

# ENTREPRENEURSHIP AMONGST YOUTH & MIGRANT YOUTH IN ITALY

FINAL RESEARCH REPORT  
MYSITE PROJECT



Erasmus+



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# Migrant and Youth Social Inclusion through Entrepreneurship (MySite)

## Italy – National Report

**18**

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## 1) Introduction

The current report is part of the broader research about youth and migrant entrepreneurship in Europe undertaken by the Erasmus+ Project “My Site – Migrant and Youth Social Inclusion Through Entrepreneurship”. It aims to highlight the main policies, opportunities and barriers featuring the youth and migrant entrepreneurship in Italy, while it will broadly map out overall trends in entrepreneurship at the local level, financial services and microfinance institutions that can be accessed by young people and young migrants, and existing small businesses set up by young people and young migrants.

To better understand the focus of this paper, the report analyses in detail the economic trends and national attitudes towards entrepreneurship and the role of migrants and youngsters in the Italian economic framework. The country context section provides up-to-date and detailed data about employment and self-employment rates, the sizes of the business profiles, the migrant presence in the labour market and the economic achievements of youth. According to the outcomes reported, two features highly affect the Italian system. The first is the demographic trend of the aging of the population and the increase of migrants (both in terms of demographic population and in the entrepreneurship sector). The second is the high Italian record of self-employment in Europe. However, a deeper look into the data makes clear that male adults constitute the majority of the self-employed people, while women and young people do not seem to make up a significant part of the statistics, as one would initially assume.

Further on, the analysis of the development of institutions in charge of entrepreneurship highlights the absence of a centralized body managing youth and migrant issues. There are several policies, financial opportunities, and institutional actors responsible for youth entrepreneurship which are categorized into different levels (national, regional, local).

The available opportunities facilitating entrepreneurship are not scarce. The report identifies several initiatives easing the start-up phase of an enterprise through different tools: financial breakdowns, grants for equipment, trainings, loans and job-shadowing periods abroad. The measures and the entrepreneurs interviewed (See Annex I) clearly indicate that the main beneficiaries of such calls are young people mainly aged between 18-35. What reduces the enthusiasm is the limitations of the measures put in place and the absence of central coordination; both have a consequence on the lack of the opportunities and the dissemination of the results.

The difficulties and barriers for youth and migrant entrepreneurship are analysed, as well as presentation of discussion carried out with national agencies in charge of microcredit and labour policies in order to gain the point of view of the policy makers. Finally, some recommendations are presented, in line with the main objective of the project.

## 2) Country Context<sup>1</sup>

Italy's National Statistics Agency (Istat) reported 60,589,445 inhabitants, mostly women (51,4%), and a high rate of senior citizens (22,33%) for 2017.<sup>2</sup> The aging of the population and immigration are two demographic features that characterize Italy in the international context. Foreign citizens, mostly settled in the North, represent the 8,3% of Italy's inhabitants (5,8% from non-EU countries). The rate of the increase in immigrants is slowing down, but a significant difference from the previous years is the increase of the children of the first wave of immigrants in the '90s, the so-called "second generations" (291,000).<sup>3</sup>

According to the employment rate published by Istat for 2017, the number of employed people was around 22,5 million (57,2% of the working force), a 1,3% rise on a yearly basis. The increase concerns the whole territory, but the two areas saw different rises: the North (1,4%) and the South (1,7%). In the North, the employment rate reaches the 65,9%, while in the South the employed rate stands at 43,4%. Notwithstanding the increase reported in the last three years, the employment rate is still lower than the pre-crisis period (2008) by 1.4% and the rate is well-below the EU average (66,6%) with the territorial gaps being wide.

In 2016 the employment increase was followed by a decrease in unemployment rates and a sharp drop in individuals not in education, employment or training (NEETs). Still, Italy, with 27,4%, is the EU country with the highest NEET rate. The number of unemployed people, which fell for the first time in 2015 following 7 years of continuous increases, is steadily declining but at a slower pace (- 0,7%), currently standing at 3,120 thousand people.<sup>4</sup>

What is more relevant for the Italian case, is the wide gap between North and South. In the southern regions the unemployment rate reaches 19,6%, the highest rate in the EU after Greece, while in the North it is significantly lower than the EU average.

To have a clearer picture of business system sizes, it is important to highlight that Micro-enterprises in Italy record one of the highest scores in Europe and rank first in terms of the highest rate of self-employment.<sup>5</sup> Individual companies represent the 23.9% of the micro-enterprises<sup>6</sup> in Italy which, in turn, account for 94.8% of the Italian enterprises. This kind of enterprise is extremely important in the Italian labour environment as it is the kind of business preferred by immigrants in Italy: 79,3% of the enterprises managed by immigrants in Italy are individual companies.<sup>7</sup>

In order to analyse better the migrant labour situation in Italy, it is necessary to know that the number of immigrants in Italy is slightly more than 3 million, 71.9% of whom come from a third country. 67% of

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<sup>1</sup> See also Annex 2

<sup>2</sup> Istat 2017

<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsg\\_esgais&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsg_esgais&lang=en)

<sup>6</sup> for micro-enterprises we intend enterprises with 9 employees maximum and a turnover average less than 200.000 € on yearly basis

<sup>7</sup> OECD 2016: <https://data.oecd.org/emp/self-employment-rate.htm>

those have acquired Italian citizenship and the 9.7% are second generation immigrants.<sup>8</sup> At the beginning of 2017, the number of enterprises managed by immigrants in Italy was 571.000, almost a tenth of the overall number of enterprises registered at the Chamber of Commerce (9.4%). The trend was higher during the previous years, even during the economic crisis (+25.8% from 2011).<sup>9</sup> The limited companies stand below the Individual ones ranking 12,2% followed, in turn, by Partnerships which make up the 7%.

At the European level, according to Eurostat, Italy ranks first among EU countries with regard to self-employment<sup>10</sup>; among them, foreign entrepreneurs represent 14% (1 out of 7) of the number of migrant entrepreneurs in Europe and Italy ranks in 7<sup>th</sup> place among countries that hosts the most foreign entrepreneurs in the EU<sup>11</sup>. The main field of activity for the immigrants in Italy is trading, involving around 200.000 persons, and accounting for the 36.4% of the immigrant enterprises. Proportionally this is somewhat higher than the Italian ones on national scale (24.5%). Moreover, the trading field is still growing with an increase of 28.2% since 2011 and 6.6% just in 2017. The construction sector is in second place with 129.000 foreign firms (23.4%); Third is the manufacturing sector with over 43.000 firms managed by immigrants (7,9%)<sup>12</sup>. According to the Statistical Institute for migration (IDOS), “the contribution of the migrant entrepreneurship is highly relevant, and it is a decisive factor for the success of the sector”.<sup>13</sup>

In total, the countries of origin most represented in enterprises managed by immigrants in Italy are Morocco (68.482), China (51.546), Romania (49.020), Albania (31.641), Bangladesh (30.863), Senegal (19.483), Egypt (18.214), Switzerland (15.883), Pakistan (15.195), and Tunisia (14.606).<sup>14</sup> On average foreign entrepreneurs are less educated when compared to the Italian entrepreneurs. Only 17,4% of foreign self-employed entrepreneurs and 11,4% of foreign entrepreneurs with employees have at least a bachelor’s degree (33.1% and 14.6% for the Italians respectively).<sup>15</sup> But the data most relevant to our research is that around 18.4% of the foreign self-employed entrepreneurs and the 20% of the foreign entrepreneurs with employees are less than 35 years old.<sup>16</sup>

With regard to youth, Italy records one of the highest rates of youth unemployment in Europe (34.8%), just below Spain and Greece, and well-above the OECD average (11.9%).<sup>17</sup> The youth unemployment rate exceeded 40% in 2015 and was among the highest in the European Union. The youth unemployment rate was nearly four times the overall unemployment rate, whereas it was double the overall rate of most European Union countries. The unemployment rate for other target groups (i.e. women, seniors) also increased after 2008, but not to the same extent as it did for youth.<sup>18</sup> Youth self-employment rates in Italy

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<sup>8</sup> CNA: Rapporto Immigrazione e Imprenditoria 2017

<sup>9</sup> Ibid

<sup>10</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsg\\_esgais&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsg_esgais&lang=en)

<sup>11</sup> <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20180702-1>

<sup>12</sup> IDOS: Rapporto immigrazione e Imprenditoria 2016

<sup>13</sup> Ibid

<sup>14</sup> [https://www.agi.it/economia/numeri\\_imprese\\_straniere\\_in\\_italia\\_cinesi\\_marocchini\\_unioncamere-2057629/news/2017-08-18/](https://www.agi.it/economia/numeri_imprese_straniere_in_italia_cinesi_marocchini_unioncamere-2057629/news/2017-08-18/)

<sup>15</sup> [https://www.istat.it/it/files//2016/12/I-PROFILI-DEI-NUOVI-IMPREDITORI\\_focus.pdf](https://www.istat.it/it/files//2016/12/I-PROFILI-DEI-NUOVI-IMPREDITORI_focus.pdf)

<sup>16</sup> Ibid

<sup>17</sup> <https://data.oecd.org/unemp/youth-unemployment-rate.htm>

<sup>18</sup> OECD: The missing entrepreneurs

are around the 12%<sup>19</sup> mark, substantially higher than the EU average. This rate is consistent with an economy that is based on the small business sector.

