  
funds

Private equity

Public authorities



# Misconception n°4

*Crowdfunding only benefits who gets the funding*

"Crowdfunding campaigns are a good way to raise the funds you need, but benefits are limited to the project promoter and those who can provide economic contribution to the campaign"







## Matchfunding in 5 Steps



### Institution

Call the community to  
put up projects that  
need funding

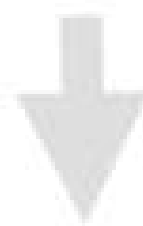


Matches the donations  
with equal amounts



### Projects

in specific  
areas



Ideas come to life!



### Crowd

Supports projects with  
small donations



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## Citizens

### Social impact

- increased sense of ownership towards funded initiatives
- Increased involvement in decision-making process
- Increased awareness about local developments
- Increased contribution to civic life
- Increased visibility of initiatives

### Economic impact

- Attraction of private capital from retail AND professional investors
- Increase in the number of job opportunities
- Retention of young people and support to their ideas
- Possibility of increasing impact (and number) of funded initiatives by PA

### Democratic impact

- New dynamics for decision making and budget allocation
- Increased transparency and accountability in funding process
- New interaction paradigms between different stakeholders involved

## Public authorities

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EURO  
CROWD

# Misconception n°5

*crowdfunding is not applicable to public authorities/policy-makers*

"Administrative and reporting procedures are complex and burdensome, as crowdfunding implies the involvement of different types of investors and in large numbers"



# Different roles of PAs in match-funding schemes



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## Enabler

the public authority provides support services to encourage the use of crowdfunding among its citizenship

## Sponsor

The public authority runs its own campaign for a specific project on an existing civic crowdfunding platform

## Manager

A subnational government creates its own crowdfunding platform to foster the development of its territory.

## Curator

The local authority selects a list of projects that reflect their agenda from an existing crowdfunding platform.

## Facilitator

Subnational governments co-finance projects and/or provide technical support for the development of a crowdfunding campaign



# ESCP

European Crowdfunding Service Provider  
Regulation

## In force since October 2020

Under transition period until November 2023



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## First licences to platforms have already been issued!

Soon to have a fully harmonised EU crowdfunding market

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## For crowdfunding platforms

Unique and harmonised set of rules that will standardise platforms' operations, as well as companies' disclosure and documentation, and investors' protection rules. Clearer and simplified regulatory environment, market consolidation

## For Public Authorities

Increased opportunity for best practices replication across EU (ie. ERDF and ESF match-funding)

Support to crowdfunding skills acquisition through ESF funds

Tax incentives (in some countries) applicable

Risk dilution mechanism that will incentivise professional and institutional investors, increasing attraction of private capital

# Misconception n°6

*From taxes to crowdfunding: the role of citizens and common goods*

"The risk of unsuccessful crowdfunding campaigns can have negative reputational impacts on PAs promoting the scheme. Also, it is difficult to justify why citizens (taxpayers) should provide additional funding to specific initiatives"



# A revolution in the making

- Inviting citizens to contribute financially improves interaction, participation and transparency in the allocation of public funds
- Citizens have the opportunity to express their preferences on what should be funded, but are **not forced to do it**
- The leverage effect can amplify the number of funded initiatives and the impact on social and economic territorial development
- Education and information of citizens are key
- Skills and capacity building in PAs is fundamental for harmonious development



# Case Studies

*Governments who have successfully used crowdfunding*

Download full report with 26 best practices, blueprint and insights: [Scaling-up Partnerships, EUROCCROWD \(2021\)](#)





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## DESIGN

Partner platform(s)	 Role of public authority	 Geographic areas
Finbee Verslui	FACILITATOR	Lithuania

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** initially 4.6m EUR, recently increased to 10m EUR through anti-Covid crisis measures

**Other types of support provided:** The application process for SMEs is so easy that, usually, no further support is needed.

**Policy area(s):** Financing program for small and medium-sized enterprises aimed at bridging the gap between bank financing and SMEs access to loans

DESIGN

Partner platform(s)	 Role of public authority	 Geographic areas
Produzionidalbasso	FACILITATOR	City of Venice

**Type of match-funding scheme applied:** Top-up. 50-50 scheme. 50% from crowdfunding and 50% from institutional funding of the City of Venice.

**Role of public authority:** Facilitator

**Specific geographic areas identified for match-funding:** areas within and around the city of Venice which are characterized by difficult socio-economic situations (Aree bersaglio).

Public resources committed: 70,000 EUR

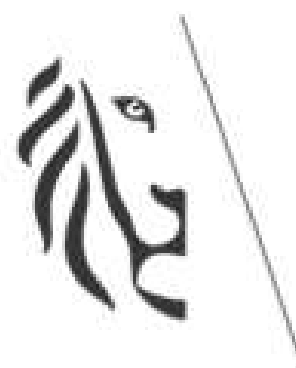
**Other types of support provided:** In addition to the match-funding budget, the public authority has further committed 28,850 EUR for the overall coaching and training activities aimed at supporting projects before, during and after the crowdfunding campaign.

**Policy area(s):** European Social Fund, National OP Metro, action 3.3.1 - creation of services for social inclusion and promotion of new opportunities and services in the most vulnerable areas of the city, through the active participation of citizens.





VLAAMSE  
GEMEENSCHAPSCOMMISSIE  
BRUSSELS HOOFDSTEDELIJK GEWEST



Vlaamse  
overheid

growfunding / bxl  
build your city

DESIGN

**Partner platform(s)**



**Role of public authority**



**Geographic areas**

Growfunding vzw

FACILITATOR (VGC),  
CURATOR (VLAAMSE  
OVERHEID)

Brussels capital  
region

**Type of match-funding scheme applied:** VGC: increase every donation by 40% - 1:1; Vlaamse Overheid: Top-up

**Public resources committed:** VGC: Project subsidy (40,000 EUR)

Vlaamse Overheid: Investment subsidy (70,000 EUR)

**Policy area(s):** VGC: youth work

Vlaamse overheid: policy for Brussels as capital of Flanders of the Flemish minister responsible for Brussels.

DESIGN

**Partner platform(s)**



**Role of public authority**



**Geographic areas**

Growfunding

FACILITATOR

Brussels Capital  
Region

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** 18,000 EUR

**Other types of support provided:** No

**Policy area(s):** Youth



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Gipuzkoako Foru Aldundia  
Ingurumena eta Obris Hidraulikoetako Departamentua



ETORKIZUNA ORAIN



## DESIGN

Partner platform(s)	 Role of public authority	 Geographic areas
Goteo.org	FACILITATOR	Gipuzkoa Province, Spain

**Type of match-funding scheme applied:** Top-up

**Public resources committed:** 70,000 EUR each year for match funding, plus 44,500 EUR each year for Goteo's services.

**Other types of support provided:** Communication and dissemination of the open call for projects, the training activities and the impact of the programme, as well as providing some spaces/offices within the territory to support the activities

**Policy area(s):** Culture





# EUROPEAN CROWDFUNDING NETWORK

## Contacts

Website: [www.eurocrowd.org](http://www.eurocrowd.org)

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