

# INTEGRATED DEVELOPMENT STRATEGY

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## INTRODUCTION

The **Entrepreneurship 2020 Action Plan** defines entrepreneurship as “*an individual’s ability to turn ideas into action*”. But every would-be entrepreneur in Europe faces a tough environment, the first component of which is that **most education systems do not offer the right foundation for an entrepreneurial career**. In some territories, young people finish their studies without ever learning anything about creating a business or taking the initiative in their life, so it is not surprising that as young adults, they are not aware of the opportunities available to them to implement their ideas. Flash surveys show that self-employment is becoming less attractive and does not even cross the mind of more than half of the citizens. Meanwhile, **youth unemployment rates are particularly high across Europe** (15.2% in the EU). In the project region, the rate is 15.7% in the Northern Great Plain, Hungary and 14% in the Nord-Vest, Romania. (Eurostat, 2018) Encouraging more young people to become entrepreneurs could help to address this youth unemployment challenge, and entrepreneurship education would play an important role in this process.

“*Investing in entrepreneurship education is one of the highest return investments Europe can make.*” (European Commission, 2012) **15-20% of students who participate in an entrepreneurship programme during their secondary education will later start their own company** – this number is about 3 to 5 times higher than in the general population (Jenner, 2012). The YES project partners would like to work on ensuring that being an entrepreneur is an attractive prospect for Romanian and Hungarian youth. They will provide an online curriculum and learning opportunities based on the target group’s needs to help them develop and nurture the necessary competencies for self-employment (and any kind of employment, as a matter of fact). To ensure the initiative’s sustainability, they will recruit teachers (and schools) from the programme area, and train them to become effective advocates of entrepreneurship. They implement this approach with two main pillars:

1. The first pillar is **laying the foundations by a detailed review of the core challenge, its main causes and possible solutions, supported by interviews with relevant actors in the topic**. Based on the accumulated data, specific educational tools (online competency test, learning platform and curriculum,



training camp, practical guide for teachers) will be developed, using the latest, most innovative teaching techniques.

2. The second pillar serves as a **testing phase** for the developed tools through an e-learning course and training events organized on both sides of the border, but it also involves the preparation of future initiatives and the design of policy proposals.

As a first step, a comprehensive strategy is needed to address the problem of unemployment, and for a comprehensive strategy, **a thorough exploration of the current situation in the territory** is also necessary. In the baseline report – a separate document – the partners looked at how the core problem appears in the counties they represent: what is the **current state of affairs** (supported by statistical data), what are the **causes** behind the situation and what are the **solutions/policy recommendations** offered by the relevant authorities and stakeholders. This analysis has an **empirical approach**: in addition to using current statistics, it also relies on **interviews conducted with relevant actors of the labour market** (5-5, respectively, on both sides of the border). The report serves as a comparative tool: it clearly shows the **strengths** (opportunities) **and weaknesses** (possible intervention areas) **of the individual counties**, which can open the way for future cooperation along problem areas also outside the scope of this project. **The baseline report serves as a basis for this integrated development strategy.** The strategy will identify **the endogenous potential and the development needs of the territory** to increase employment, with an **emphasis on self-employment and entrepreneurship.**

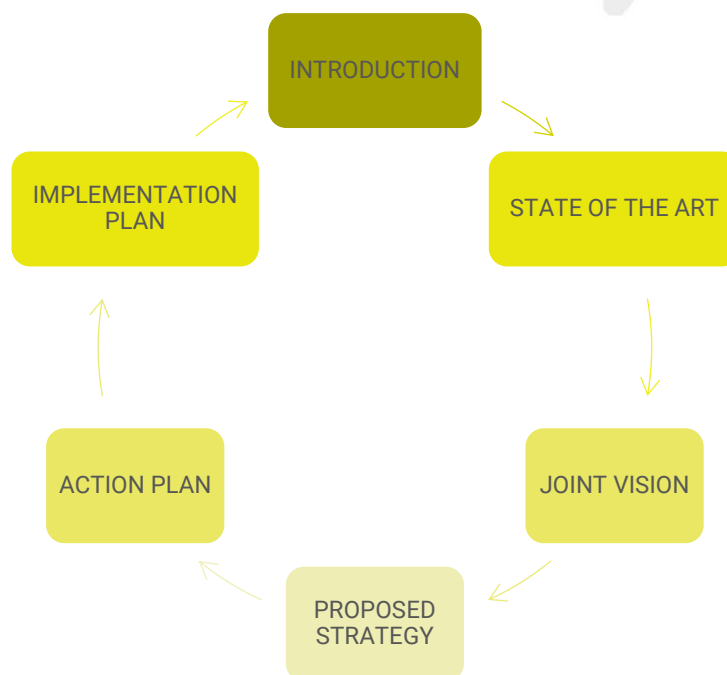
The strategy can be divided into six main parts (*Figure 1*):