Notwithstanding the self-employment rate was higher in Italy than the average for the European Union in 2016 (21.5% vs 14%), the total early-stage Entrepreneurial Activities (TEA) rate was low relative to the European Union average over the 2012-16 period (4.4% vs. 6.7%). This indicates that Italians were less likely to be engaged in starting and managing businesses that are less than 42 months old. This was true for all social target groups, but the gap was the widest for youth (5.1% vs 15.8%). A higher proportion of entrepreneurs in Italy, than in the EU overall, started their business because they lacked opportunities in the labour market (22.1% vs 15.8% for the EU). This percentage was slightly higher for women where nearly one-quarter (24.2%) started their business due to a lack of other opportunities.<sup>20</sup>

The overall Italian self-employment situation is reflected by the global national position within the index of Economic Freedom and Competitiveness. Italy's economic freedom score is 62.5, making its economy the 79th freest in 2018. Its overall score has not changed; improvements in judicial effectiveness, government spending, and fiscal health were offset by declines in government integrity and property rights. Italy is ranked 36th among 44 countries in the Europe region, and its overall score is below the regional average but above the world average.<sup>21</sup>

Italy's economy, while eurozone's third largest, suffers from exceptionally high public debt and structural impediments to growth, such as labour market inefficiencies, a slow and inefficient judicial system, and a weak banking sector. Political uncertainty also increases the potential for financial volatility and further delays structural reform. The economy remains burdened by political interference, corruption, and poor management of public finances. The complexity of the regulatory framework and high cost of conducting business leads to a considerable part of the economic activity remaining in the informal sector.<sup>22</sup>

In the Global Competitiveness Index 2017-2018, Italy (43rd) climbed one place in the rankings and slightly increased its score, notably through improved goods market efficiency (up seven places to 60th) and higher education and training rates (up two places to 41st). Its long-standing competitiveness advantages include health and primary education (25th), large market size (12th), infrastructure (27th), and business sophistication (25th). Despite recent reforms, labour markets (116th) and financial markets (126th) remain Italy's weak points, joined by inefficient government bureaucracy and high tax rates.<sup>23</sup>

Italy is the 46th Country in the world where is easier to implement a business according to the World Bank's "Doing Business" Index. The Index considers a number of different indicators including time, costs, procedures and minimum capital to start-up a business as well as how to get credit, electricity, property and the how much taxes can affect the business.<sup>24</sup>

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<sup>19</sup> Ibid

<sup>20</sup> Ivi

<sup>21</sup> <https://www.heritage.org/index/>

<sup>22</sup> Ivi

<sup>23</sup> <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>

<sup>24</sup> <http://www.doingbusiness.org/rankings>

### **3) Legal, policy and Institutional Framework**

#### **3.1. Legal Framework**

In this section actions and procedures to facilitate entrepreneurship will be discussed and analysed. In particular, this chapter will provide an insight on the procedure of registering a company in Italy and which costs are related to this action. Furthermore, a set of Institutional bodies will be identified in order to get an overview of which organisations and tools are set to facilitate the entrepreneurs' paths.

##### **3.1.1. Laws facilitating the start-up system**

The current legislation on youth entrepreneurship is regulated by the following laws:

- Law 95/95: the main aim is to ease the creation of new enterprises by young people aged between 18-36. It was first introduced during the '80s and it was reserved for the South. Later, its scope was expanded to include the whole national territory, aiming to support and encourage the creation of different kinds of enterprises, such as public companies, public limited companies, partnerships and several other types (individual companies excluded).  
The action of the law is limited to the financial set-up of the new business and in the following labour fields only: goods delivery in agriculture, industry and craftsmanship or service providers (commerce and tourism excluded).
- Laws 263/93 and 144/99: they offer non-repayable funding and/or low-interest financing to young people willing to become a new service provider.
- Laws 185/00 and 29/01: concerning incentives to entrepreneurship and self-employment;

The laws mentioned above have the structure of a "one-stop shop", that allows beneficiaries to request assistance at any time and not only during a specific period of the year. The financial assistance consists of non-repayable funds (the beneficiary is not required to return the money received) to the extent drawn by the geographical localization, sector of activity and dimension of the enterprise.

The amount of financial assistance depends on the region where the enterprise will be established and the type of the enterprise, but, in any case, the State will not cover the overall costs of the operation. Usually the assistance provided covers up to the 50% of the fund requested. For example, in the Northern Regions, the coverage of the financing is up to 80% (out of 35% not repayable for young people).

##### **3.1.2. Self-employment and entrepreneurship**

Funding for self-employment and entrepreneurship varies depending on the labour sector. Those who wish to start a business in the agricultural, craftsmanship, industrial, services to enterprises and tourism sectors can receive a grant up to 2,5 million.

Self-employment is in turn divided into three different business ventures:

- Individual company: funding up to 25,823€, the so-called "prestito d'onore" (loan of honour);
- Micro-enterprise: funding up to 129,114€;
- Franchising: for Partnership or individual company.

Regarding self-employment, it is not necessary for an applicant to be under 35 years of age and the request can be submitted for whole national territory without local limitations. The sectors that are eligible for funding are service provision, trading and industrial production. Further facilitation measures (such as raw material purchase and management costs up to 50% of the costs incurred) are available for the first two years.

The main condition to receive the grant is that the enterprise will remain active for at least five years from its establishment, and, during that period, the administrative, legal and operative venue should remain in the territory where the enterprise has been established. Since requests have been increased exponentially during the last decade, obtaining funding has become harder compared to time the laws were first put into effect. Hence, current requirements include that project is efficient, innovative, feasible and supported by a compelling business plan.

### **3.1.3. Procedures for setting up an individual company**

In Italy, the first step to create an individual company is for an entrepreneur to get a V.A.T. number. To get a V.A.T. number, the entrepreneur must register his/her individual company into the national business register with the chamber of commerce; the entrepreneur can be assisted by an accountant. The cost for registration is 200€, however, further administrative and chamber-based costs may add up to 115€. <sup>25</sup> The entrepreneur (as an individual person) must also be previously enrolled into the INPS (Social Security National Service).

The high number of V.A.T. numbers in Italy might be misleading as a common practice for employers (company owners) is to hire employees (with a V.A.T. number) without the need to activate a job contract. This is a strategy commonly used in Italy, particularly for some sectors such as construction, engineering and counselling. On the other hand, Italians love the quote “farsi da solo” (make your way on your own) and the financial crisis surely boosted this kind of approach.

In 2007 the V.A.T. “dei minimi” has been established as a special V.A.T. type. This allows young people under 35 years-old to have an income tax at 5% on the total annual income after expenses (between 23% and 43% for ordinary V.A.T. numbers according to your annual income) and 27% of social insurance tax. The measure is valid just if the annual income is under 30.000 €. <sup>26</sup>

In January 2016 a new type of V.A.T. number called “forfettaria” (flat-rate), replaced “dei minimi” (the latter remained active just for those who made use of it before 2015). Forfettaria links taxes to an income coefficient which is depended on the activity sector. In this way the 5% of income tax and the 25% of social insurance tax will be applied on a flat-rate percentage of the total income according to the activity field (between 40% and 78%). The expenses are not considered, and the total income must respect a sector-depended threshold (between 25.000€ and 50.000€) beyond which the beneficiary would shift to the ordinary V.A.T. The “forfettaria” measure breaks down the V.A.T. costs but the age of the beneficiary

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<sup>25</sup> <http://www.ansap.it/datidb/userfiles/file/Fiscale/costi%20indicativi%20forme%20societarie.pdf>

<sup>26</sup> <http://www.giornalepartiteiva.it/economia/pmi/regime-dei-minimi-e-regime-forfettario-2017-piccola-guida-alle-novita-2017-aggiornamento-2018-3602.html>

is not taken into consideration anymore, so it cannot be considered as a measure addressing youth needs. No facilities are foreseen for immigrants.

Chamber-based costs are significantly higher for other types of enterprise (partnerships, limited partnerships and limited companies) to which notarial fees will be added, adding to a final overall cost of up to € 1,850 for their constitution.<sup>27</sup>

Partnerships and companies have to add a founding act while registering into the national business register.

Concerning the limited companies, in Italy it is possible to find two kinds: “ordinary” or “simplified”. The differences between the two are:

- Societal capital: the simplified companies can deposit from 1€ to 9,999€; ordinary from 10,000€ to 120,000€;
- Rules: ordinary companies can decide their own structure and the functioning of the organization, while the simplified company has to follow a protocol of societal rules;
- Members: a simplified company can be composed of individual persons, while ordinary companies can be composed of other companies;

### **3.2. Policy and Institutional Framework**

The institutional framework addressing entrepreneurship policies is partitioned and fragmented in Italy. The Ministry of Labour and Social Policies<sup>28</sup> (Italian: Ministero del lavoro e delle politiche sociali) is the Ministry of Labour of the government of the Republic of Italy. It is responsible for the policies of the labour, employment, labour protection, the adequacy of social security system and social policy, with particular reference to the prevention and reduction of the conditions of need and distress affecting the workers. The Ministry plans, implements and coordinates actions concerning employment development, job protection, social security and social policies.

The principal areas the Ministry oversees are<sup>29</sup>:

- Assessment of labour relationships, monitoring of the legislation on health issues, protection in the labour venues, and the reporting of the domestic collective agreements;
- Definition of the social shock absorbers, unemployment processes as well as mobility, activation of professional funds for life-long learning, training, validation and certification of the competences, and implementation of the study-work dual system;
- Policies to fight against poverty, welfare policies, disability on job placements, definition of childhood and youth policies, and implementation of action to tackle child labour;

Concerning entrepreneurship and migration, the Ministry of Labour and Social Policies plans and implements the following actions:

- a) Integration policies for migrants, coordination of activities offering migrant child care, promotion and coordination of humanitarian ventures in Italy and abroad related to labour policies;
- b) Promotion of entrepreneurship and support towards the third sector.

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<sup>27</sup> <http://www.ansap.it/datidb/userfiles/file/Fiscale/costi%20indicativi%20forme%20societarie.pdf>

<sup>28</sup> <http://www.lavoro.gov.it/Pagine/default.aspx>

<sup>29</sup> <http://www.lavoro.gov.it/ministro-e-ministero/Il-ministero/Pagine/default.aspx>

The most practical instrument set up by the Ministry of Labour and Social Policies for the integration of migrants through entrepreneurship is the “IntegrazioneMigranti”<sup>30</sup>, an online platform established with the purpose of fostering foreign nationals’ integration in the Italian society. The Portal has been on-line since January 17, 2012 and was developed through a project co-financed by the European Fund for the Integration of Third Country Nationals, under the coordination of the Ministry of Labour and Social Policy and with the involvement of the Ministry of the Interior and the Ministry of Education, University and Research.

The network of organisations involved in the implementation of the Portal has been subsequently extended, both through the collaboration of other institutional actors, including the Ministry of Health and the Ministry of Cultural Heritage, and through the involvement of international organisations (e.g. UNHCR).

The Portal is divided into several areas including language, work, housing, minors, second-generation migrants, and health. Intercultural mediation is added as a cross-sectional service. For each of these areas, the Portal allows users to find useful information on the services provided to foreign nationals in each single territory.<sup>31</sup>

Youth entrepreneurship policy is largely under the responsibility of *the Agenzia nazionale per l’attrazione degli investimenti e lo sviluppo d’impresa* (Invitalia). Invitalia is the national agency for inward investment and economic development and falls under the Italian Ministry of Economy. Invitalia manages all the national policy initiatives promoting entrepreneurship for youth and the unemployed, mostly targeting disadvantaged regions. The agency is generally considered to offer support, but the proliferation of youth entrepreneurship initiatives by numerous actors in the private, public and non-governmental sectors at the national and regional levels has raised concerns regarding the co-ordination of policy actions. Invitalia is the National Agency for inward investment and economic development, owned by the Italian Ministry of Economy.

The work carried out by Invitalia aims at boosting the country’s economic growth by focusing on strategic sectors for development and employment; it is committed to reviving areas in crisis and operates mainly in the South of Italy. Invitalia manages all national incentives that encourage the creation of new companies and innovative start-ups. It finances both large and small projects, targeting entrepreneurs with concrete development plans, especially in innovative and high value-added sectors. It provides services to Public Administration to guarantee quality in budget management of EU and national funds, as well as to promote cultural heritage. It is, finally, the Purchasing Body and Contracting Authority for the execution of strategic actions at local level.<sup>32</sup>

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<sup>30</sup> <http://www.integrazionemigranti.gov.it>

<sup>31</sup> In chapter 4 and 5 the report will discuss further the opportunities and facilitation set up by this portal.

<sup>32</sup> The report will expand on the opportunities and facilities fostered by Invitalia in chapter 4.

Apart from Invitalia, there are three other institutional actors related to labour and entrepreneurship market. These are:

- [ANPAL](#): it coordinates the labour policies addressing needs of the unemployed. It is in charge of re-collocation of those who lost their job, the training, the apprenticeships and the dual system study/work;
- [INAPP](#): research institute responsible for the study of labour policies in Italy and making recommendations for policy-makers much like a think-tank. It is the managing office for the Vocational Educational Training field of the Erasmus+ Programme in Italy;
- [ANG](#) : the main aim of the National Agency for Youth is to develop ventures fostering tolerance, cohesion and integration between young people coming from diverse cultural backgrounds. It is in charge of the Youth field of the Erasmus+ Programme in Italy;

#### **4) Opportunities and facilitation measures for entrepreneurship**

Opportunities and facilitation for general funding in Italy are strictly connected to Regional and National Operational Programmes funded by EU. Regions turn the European co-financing in opportunities for training organizations, organizations/associations with social aims, health institutes, and schools. The opportunities for entrepreneurship, coming from institutional bodies utilising the European Social Fund and the European Regional Development Fund, are occasional, ill-promoted and usually not targeted on youth or migrants.

##### **4.1. Opportunities for Youth**

Youth entrepreneurship has been the focus of many recent initiatives due to the high rates of youth unemployment. The Chambers of Commerce have set up a national network of one-stop shops (Sportelli per l'imprenditoria giovanile)<sup>33</sup> to support young entrepreneurs. This network provides young people a free service specifically dedicated to those who are looking to create a new firm.

The Youth Guarantee Initiative (2014-2020) is an Employment Initiative that funds direct job placement through an employment contract, an apprenticeship contract or a traineeship experience, the commitment in the civil service, specific training and consulting to start up business or self-employment initiatives, pathways for transnational and territorial mobility. Beneficiaries who can be successful and show real business creation skills, if confirmed during preliminary guidance activities, benefit from suitable counselling and mentoring services delivered directly or through accredited bodies.

About 3.7% of the resources of the Youth Guarantee is dedicated to the promotion of self-employment and entrepreneurship, mainly within the SELFIEmployment initiative.<sup>34</sup> This initiative is for youth, 18-29 years old, who are seeking to start a business. There are two steps in the initiative: i) training and coaching consultancy to figure out how to move from an entrepreneurial idea to a business plan and ii) facilitating access to financing supported by a mentor.