1. **Introduction** – A quick overview about the core problem (the connection between youth unemployment and entrepreneurship), the YES project and the purpose and structure of the integrated development strategy.
2. **State of the Art** – A short summary of the baseline report, mostly focusing on the data relevant to the project's topic and the planned activities; the SWOT analysis – as the foundation of the strategy – will also be included.
3. **Joint vision** – Describing the future situation: where the cross-border region would like to arrive in terms of employment – a vivid description that helps to understand the importance and benefits of entrepreneurship training.



4. **Proposed strategy** – Based on the problems identified in the baseline report, this chapter details the main goal of the strategy, the specific objectives, the result indicators, the target groups and the priority areas.
5. **Action Plan** – What has to be done to achieve the specific objectives and improve (self-)employment in the region? The activities of the YES project will also be included as well as good practices from all over the world.
6. **Implementation Plan** – The last chapter of the strategy lays out the operational rules of the implementation: how the process should be governed, what funds are available, how can the success (or failure) of the interventions be monitored/evaluated, what are the potential risk factors and what can be done to mitigate their effects.

1 Structure of the integrated development strategy



Source: own editing



# STATE OF THE ART

## GENERAL CHARACTERISTICS OF THE CROSS-BORDER AREA

The YES project covers four counties: **Satu Mare and Bihor** in Romania, and **Szabolcs-Szatmár-Bereg and Hajdú-Bihar** in Hungary, with a total area of **24,100 km<sup>2</sup>** (Figure 2 – Eurostat, 2016). The region's **1,987,612 inhabitants** (Eurostat, 2018) went through an almost 2% decline since 2012. The aging index – the number of people over 64 per 100 inhabitants younger than 15 – is steadily rising, showing a **transition toward an older population structure**. Since 2012, the number of people between 15 and 64 dropped by more than 4% (Eurostat, 2012-2018). These unfavourable demographic changes result in a **constantly growing dependency ratio** – this necessitates higher government expenditures on health care and social security and culminates in an even more vulnerable state for the youngest and oldest members of the population. Additionally, all four counties show significantly lower GDP values than the country averages – the disparity is especially apparent on the Hungarian side –, although a **slow economic growth process** can be seen while studying the longitudinal patterns.

2 The eligible area of the programme (with the focus of the YES project highlighted in red)



Source: *Interreg V-A Romania-Hungary Programme* (own editing)



There is an extensive legal, institutional and policy background behind employment in both countries – the relevant state bodies and legislation are the following:

- **Hungary**

- **Ministry of Innovation and Technology**
- **Ministry of Finance** (State Secretary for Employment Policy and Business Relations, National Employment Service – county-level Government Offices, local Employment Centres and Labour Market Points)
- **Ministry of Human Resources** (State Secretary for Education)
- **Act I of 2012 on the Labour Code**
- **Law No. CXV of 2010 on the individual enterprise and individual firm**, facilitating small-scale entrepreneurship by reducing the administrative burden and regulating the establishment, operation and dissolution of private companies
- **Act IV of 1991 on Job Assistance and Unemployment Benefits**, listing Assistance for Job-Seekers to Become Entrepreneurs and Assistance for Self-Employment as important labour market services the government has to provide
- **Law No. XXXIV of 2004 on small and medium-sized enterprises and their development**, determining the methods and tools the government can use to support SMEs

- **Romania**

- **Ministry of Labour and Social Justice** (National Agency for Employment, focusing on NEETs – not employed, not included in education or any kind of training – between 15 and 24)
- **Ministry of National Education**
- **Law 53/2003** on the Romanian Labour Code
- **Law 227/2015** regarding the Fiscal Code
- **Law 202/2002** on the equality of chances between women and men



National and regional (county-level) strategic documents are also important influences on the labour market in general and on the project's narrower topic.