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<sup>33</sup> <http://www.informagiovaniroma.it/lavoro-e-impresa/approfondimenti/start-up-di-impresa/i-servizi-di-orientamento-e-assistenza-per-l-im>

<sup>34</sup> <https://www.invitalia.it/cosa-facciamo/creiamo-nuove-aziende/selfiemployment>

The majority of opportunities and facilitation measures for young entrepreneurs come from 'Invitalia - Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa', which was mentioned in the previous chapter. We contacted some of the beneficiaries of the measures made available by Invitalia in order to enrich the comprehension of how such instruments work and then analysed the follow-up of the grant.

- **Nuove imprese a tasso zero (zero-rate new enterprises)<sup>35</sup>**

This measure aims to support the creation of new micro and small enterprises, managed by young people aged between 18 and 35, as well as women of all ages. It finances business projects up to 1.5 million euros covering up to 75% of the total eligible costs. The remaining 25% has to be co-financed by the enterprise's own funds or by bank loans. The overall funding is set to €150 million, and funding will be delivered until funds are exhausted. As "Zero-rate new enterprises" is a one-stop shop measure, requests are assessed according to the chronological order of arrival without rankings.

The business ventures should be relative to:

- a) Production of goods or services for the industrial sector, craftsmanship and agriculture;
- b) Service providers for companies and persons;
- c) Trading of goods or services;
- d) Tourism.

Further projects might be considered whereas the final products are pertinent in the touristic-cultural supply chain or social innovation. Enterprises should be established in the form of companies no later than 12 months following the submission date. Natural persons can also apply referring to enterprises about to be established within 45 days from the potential grant. Currently 408 ventures have been funded allowing the activation of 1,987 new employees, while €84 million from the fund have been used up to now.

Luba, a woman from Bulgaria which got the "Zero-rate new enterprises" grant and was interviewed for the needs of this report said,

*Being a top-manager, working fast, living in dynamic cities such as Rome or Milan, makes taking care of day-to-day stuff hard. When you're managing a career with no help from family it is hard to get time for ironing shirts, taking pants up or shining your shoes. I've been working for several companies before, and during the weekend I used to head off with my boyfriend. I did not have time for housekeeping and my worktime did not fit with laundries or tailor workshops.*

*That's why we established "Uman", a start-up that provides a "digital butler" active h24 who picks up and delivers clothes and accessories at home or at the office. It is available in Rome, Turin and Milan, it is possible to book the service through an online platform and your problem will be solved in 48 hours max. Competitive prices but for "business" costumers."*

When asked about further support measures to start a business Ms. Luba revealed that she received a grant from Lombardia Region which financed the start-up phase in 2015. Just after she submitted the proposal to Invitalia attaching a fulfilled business plan. The interviewee was surprised by our question concerning the possible limits she could incur as immigrant from another EU member state. She pointed

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<sup>35</sup> <https://www.invitalia.it/cosa-facciamo/creiamo-nuove-aziende/nuove-imprese-a-tasso-zero>

out that she had never felt limitations on this side but, on the other hand, she had also never noticed a facilitating financial measure reserved or tailor-made for immigrants. Her willingness is to extend the service to Bologna and Florence and abroad considering the success that usually the “made in Italy” term fosters. As she puts it *“Technical features apart, we care a lot about the human side and relationships to forward trust and reliability through our brand”*.

Another project financed by “Zero-rate new enterprises” with €93,000 is “Pastarmonica” managed by Patrizia P. and Maddalena A. As they explained, *“We established Pastarmonica just few months ago. We produce pasta then we retail, and we cook it turning our business venture into a restaurant too.”* Both stress that they had never attended trainings focused on entrepreneurship. They learned all the management attitudes from their past work experiences.

*“one of the most important things is the choice of the venue. Just a neighbourhood like “Prati” (business and wealthy neighbourhood of Rome) could provide the chance to turn a pasta factory into a restaurant. Our strength consists in the usage of particular raw materials like ancient wheat, gluten free and fruits flour. We will be using the Invitalia grant to employ young people and to look abroad, we wish to open a “Pastarmonica” in U.S. too”*.

Another example is that of Luigi S., Costanza L. and Annalisa M. who received €90,000 through the “Zero-rate new enterprises”. Their business idea “CUC” consists in delivering in 1-hour recipes and fresh ingredients cut and prepared in proper portions booked directly through a mobile app. They said that:

*“The planning and the preparation phase took more than one year. The recipes are tasty and strictly seasonal, updated every 2 weeks and prepared by a chef. We got a deal with “Coldiretti” and “Campagna Amica” (agricultural organizations managing the provision of raw materials covering short distances) for the provision of high-quality food and the workshops where prepare the portions.*

*The App provides a video-tutorial to prepare the receipt chosen, it allows to plan a personal diet and to manage dinners and happy hours with friends. CUC has been planned to be a network. Our e-commerce platform is set to register providers and points of sales, even in other cities, just like a franchising and the partnership with “Coldiretti” drives to approach the whole National territory”*

Similarly to the previous case, none of the owners had ever attended an entrepreneurship training or submitted proposals for further financial opportunities.

#### - **Resto al Sud (I remain in the south)**<sup>36</sup>

To tackle the employment and entrepreneurial difficulties in the less developed regions, Invitalia set up the “Resto al sud” programme by allocating €1.25 million. The measure is reserved for people aged between 18 and 35 years old, living in the less developed regions or regions in transition: Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, and Sicily. The beneficiaries should not have a permanent contract with another organization or be owners of another enterprise.

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<sup>36</sup> <https://www.invitalia.it/cosa-facciamo/creiamo-nuove-aziende/resto-al-sud>

The eligible enterprises are companies, cooperatives, individual companies established after June 21<sup>st</sup>, 2017 or teams that will establish an enterprise within 60 days from the communication of the selection results.

The business ventures suitable to receive the grant are those in charge of:

- Production of goods in industry, craftsmanship, fishery, aquaculture;
- Service provision for enterprises or persons;
- Tourism.

Trading, agriculture and freelance are excluded.

The fundable expenses include restructuring or exceptional maintenance of real estate, purchase of facilities, equipment, machines, informatics programmes, and the main expenses for the start-up phase. A staff member of Invitalia who was interviewed commented regarding Resto al Sud:

*“In the south of Italy there is a powerful will of doing business. During the last years the will has been endorsed by the national economic policies curving and boosting the increase in those territories. Over the last five years the south has developed more than centre-north area but too many young people still demand for work places and self-employment. “Resto al Sud” sets the ground to answer effectively to such demand putting the youth in the condition to invent and build the work they wish and not just to wait for it. The main feature to achieve is the sustainability of the business venture, the project idea has to last for the time-being and guaranteeing the capacity to generate incomes. That’s one of the main innovations of this measure. Several info point will be set up on the territory to provide help and useful information to the young beneficiaries in order to set up the enterprise properly and undertake the first operations successfully. At this purpose no expenses for counselling will be covered by the call, too often they induced an unintentional waste of public money.”*

The Chief Executive Officer revealed that the measure is open to regular migrants as long as they live in the South. He also added:

*“We set a package scheme of incentives provided by the government by which is possible to realize financial facilities. One of them is called smart&start supporting the start-up and consolidation of new enterprises in the field of hi-tech and digital, in particular in the South. Another important initiative is “CulturaCrea” that upholds the raise and develop of new enterprises in the following fields: tourism, culture and creativity. Further ventures already promoted by our agency already generated 5 billion of investments and more than 100.000 job places in the last two years.*

2,761 requests for the “Resto al Sud” grant have been accepted so far (out of 6.000 requests). They are supposed to generate more ten thousand new job places.

## - SELFIEmployment

SELFIEmployment is an opportunity to deploy one's business idea, develop one's attitudes and start little entrepreneurial ventures. The fund is managed by Invitalia within the Youth Guarantee under the supervision of the Ministry of Labour and Social policies. It finances zero-rate loans to start business ventures promoted by young NEETs. To take part to the initiative young people must be enrolled within the Youth Guarantee Programme managed by the employment.

The beneficiaries must be between 15-29 years of age, as set by the European Programme, while SELFIEmployment allows youth to attend entrepreneurial training paths and counselling flanking over the start-up period in order to enhance the entrepreneurial attitude and receive support during the planning and drafting of the business plan. Choosing to follow the training permits the acquisition of points that will be taken into account during the selection procedure.

The measure has been endorsed by Unioncamere (Italian Union of Chambers of Commerce) which provides the training "Crescere imprenditori" (*growing up as an entrepreneur*), the first learning step to achieve the know-how for creating a business venture.

SELFIEmployment finances investments plans between 5,000 € and 50,000 € divided as follows:

- Microcredit: 5,000 – 25,000€;
- Extended Microcredit: 25,000 – 35,000€;
- Loan: 35,001 – 50,000€.

The loans are provided with zero interest rate and they do not demand guarantees from the applicant. The beneficiaries must repay the loan within 7 years through monthly instalments starting 6 months after the loan delivery. Beneficiaries should implement the investment programme within 18 months from the signature of the agreement. Invitalia assesses the applications, provides the incentives and monitors the implementation of funded projects. Moreover, it offers a mentoring service to improve entrepreneurial skills of the young beneficiaries and ease the activity development.

Michele, a 30-year-old Fine Arts graduate who lives in Capo D'Orlando (Sicily), and runs an enterprise through SELFIEmployment incentives, explains how SELFIEmployment allowed him to switch careers from designers to entrepreneur:

*"I have been spending more time designing than studying...{later} I've been starting to follow the flow...going to digital craftsmanship fiery where the innovation designers used to get ahead trough. Step by step I realized that I was determined to do something by my own, providing services to firms belonging to the territory. I could not demand for a loan, I had no guarantees to offer, I was not in employment or training. Without SELFIEmployment I would have never gain the money to start over. The funds granted in 2017 allowed me to acquire printers, computers and machines I need to start my business."*

Today Michele is the owner of "Officine Creative Digitali", a digital marketing agency and 3D printer. The main purpose is to offer several services to small and medium local enterprises: real estate, restoration,

counselling and digital marketing. *“The key is the short-distance I maintain with my clients otherwise they would have chosen competitors far away”* he says.

When asked about his main concern regarding his activity he put the blame on taxes as they are the toughest issue to handle when starting a business in Italy.

In order to gather more information on the training side of SELFIEmployment we contacted Emilia, a 29-year-old entrepreneur. She had never attended an entrepreneurial training or business-related learning programme, but SELFIEmployment provided her with a deep insight on entrepreneurial skills and attitudes. As she has a passion for art, fashion and design, she attended a grammar school and then studied a master’s degree in fashion and style. Emilia got some traineeship in fashion workshops in Lucca, home to a famous neighbourhood with a wide network of firms dedicated to leatherwear and footwear.

Following a long period of unemployment Emilia developed the idea of becoming self-employed: *“I desired to make a new line of bags and I knew that through SELFIEmployment you could attend a training on how to plan and draft a business plan, so I applied for the call. Today I own my individual company”*. Her entrepreneurial project was eligible for Invitalia’s SELFIEmployment grand, as it foresees a new line of online purchasable and customizable bags, coming into the mid-high European market. Emilia’s idea is to change the bag models every three months and provide clients the possibility to customize them choosing from different leather and jewels. The delivery occurs within 15 days.

*“70% of the funding has been exploited to develop the web marketing, the website, the configurator, indexation and social networks”* Emilia reported, *“the rest has been reserved for consultants and craftsmen with 40-year experience in the field.”*

When we asked about the training received the interviewee admitted that without Invitalia training she would have never planned a budget proposal, but, on the other hand, she would also have liked a focus on how to internationalise the production in order to breakdown costs.

Isabella, a 21-year-old second generation immigrant from Guinea-Bissau, provides a different perspective. Through SELFIEmployment she was granted 25,000€ and opened a pedagogical space in Verona (North-East of Italy), reserved for children from 3 to 10 years old, where they are encouraged to discover their attitudes to: gardening, motor activities, music, creative workshops, and support to study. The place is called *“Atelier del bimbo” (Baby’s Atelier)* and Isabella, former NEET, established her business activity through SELFIEmployment. She says:

*“I come from a multicultural family. Their socio-cultural background has always been different hence the communication was sometimes tough, and they need many explanations to understand completely what my project was for. The experience taught me that children need to discover by themselves their attitudes, their emotions when approaching new tools or new environments in order to develop their skills by their own...I was an under-30 unemployed woman, a so-called NEET, so in Italy for me and some other young people I knew during the training SELFIEmployment represented a huge boost both economically and operative. Through the partnership with the Chamber of Commerce they provided us the tools and mindset to start from an idea and arrive to a business plan and then get the fund.*

*The tutoring was fundamental for the development of the business. The tutor assigned us was always present, constant, on time and even supportive from an emotional side. If I had to address a comment, I'd say that the tutoring would have been much appreciated even after the start-up phase of the business activities."*

So far, the SELFIEmployment has financed 789 business ventures making use of 24 million euros and developing almost 1,500 new work places.

#### - **BEST<sup>37</sup>**

The opportunities and facilities for young entrepreneurs do not only involve the economic side but include learning and training as well. The BEST Programme (Business Exchange and Student Training) offers young people, with an innovative entrepreneurial idea, the opportunity to have a six-month job shadowing experience in the U.S.A to develop their proposal. The objective of the call is to boost the hi-tech culture and transfer the best cultural and business practices that have developed in recent years by Silicon Valley firms, through an immersive learning path within the start-ups managed by Mind the Bridge in San Francisco. The programme is co-promoted by U.S. Embassy in Italy and the Fulbright Commission.

As of 2007 more than 87 young people, up to 35 years old, joined the programme and 37 new high-tech start-ups were created (among which Bioecopest, D-Orbit, Ecce Customer, Smart Oil Ltd, Cellek Bioteck AG e Smania), providing 320 new job places and using over \$30 million from U.S. funds. BEST is reserved to young graduated people or researcher up to 35 years old.

#### - **Start-up 2018**

Invitalia and occasional regional operational funds are not the only sources for boosting young entrepreneurship. Chambers of Commerce adopt facilitation policies to ease the integration of young people in the labour market through self-employment. Regarding the Chambers of Commerce in Italy, one of the key issues that must be pointed out is that they rarely act at a national level. Their territorial autonomy allows them to perform measures and facilitations independently from the national coordination. In the Start-up 2018 case, the initiative is taken by the Chamber of Commerce in Rome. Many other local chambers of commerce provide similar services, which, like Start-up 2018, have a local dimension.

In the frame of the supporting measures to develop economy and boost the employability, the Chamber of Commerce of Rome focuses on the disadvantage conditions caused by the economic slowdown of the recent years. Start-up 2018 aims at breaking down the initial costs relating to starting-up a business firm and encourages the realization of entrepreneurial ideas and the rise of new enterprises, which can enhance the economic development in the Province. The measure foresees a €3,000 breakdown for guidance service costs to be delivered to support the candidates. To access to contribution the candidate should go to one of the implementing bodies' territorial venues (Chamber of Commerce and craftsmanship centres).

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<sup>37</sup> <https://www.invitalia.it/cosa-facciamo/creiamo-nuove-aziende/programma-best>

## 4.2. Opportunities for migrants

*“Chamber of commerce is the starting point to set up an activity”* Islam Z. confirms. Islam comes from Bangladesh and his small shop selling fruits and vegetables is the first enterprise he opened in Italy. During the interview he stated that he did not face difficulties while trying to open his shop but, at the same time, no facilities or opportunities were presented to him during the start-up phase. As he stressed, *“my accountant took care of all the paperwork. In this way I got a V.A.T. number and what you can see in front of you is my individual company. I did not get any financial incentives, I think the laws and the taxes are quite fair here”*. Instead of a bank loan, he said he received help from friends and relatives.

Regarding the ways an immigrant without past entrepreneurship experience can develop the skills and attitudes to perform an entrepreneurial activity, Islam said that immigrants (but Italians too) who wish to open a shop have to get in contact with the official training centres managed by Regions. These training centres provide courses in various fields that allow the owners of enterprises to develop their experience/knowledge to perform an activity. Sometimes it is just an asset but most of the times there is a mandatory certificate required.