- **Hungary**

Integrating young people into the labour market sustainably through supporting them to become entrepreneurs is usually a priority area in national and county-level policy papers. This involves the following objectives:

- **Simplifying the conditions of being an entrepreneur or self-employed**  
Despite the efforts of the last two decades, Hungarian SMEs still have higher administrative burdens than the EU average. This complexity and bureaucracy of regulations – and their ever-changing nature – is perceived as an even greater problem than high tax rates. The acquisition of information is also a major problem.
- **Increasing the emphasis in the media on the benefits of being an entrepreneur** through awareness-raising activities
- **Encouraging risk-taking, experimenting and the assumption of responsibility as important values**

When studying the reasons behind the lack of entrepreneurial spirit in Hungary, *“rather than talent, innovation or expertise, the missing factors include the skills and abilities required in order to build a successful enterprise based on innovation”* (Digital Startup Strategy of Hungary, 2016). However – according to the Hungarian interviews –, young people's willingness to take risks and their lack of perseverance can result in ill-considered, less viable businesses with a relatively short life span; entrepreneurial skills and competencies are a success factor.

- **Romania**

The **Government Strategy for developing SMEs and business in Romania** – with policy objectives related to **inclusive entrepreneurship** – promotes a sustainable workforce and supports labour mobility, including self-employment and innovative enterprises. The national policy papers also highlight **the relevance of education and training systems** (especially lifelong learning) to the labour market. They also focus on providing **equal opportunities** for all citizens.





When analysing the labour market statistics using the relevant cross-border area, the conclusions are two-fold: although **the overall changes of employment throughout the years are generally positive in both countries**, the county-level data are almost always worse than the country average in Hungary, while the opposite is true for Romania (Hungarian Central Statistical Office, 2013-2018; INSSE, 2013-2018).

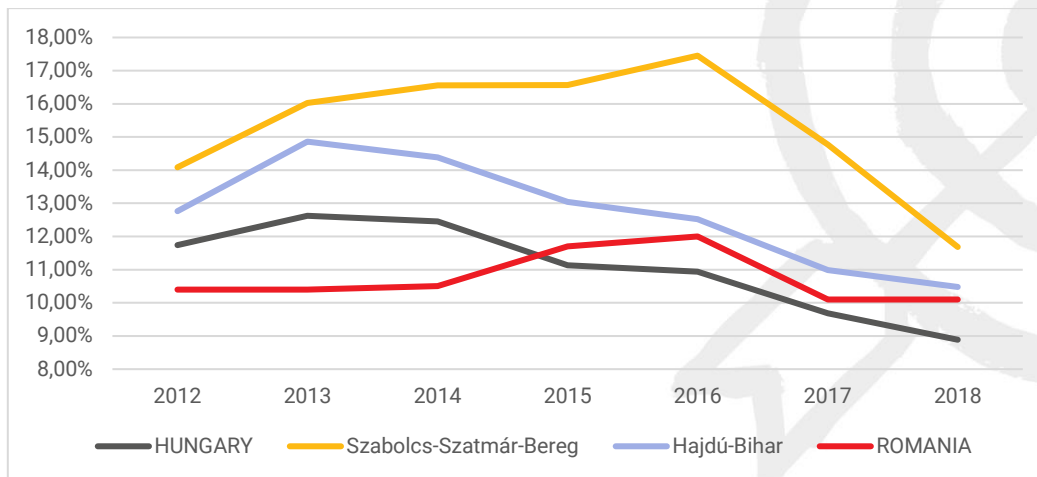
**The same holds true in the case of the unemployment rate.** The overall number has decreased by approximately 8% since 2012 in **Hungary** (from 11.07% to 3.75%, which is a significant achievement in and of itself), but it is clear from the data that **the eastern part of the country suffers more** from unemployment – in Szabolcs-Szatmár-Bereg county, the problem affected almost 9% of the economically active population in 2018. As for the **Romanian** side of the border, the unemployment rates there have been much more favourable – decreasing – over the years, with **the counties of the YES project facing a less dire situation** than the Hungarian counties or even Romania (Hungarian Central Statistical Office, 2012-2018; INSSE, 2012-2018).