For example, trading and food sectors demand mandatory certificates: a course for administration of food and beverages; cleaning and preservation of food; trading mediator; sales representatives and so on. Courses costs are relatively cheap as they are subsidised by the Regions. The interview with Islam confirmed our initial assumption that in Italy there are no programmes tailor-made for migrants in order to ease the start-up phase of their business, but, on the other hand, there is also no discrimination against them by the initiatives targeting young entrepreneurs.

At a National level, an encouragement to activate measures addressing migrant needs comes from the Inclusive National Operative Programme managed by Ministry of Labour and Social Policies, one of the few policies addressed to migrants. The Programme aims to provide assistance for the social and labour inclusion of migrants, and in particular young migrants and unaccompanied minors. The allocated amount is €10.5 million. The Programme allows the activation of two funds: *Reddito di inclusione* (Inclusion income) and *Sostegno per l’inclusione attiva* (Support for active inclusion). Furthermore, the Programme supports pilot ventures to integrate people at risk of social exclusion, promotion of economic activities in the social field as well as administrative help to promote opportunities for migrants.

### - **The Startup Visa**

Furthermore, there are also specific regulatory measures to support migrant entrepreneurship. The Italian Start-up Visa programme, which allows non-European Union citizens who propose an innovative start-up in Italy to obtain a visa following a simplified procedure, was extended to non-EU citizens who are already in Italy with a valid residence permit. This new programme – Start-up Hub – is a fast-track procedure that converts residence permits to allow for business creation if candidates can demonstrate that a certified incubator has a “willingness to accommodate” their innovative start-up.

The Italia Startup Visa (ISV) programme<sup>38</sup> was launched by the Italian Ministry of Economic Development on 24 June 2014. ISV's mission is to facilitate the issue of self-employment visas to non-EU citizens who wish to establish, individually or as a team, an innovative start-up company in Italy, as defined by the Italian Startup Act. Up to 31 March 2018, ISV has recorded 326 applications.<sup>39</sup> Of these, 187 (54,6%) have received a positive evaluation from the Italia Startup Visa&Hub Technical Committee, resulting in a Certificate of No Impediment to the visa. Among the others, 124 applications (36,4%) were unsuccessful and 15 were withdrawn.

A total of 216 candidates are male (66.3%), while 110 are female (33.7%). The average age is 36.8 years with the youngest being 20 years old at the time of application, and the oldest being 65. 137 candidates have an entrepreneurial background, whereas the majority (168) have only worked as employees. Among their professional areas, the most common are IT (software development in particular), marketing, consulting, management, and engineering. A few applicants are serial start-up entrepreneurs, i.e. they have had several experiences in founding and managing start-ups.

The applicants come from 41 different countries. The largest share of applications (85, making 26% of all applications) were submitted by citizens of China. Russians are in second position, with 67 applications. However, Russia remains first as far as the ratio of accepted applications is concerned (approval rate of 80.6%), while only 42 applicants from China have been granted a Certificate of No Impediment (47.7% approval rate). The third country by number of applications is Pakistan, with 39 (only 5 approved), followed by the United States, with 31 (19 approved). Other countries that have seen more than 10 applicants are Iran (19, 12 approved), Ukraine (17, all but one approved), and India (15, 5 approved). Among other countries, only Brazil and Egypt exceeded 5 applications. 56% of the new enterprises decided to set their operative venue in Milan, Rome, Treviso, and Varese.

#### - **“Integrazione Migranti” Online Portal**

The portal set up by the Ministry of Labour and Social Policies is the main tool at national level that implements the migrant policy in Italy. The main fund the portal draws from is the Asylum, Migration and Integration Fund (FAMI in Italian). FAMI is a programme set up by the Multiannual Financial Framework 2014-2020 of the European Commission.

To improve and reinforce the integration process in European societies, the Fund facilitates legal migration to the Union in accordance with the economic and social needs of Member States and anticipates the preparation of the integration process already in the country of origin of the third-country nationals coming to the Union. The fund is managed by the Ministry of Interior and operatively implemented by Regions according to their welfare state and needs. Indeed, the fund has been turned into local programmes such as:

- PRIMA Progetto per l'Integrazione lavorativa dei MigrAnti: the aim is to enhance the opportunities of integration for migrants in order to integrate them into the labour market. The fund is reserved

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<sup>38</sup> <http://italiastartupvisa.mise.gov.it/#ISHhome>

<sup>39</sup> Ivi

for innovative actions addressing the migrant involvement in productive sectors (entrepreneurship included) connected with the local products.

- IMPACT Migrant Integration through Policies and Action Co-designed with the Territory: the aim is to enhance regional action plans for the integration of citizens from third countries. The main strategy involved the promotion of active participation of migrants into the social, economic and cultural life even fostering the entrepreneurship and the role of associations.

#### - **The MoneyGram Award**

With regard to initiatives for migrants funded through private sources it is worthwhile to mention MoneyGram, a global provider of innovative money transfer services, recognized worldwide as a financial connection to friends and family. In 2009, the company established the MoneyGram Award which is currently the only national award in Italy that recognizes the excellence of companies run by foreign entrepreneurs.

The Award is not only about the contribution of the foreign entrepreneurs to the economy but also the enrichment of the Italian culture and the reassurance of social diversity. Over those ten years many exceptional entrepreneurs have been awarded for their determination, vision and acute management skills. The MoneyGram Award offers a fund to reward excellence in immigrant entrepreneurship in Italy. For 2018 there are 3 different categories: Business Growth, Innovation, and Young Entrepreneur. Among all participants, the jury will select three finalists for each category. The Foreign Entrepreneur of the Year will be chosen among them.

## **5) Challenges and barriers for entrepreneurs**

### **5.1. Youth Entrepreneurship**

Youth entrepreneurs in the Italian context are defined as those under 40 years old. In absolute numbers, they have declined since the onset of the economic crisis, which is a steeper relative decline compared to other European Union countries. Low levels of initial capital and lack of access to credit have played a significant role in this decline.<sup>40</sup>

Furthermore, the number of Italian youth reporting that a fear of failure is a barrier to business start-up is higher than average for youth in the European Union in recent years.<sup>41</sup> Other barriers affecting young entrepreneurs include lack of entrepreneurship skills; negative social and cultural attitudes; lack of knowledge about the administrative and regulatory framework; and lack of experience in entrepreneurship. In general, youth face barriers to entrepreneurship in the areas of social attitudes, lack

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<sup>40</sup> OECD: Italy: Youth Entrepreneurship Report

<sup>41</sup> Ivi

of skills, inadequate entrepreneurship education, lack of work experience, under capitalisation, lack of networks, and market barriers.

First of all, young people are influenced by important role models such as their parents and teachers, who often are not aware of the requirements and opportunities of entrepreneurship. This lack of awareness among role models results in a lack of encouragement and support for entrepreneurship. A negative attitude exhibited by an important role model, or even negative social attitudes, can act as an obstacle to youth entrepreneurship.

Another important feature is that Education and training programmes often do not do enough to nurture entrepreneurial attitudes and skills; instead they aim to prepare students for a career in employment.

A major determinant of business start-up and entrepreneurship performance for youth is prior work experience. However, youth typically lack the necessary human, financial and social capital to successfully start and run a new business. Moreover, relative to older people, youth are much less likely to have managerial or specialized industrial knowledge that would help them in self-employment. Youth tend to have low levels of personal savings and have more difficulty than adults in obtaining external finance. Banks and other financiers typically consider credit history, past business performance and collateral when evaluating potential loans. Youth-owned firms are less likely to score well according to such measures. Due to a lack of experience in the workplace and in entrepreneurship, young people are likely to have limited business networks and business-related social capital. As a result, they may not be able to access a wide pool of resources and ideas. It will also be more difficult for them to build “legitimacy” amongst key stakeholders (e.g. financiers, customers, suppliers).

Another important feature to take into account consists in the “discrimination” youth entrepreneurs may face from customers who are sceptical about the reliability or quality of their products or services. Similarly, youth entrepreneurs are more likely to enter industries where barriers to entry are low, but competition is very strong.

It is important to point out that the barriers mentioned are inter-related. This implies that a comprehensive policy approach supporting youth entrepreneurship should provide packages of policy tools, rather than single one-shot solutions.