It is not surprising, that the sectoral distribution of the employees is slightly different in the **Northern Great Plain** region than in Hungary – **agricultural production** has a more important role in the economy there. Regional data are not available in **Romania**, but the country-level numbers show that **agriculture** has an even more pronounced significance (Hungarian Central Statistical Office, 2015-2018; Statista, 2015-2018).

We know from OECD studies that **the unemployment rate of young people under 25 is high in Hungary** – the Hungarian Central Statistical Office's database only strengthens this point, but also highlights that the last three years brought about some positive changes due to EU- and government-funded programmes (e.g. the Youth Guarantee Programme). Still, **more than 10% of the registered unemployed is an entrant** in the two counties – and in Romania, too, though the data is generally better there (*Figure 3*).



3 Rate of entrants (young people under 25) from the registered unemployed



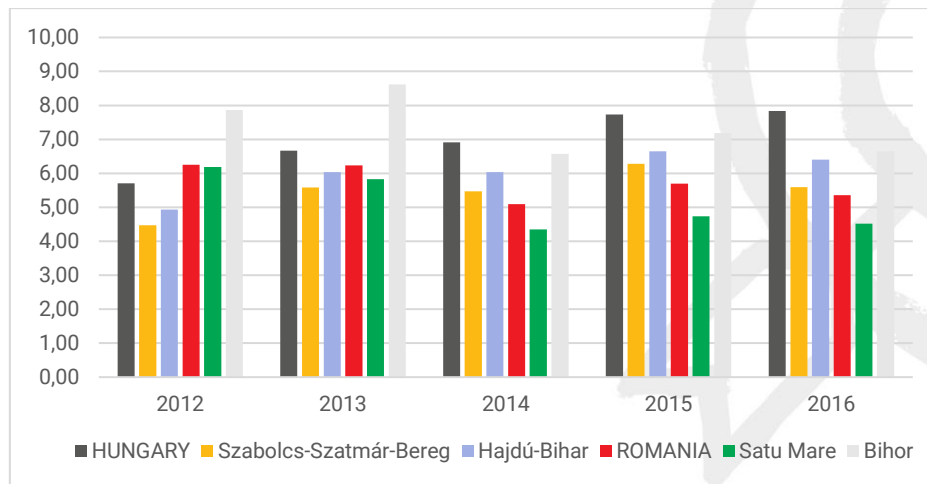
Source: Hungarian Central Statistical Office, 2012-2018; INSSE, 2012-2018

Although it is widely reported that the Hungarian and Romanian **wages** fall short of the EU-average, they are in a **sharp incline**. It is noticeable, however, that the YES project's counties are in a significantly worse shape in this aspect: the difference between the monthly earnings in Szabolcs-Szatmár-Bereg county and Hungary in general is more than 150 euros, for example (Hungarian Central Statistical Office, 2012-2017; INSSE, 2012-2017).

In line with the previously identified slow economic recovery, **the number of active enterprises increased** in both countries (Hungarian Central Statistical Office, 2012-2016; INSSE, 2012-2016). Their largest proportion has less than 50 employees – it is reasonably expected that most companies start out and stay this way for their whole operation. **The number of new enterprises is also in line with the economic growth**, but this is less pronounced in the relevant counties. The number (per 1000 inhabitants) increased between 2016 and 2018 to 6.1 and 6.94 in Satu Mare and Romania, and even over 10 in Bihor (*Figure 4*).



4 Number of new enterprises per 1000 inhabitants



Source: Hungarian Central Statistical Office, 2012-2016; INSSE, 2012-2016

The data about **the highest level of education** shows a **positive picture** on both sides of the border. Persons with only a primary education are fewer every year (with better regional than country-level values), and the rate of people graduated from high school or a university continuously grows: in Hungary, the latter reached 25.1% in 2018; the Romanian and regional data are around 18% (Eurostat, 2012-2018).

## ENTREPRENEURSHIP SUPPORT AND EDUCATION

As discussed in [Chapter 1.1](#), Hungarian law states that **the government must provide a basic support system for business creation** and start-ups, but the perception of its quality is disparate from the point of view of different stakeholders. At the national level, two important support schemes should be highlighted: **GINOP<sup>1</sup>-5.2.7-18** – Supporting young people to become entrepreneurs and **GINOP-5.1.10-18** – Supporting job-seekers to become entrepreneurs. Based on the feedback from the interviews, the initiatives were a good idea: the participants found gaps in the market (e.g. beauty salon for pets) and the funds are enough to cover the starting expenses. However, due to the government's lack of entrepreneurial experience and knowledge, the mandatory business plans were often not professional enough and occasionally hinder the implementation process.



Another EU funding opportunity is the [GINOP-3.1.3-15-2016-00001](#) project. The **INPUT Programme** aims to promote the efficiency and profitability of start-up, micro and small businesses in the ICT sector. This project also highlights the **different attitude towards start-ups and traditional small businesses** – the former have high rates of failure, but if they succeed, they can become quite influential and large after a while. Based on this promise of growth, start-ups have a lot more room for business development and both state and private programmes prefer to support them.

Other entrepreneurship support programmes/institutions:

- [Application for Entrepreneurship Support](#) (for 6 months)
- [Tees Technology for Equal Opportunities Ltd.](#) – GreenLight funds
- [Foundation for Small Enterprise Economic Development](#) (SEED)
- [PRIMOM Foundation](#) – part of a county-level incubator network in Szabolcs-Szatmár-Bereg (including an ongoing infrastructural investment for the creation of a new Technology Transfer and Innovation Centre in Nyíregyháza)
- [Hajdú-Bihar County Business Development Foundation](#)
- [FŐNIX Incubator House and Business Centre](#)
- [Community FACE Youth Centre](#) in Nyíregyháza, [Xponential Coworking Office](#) in Debrecen – co-working offices

The feedback is that the **entrepreneurs do not make use of the available opportunities** – they often don't have the time. There's also the problem of free services: they are – by law – mandatorily provided, but potential customers generally assume low-quality if they know something is free; this barrier is hard to overcome. Overall, although there are some institutions county-wide, **the majority of services are only available in the county seats.**



In Romania, several financing instruments are available for entrepreneurs, offered by the government or the European Union. These **grants** are mostly **for agriculture and tourism**. Additionally, the government operates a programme for start-ups, **StartupNation**, but there are several problems with its implementation according to the interviewees:

- the beneficiaries are not supported in developing a business plan which has proved very important for young entrepreneurs;
- the programme were also delayed – it only started in 2017 despite the original 2014-2020 plan; and
- young people usually do not have enough information about it since its promotion and dissemination is not far-reaching enough.

In Satu Mare, the **Chamber of Commerce, Industry and Agriculture** takes part in several EU-funded projects in which **business promotion and accelerating the start-up field** have a prominent role<sup>2</sup>. The institution also offers **consultancy** for the elaboration of a business plan and the implementation of projects. The first **Business Club** was also established in Satu Mare in January 2018, offering events to the local entrepreneurs for networking. In March 2014, a **co-working space** has been opened for entrepreneurs/freelancers – beside providing office logistics, the new institution contributed to forming a community of entrepreneurs, supporting networking between them, too.