Adults in Italy identified the key barriers as:<sup>42</sup> not enough capital (17%), a poor economic climate (14%), a lack of entrepreneurship skills (4%), a lack of a business idea (7%), too difficult to reconcile family responsibilities (9%), the risk of failure is too great (6%), and administrative difficulties (6%). These self-reported barriers are quite similar to the EU average. Data on the barriers to entrepreneurship for youth in Italy do not exist.

A current policy issue is the development of entrepreneurship education at primary and secondary school level. Schools have generally been slow to implement entrepreneurship education in response to the new law on schooling (Law 107/2015).<sup>43</sup> The law aims to facilitate the establishment of short-term internships

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<sup>42</sup> INAPP Statistics

<sup>43</sup> <https://labuonascuola.gov.it/>

within private and public entities in high schools and networks of start-up facilitators, taking place at the local level without the need for any additional legislation.

The guidance for the start-up phase and the post-start-up phase aims to ease the access to financial facilities for the creation of enterprise and to the activation of national/regional public incentives. Supporting measure for start-ups will be enhanced in order to provide: trainings on how to plan and draft a business plan, guidance for the access for credit and the finance ability of the entrepreneurial idea even through self-employment forms, administrative supporting services for the establishment of the enterprise.

For those who cannot guarantee trustable features to get a loan from banks (young people, immigrants, disadvantaged people, no-income families) the creation of an appropriate guarantee fund is foreseen. Special attention has been dedicated by Anpal to the construction and consolidation of institutional strategic partnership for the enhancement of the National Operational Programmes. In particular, a dialogue has been set up between Anpal, the Ministry for the Economic Development and the Ministry for Economy and Finance for the promotion and financing self-employment measures envisaging a direct involvement of the European Bank for Investments.

The Entrepreneurship 2020 Action Plan stresses how bringing Europe back on the trails of the employment and growth is strictly connected to the increase of the entrepreneur's numbers, as well as start-ups. Besides the entrepreneurship training and the breakdown of taxes during the start-up phase, one of the pillars of the Action Plan is the development of role-models and the involvement of specific groups in order to kick-start the evolution of the entrepreneurial potential. Anpal endorses the entire line. Emerging on the horizon for entrepreneurship concerns are particularly the involvement of women, migrants, unemployed, and youth, as they are underrepresented among the entrepreneurial population and among the start-ups' founders.

## **5.2. Migrant Entrepreneurship**

As discussed in chapter 3, the most practical instrument set up by the Ministry of Labour and Social Policies for the integration of migrants through entrepreneurship is the online portal "IntegrazioneMigranti" and the "Start-up Visa Programme". But a deeper look into the measures and projects showcased on the portal reveals that, concerning the promotion of migrant entrepreneurship, the main efforts focus towards the encouragement of starting a new business in the third country where the migrants come from and not in Italy. A fine example is the project "Social Entrepreneurship in Senegal". The initiative provides funds to realize a 3 year-training (coaching and mentoring) in order to make beneficiaries able to develop rural enterprises in Senegal. At the end of the training the beneficiaries can get a loan of up to 6,000€ and an equipment equal of up to 3,000€.

Apart from the opportunities provided by this initiative to those who can benefit from a loan for their business, it is arguable that the main drive behind this programme is a resettlement policy rather than the will to help people integrate.

This should not come as a surprise. One of three main objectives of the FAMI programme revolves around the resettlement policy. It enhances the resettlements in the country of origin promoting the cooperation

with third countries' authorities. The main point is the sustainability. The resettlement has to be guaranteed by projects able to make the resettlement lasting and effective, re-integrating the migrant into the labour market of the country of origin. The same direction is pursued by the National Microcredit Agency according to the recent Memorandum of Understanding signed with COREIS, the Italian Islamic Community. The agreement concerns the following strategies:

- Educational and Economic support for micro-enterprises in Italy and Islamic countries (Target countries);
- Projects of migrant returns, both in Italy and in the countries of origin, for the start-up and development of economic activities through microcredit;
- Development of cooperation projects and economic support in Italy and target countries through microcredit assistance in order to reduce the illegal migrants' flow.

To better understand the migrant policy behind an Institute like the National Microcredit Agency as promoter of self-employment it is important that some further information is provided. The National Microcredit Agency is a body corporate, governed by public law, whose objective is to pursue poverty eradication and combat social exclusion in Italy and internationally, in the developing countries and transition economies. The National Microcredit Agency is vested with the functions of a national coordination body, tasked with promoting, steering, facilitating, appraising and monitoring the microfinance instruments and facilities promoted by the European Union, and microfinance operations implemented using European Union funding. Its mission is to promote the knowledge of Microcredit and Microfinance as the pivotal tool for the eradication of poverty and to identify the necessary measures for the realization of initiatives in favour of people in need, and to encourage the creation of micro enterprises at national and international level;

In an interview with the National Microcredit Agency they mentioned that regarding the support of the most vulnerable groups from poverty their goal is:

*"Turning needs in opportunities, we are born from an intuition of the Italian Parliament right for tackling the extreme poverty. It means that the weaker part of society like women, youngsters, immigrants, former prisoners can somehow be re-integrated not financing their consumers but financing entrepreneurial ideas.*

*Identify a new entrepreneur means training him in order to provide guarantee for the return of the loan.*

*we carried on two important projects addressing Migrants needs. Project "A.M.I.C.I. - Access to Microcredit for Immigrant Citizens", to support employment and economic recovery through the microcredit instrument. The objective is to facilitate foreign nationals' access to the labour market by using the microcredit instrument to establish microenterprises and forms of self-employment. The other project is called M.I.C.R.O. – Migrants Ideas Converted into Real Opportunities –a European project aiming to create a professional figure capable of supporting migrants throughout the various phases in setting up and managing an entrepreneurial activity.*

Regarding youth unemployment in particular it was added that:

*"The National Microcredit Agency has just presented to ANPAL a project for the realization of learning paths at national level within the N.O.P. Youth Employment Measure 7.1. "Guidance activities for the start-up and support at the initial phase of a business" The proposal aims to*

*realize guidance paths for the self-employment and entrepreneurship, in order to make NEETs unrolled in Youth Guarantee aware on how to make a start-up. The final aim is to allow young NEETs to plan effectively an entrepreneurial idea turning it into a feasible business plan in view of the future submission on the Invitalia portal SELFIEmployment (see chapter 4). In the meantime, the young NEETs will be trained to develop their entrepreneurial attitudes, to gain the necessary management skills for handling an enterprise, to be informed on the network of institutional and private actors surrounding their venture as well as the useful tools to make business. The learning paths will last 45 days from the beginning of the activity.”*

Immigrant entrepreneurship is clearly a multi-faceted phenomenon rooted in international migration. It does not prove to be any simpler than the latter in terms of further research needed on cultural, social, economic and political sides. Immigrant entrepreneurship varies among immigrant groups due to asymmetries in resources and opportunities they encounter upon their arrival.

Main structural changes influencing immigrant entrepreneurship in a certain location are changes in international or local market conditions, legal framework, capital accessibility, and degree of competition. The structure of these opportunities also differs at global, national, regional and local levels, which increases the necessity to analyse each of them separately.

Beyond the policy summarized by the slogan “help them at home” that apparently affects the policy of some fund/programme/Institute, the main concern in Italy is the lack of a central office delivering entrepreneurship opportunities for migrants in order to enable them to get loans or financial facilitations and, in general, the shortage of the opportunities. However, notwithstanding the short supply of tailor-made measures for migrant entrepreneurs, the opportunities and facilitations available are not discriminatory towards migrant people and the latter can access the funding by following the same procedures as the locals.

## 6) Conclusions and recommendations

One of the main findings of the current report is that the promotion of youth and migrant entrepreneurship suffers from a lack of centralized source of funding and information. The entrepreneurship mentoring within Youth Guarantee for young people and the Start-up Visa Programme for migrants look like the only permanent and lasting measures for the two targets. Even though a significant amount of one-stop shop opportunities, aiming at helping the youth during the start-up phase of the business were established, it is hard to monitor whether these opportunities are well-disseminated and promoted as usually young people don't get that information within the school environment or from employment centres. Migrants cannot rely on tailor-made opportunities, as the few that were previously highlighted focus more on reintegration in the labour market of the country of origin.