As one of the partners of the YES project, the **Association for Business Promotion in Romania** (ROVE) is one of the most powerful stakeholders in the region in terms of providing **business support for SMEs**. As a civil organization, it helps (future) entrepreneurs – mostly from Bihor county – to **increase their competitiveness and the added value created by them**. They educate and inform their target group continuously, help them attract capital and build relationships, and work toward **shaping the perception of entrepreneurs in society to be more positive**. Cooperating with the **Chamber of Commerce and Industry of Bihor**, ROVE is also involved in the **CRITBIZ project** (for start-ups in the creative and IT fields), in the framework of which entrepreneurship courses are offered about the sustainability of businesses.



Young people in Hungary usually do not receive any entrepreneurship training before the age of 18: their development only starts when they establish a business – it should take place much earlier. However, this training has to **focus on the development of skills and competencies, not on general business knowledge**, and should use **collaborative/team- and project work instead of traditional teaching methods**. It would also be important to be **taught by specialists/experts in the field** – this way, the knowledge transfer can be effective and credible.

The Chambers generally have links to primary schools through providing career guidance and organizing factory- and other institutional visits in the framework of classroom lessons. However, their closest connection is to **vocational training**, in which students can see the operation of an enterprise in practice, and – as a result – they can become not just employees but self-employed later. It might be useful to introduce a **similar experience for general high school students** as a part of the local school community service (according to their career choice, of course). Secondary schools usually have a class about general financial knowledge, but competency development only exists in faculties (how to prepare a business plan, time management, etc.) and through optional events (e.g. the introduction of interesting entrepreneurs, career orientation days by inviting older students). **Incorporating entrepreneurial training into the curriculum** – not as a part of another class, but **as a separate subject** – would be helpful. For this to work, **lesson plans should be made readily available**: there are many good materials on the subject, but only a few were developed **with high school teachers in mind** and can be **adapted/optimized easily to a 45-minute timeframe**.

In higher education (specifically, in the University of Nyíregyháza), there is a **“Career Compass” programme** focusing on competency development by involving credible experts in the field. Moreover, beside the mandatory “General entrepreneurial and economic knowledge” course, there are currently **three optional courses** concerning the topic: “Start-up for students”, “Financial culture” and “I want to be an entrepreneur...” - these are increasingly popular among the students, however, their long-term results are not measurable at this point.



In Romania, schools and universities do put some effort into providing business education, but this process is still on a very low level; the national curriculum supports it, however, there is a **lack of entrepreneurial spirit** (despite the existing offer of practice-based education, e.g. internships). Even if young people have the aspiration to become entrepreneurs, they have to face the fact that being one **requires different competencies than what schools provide** (i.e. creative problem-solving).

It should be mentioned that there is a **compulsory entrepreneurial material for high school students since 2014** (1 hour/week). This material develops the following general skills:

- using concepts specific to entrepreneurial education to **organize knowledge** and the explanation of **facts, events, real life processes**;
- **applying knowledge** specific to entrepreneurial education in market economy situations, as well as analysing the possibilities of personal development;
- **cooperating with different groups** to solve theoretical and practical problems specific to the business environment;
- assessing the **appropriate behaviour** of a changing economic and social environment; and
- **formulating opinions** on solving community problems and starting/running a business.

This is a really important and positive step toward entrepreneurial training in schools, however, – based on the interviews – there is a **major barrier between theoretical and practical guidance**. Schools teach formulas about how things should be done, but this method does not help the students to develop critical thinking skills (making their own decisions). Workshops and programmes where their communication, decision-making and networking competencies are developed can be crucial for them to have confidence in themselves. Moreover, **neither the teachers, nor the students have contact with the business environment – or successful entrepreneurs** in general – which makes it difficult to present the topic with an authentic “business attitude”; there is a gap between those who train and those who employ. The recommendation of the interviewees was that **entrepreneurship education should start as early as in 5<sup>th</sup> grade** – young people can come into contact with entrepreneurship through practice in different businesses, career orientation and competitions.



## SWOT ANALYSIS

Figure 5 summarizes the findings of the report – it provides a basis for outlining the joint vision, the general and strategic goals and the suggested interventions in this strategy.