During the last decade, a process of decentralization of competencies regarding employment policies and welfare has been going on, decreasing the influence of Central Government (and National Agencies) in favour of Regions and local Administrations. Such constitutional reforms aimed at transferring more power to public authorities directly based on the territorial dimension. Nonetheless, levels of administrative efficiency vary significantly across the country. There are two consequences, a widening of the historical gap between Northern and Southern areas and bigger difficulties to monitor outcomes and to practice coordination. Young people are the group most affected by the present employment crisis and NEETs are mostly concentrated on Southern areas, as the Regions' actions are ineffective especially in contexts with greater risks of marginalization.

Policies targeting youth have made great strides in Italy over the last decade. Two National Youth Plans were developed and implemented, leading to the establishment of the Youth Department and the Youth Policies Fund. EU funds allocation to Italy has also increased in recent years to address several priority areas, including youth. In parallel, progress has been made in streamlining the business environment, which certainly simplifies the legal obligations of young entrepreneurs. All these efforts and changes have a positive impact.

Nonetheless, there is significant room for improvement with regard to the youth and migrant entrepreneurship support system. Firstly, current policy actions are fragmented as different ministries and levels of government implement policies and programmes, according to their own mandates and priorities, without much consideration on whether these actions can be coordinated. A unified youth entrepreneurship strategy would be more beneficial because it would define objectives for youth entrepreneurship support and help co-ordinate efforts across a wide variety of stakeholders, including national ministries, provincial, regional and local governments, and the numerous associations and organisations in the private and third sector. Furthermore, the development of an action plan to accompany the strategy would identify priorities and targets, as well as assign responsibility for each action area to a stakeholder. This would allow for better tracking of implementation and the measurement of activities against a goal.

Secondly, current youth entrepreneurship support is strongly focused on high-potential youth. In turn, this renders much of the support inaccessible for a great number of young people. More needs to be done to support disadvantaged youth in entrepreneurship as it offers a potential avenue into the labour market.

Thirdly, Italy has a vast amount of national and EU funds available to support youth entrepreneurship. Recent history, however, suggests that these funds are not fully utilized. In addition, projects under the Youth Guarantee have been slow to launch. Utilization of these funds could be improved with a strategy as priorities would be identified and stakeholders would be more engaged in the youth agenda. More effort is also needed on monitoring and evaluation to ensure that funds are used as intended and to measure their impact.

The following recommendations are offered to strengthen the strategic framework for youth entrepreneurship in Italy:

- Develop a cohesive and comprehensive youth entrepreneurship strategy and embed it within a youth employment strategy. The strategy should indicate the objectives and rationale for supporting youth entrepreneurship in Italy and should also clearly indicate the responsibilities of different levels of government. A strategy should also have measurable targets and a timeline for achieving them. The non-government sector and youth organisations should play a key role in developing a youth entrepreneurship strategy.
- Implement a youth entrepreneurship strategy. An action plan will be needed to identify the steps needed to achieve the targets and to assign responsibility for each step. This is extremely important for Italy given the multi-level governance system. The action plan should seek to improve the co-ordination of youth entrepreneurship policies and programmes across national ministries, with other levels of government and with key non-government stakeholders.
- The national government should do more to foster partnerships between local governments, Chambers of Commerce, schools and universities to promote programmes under the Youth Guarantee.
- Increase the availability of entrepreneurship training, coaching and mentoring within the suite of active labour market policy measures so that youth who are not in education may have an opportunity to be exposed to entrepreneurship so that they can learn.
- Provide training in evaluation to staff in national, regional and local governments. The training can be at a basic level help staff understand the importance of monitoring and evaluation and to learn about basic statistical concepts and methods.
- Strengthen requirements for monitoring and evaluation on projects that receive public funding. The ease of accessing start-up financing for youth entrepreneurs in Italy varies according to a number of factors such as the region and the sector in which they are looking to launch their business.

A number of grants which are targeted at youth concern largely innovative projects and technology-based projects. However, youth who are starting businesses in other fields are not provided the same level of financial support.

Microcredit is in the early stages of development in Italy due to the recent changes to the Consolidated Banking Act, therefore few MFIs support youth entrepreneurs. However, this trend is changing. Several MFIs have joined the international network of Youth Business International, which would be expected to lead to an increase in the availability of microcredit for youth. Italy can learn from international experience in up-scaling microfinance for youth. These programmes seek to support young people from

disadvantaged backgrounds. A feature shared by both programmes is to enhance networking activities because young people may lack the contacts to build networks to help establish their businesses. They both have a well-established mentoring programmes with matching and training of the mentors, as well as time to devote to preparation of the young entrepreneurs, which is a weak element of many of the current microfinance programmes available in Italy.

The following actions are recommended as the key priority actions for strengthening the youth entrepreneurship support system in Italy:

- Develop a national strategy and action plan for youth entrepreneurship, in order to centralize the efforts of different public bodies and create the right conditions for a national monitoring system
- Strengthen entrepreneurship education throughout the school system, vocational training and higher education, in order to get young people familiar with entrepreneurial mind-set
- Promote role models for youth entrepreneurs to be aware of the requirements and opportunities of entrepreneurship; and
- Create a network of one-stop shops that would provide a single-entry point for youth looking for information and support related to business creation and self-employment.

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## **ANNEX I**

### **List of interviewees**

#### **Experts**

Invitalia – Communication Office – 11<sup>th</sup> June 2018;  
Anpal – Communication Office – 12<sup>th</sup> June 2018;  
Ente Nazionale Microcredito – Communication Office – 25<sup>th</sup> June 2018.

#### **Young Entrepreneurs – Italian**

Michele Spaticchia – Graphic services company – 22<sup>nd</sup> June 2018;  
Patrizia Pizzicheria, Maddalena Appodia - Pasta Factory – 27<sup>th</sup> June 2018;  
Luigi Sciacca, Costanza Luciani, Annalisa Minniti – Meals on Wheels – 28<sup>th</sup> June 2018;  
Emilia Elena Poli – Customizable bag service – 4<sup>th</sup> July 2018.

#### **Migrant Entrepreneurs**

Luba Petrova Manolova – Handyman delivery service (Bulgarian) – 25<sup>th</sup> June 2018;  
Isabella Lé – Rec center (Guinea-Bissau) – 20<sup>th</sup> July 2018;  
Islam Akter – Grocery Store (Bangladesh) – 27<sup>th</sup> July 2018.

Annex 2:

Population	
Population in 2017 (total)	60'589'445 <sup>44</sup>
Population in 2017 (aged 15-29)	9'145'119 <sup>45</sup>
Foreign population in 2017 (TCN)	5.8% <sup>46</sup>
Employment	
Employment rate in 2017 (total)	58% <sup>47</sup>
Unemployed individuals in 2017 (total)	3'120'000 <sup>48</sup>
Unemployment rate in 2017	11.20% <sup>49</sup>
Youth employment	
Youth employment rate in 2017 (aged 15-29)	30.3% <sup>50</sup>
Youth unemployment rate in 2017 (15-29)	34.8% <sup>51</sup>
Entrepreneurship	
Self-employed in 2017 (aged 15-64)	4'673'800 <sup>52</sup>
Self-employment rate in 2017	23.20% <sup>53</sup>
Self-employed youth in 2017 (aged 15-29)	361'000 <sup>54</sup>
Youth self-employment rate in 2017	12% <sup>55</sup>
Global Indexes	
World Bank Ease of Doing Business	46 <sup>th</sup> <sup>56</sup>
World Economic Forum Global Competitiveness Index	43 <sup>rd</sup> <sup>57</sup>
Heritage Foundation Index of Economic Freedom (Ranking)	79 <sup>th</sup> <sup>58</sup>
Heritage Foundation Index of Economic Freedom (Classification)	Moderately free <sup>59</sup>
Heritage Foundation Index of Economic Freedom (score)	62.45 <sup>60</sup>

<sup>44</sup> Istituto Nazionale di Statistica. "Popolazione residente, anno 2017". <http://demo.istat.it>

<sup>45</sup> *Ibid.*

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<sup>47</sup> OECD. "Employment Rate". <https://data.oecd.org/emp/employment-rate.htm>

<sup>48</sup> Istituto Nazionale di Statistica. "Tasso di occupazione - disoccupati".

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<sup>59</sup> *Ibid.*

<sup>60</sup> *Ibid.*