### 5 SWOT analysis

STRENGTHS – ADVANTAGES
<ul style="list-style-type: none"> <li>County-level incubator network with ongoing investments in the field (HU)</li> <li>Chambers' high level of involvement in entrepreneurship training</li> <li>Vocational trainings providing practical entrepreneurship experience</li> <li>Optional classes/events in almost every educational level</li> <li>Compulsory entrepreneurial material for high school students (RO)</li> </ul>
WEAKNESSES – DISADVANTAGES
<ul style="list-style-type: none"> <li>No coordination/synergy between the different organizations involved in the field</li> <li>Segmented service portfolios</li> <li>Entrepreneurs do not make use of the available opportunities</li> <li>Majority of services only available in the county seats</li> <li>Poor performance of students in competency assessments (HU)</li> <li>No official entrepreneurial training in the curriculum (HU)</li> </ul>
OPPORTUNITIES – ELEMENTS TO EXPLOIT
<ul style="list-style-type: none"> <li>Less steep natural decrease of the population (compared to the countries)</li> <li>Generally more favourable demographic indicators</li> <li>Positive foreign migration rate (HU)</li> <li>Slow but steady economic growth</li> <li>Existing legal, institutional and policy background</li> <li>Improving employment indicators (e.g. a steep decline of the overall unemployment rate)</li> <li>Growing number of business support and management consultancy enterprises (HU)</li> <li>Improving educational attainment indicators</li> <li>Several public and private (national) programmes in the field</li> <li>Rising demand for lesson plans easily adaptable for high school teachers (HU)</li> </ul>





Relevant good practices from abroad  
Open mindset and strong motivation of young people  
Dedication of the interview subjects and other relevant organizations

#### THREATS – ELEMENTS TO CAUSE TROUBLE

Negative domestic migration rate  
High level of dissatisfaction with life among the population – OECD studies (HU)  
**High youth unemployment rate**  
Low wages with high poverty rates  
Preferential treatment toward start-ups (disadvantaging traditional small businesses)  
National government's lack of entrepreneurial experience and knowledge  
Disagreement among the experts regarding the exact nature, level of importance and definition of entrepreneurial competencies

*Source: own editing*

The following integrated development strategy – and the YES project itself – focuses on one of the threats identified in this analysis: youth unemployment.



## JOINT VISION

As an answer to the challenge presented in [Chapter 1.3](#), a **vision statement** should be made to point forward – this goal will be the driving force and motivation behind the strategy’s general and specific objectives. In one sentence, the YES project’s joint vision foresees a society in which being an entrepreneur is an attractive prospect for Romanian and Hungarian youth; however, this alludes to only one aspect of the possible ways to solve/mitigate youth unemployment. For the purposes of this strategy, the statement above should be amended and include other possible intervention areas, too, namely:

### A society in which young people have access to:

- **quality education** – learning the necessary knowledge, skills and attitudes that contribute to a successful career;
- **internships** – gaining practical experience in their chosen profession;
- **job opportunities with satisfying conditions** – providing professional development and self-realization; and
- **a supporting business environment** – giving a foundation to build on for aspiring entrepreneurs.

Naturally, a vision statement like this assumes a healthy state in the case of several connecting areas of society (*Figure 6*).

6 URBACT’s Framework for City Action on Jobs



Source: *Campbell et al., 2013*



Quality education and job opportunities in and of themselves are not enough. If there's no communication between the labour market (and its needs) and the education system, it is unavoidable to have too many or too few graduates in some professions, leading to unemployment and labour shortage at the same time. Therefore, the vision statement above includes **a continuous and prosperous relationship – a check and balance system – between the demand and supply side of the labour market**. In the framework of this relationship, **information is exchanged** between the two parties and there is **capacity and willingness** on both sides **to act on the received intelligence**.

It is also important to keep in mind that the local demand (i.e. job openings) cannot always be met by using the local supply (i.e. labour force) – mobility, especially cross-border mobility should be a key area to focus on. The vision in this case is **a cross-border area where the jobseekers are free and unencumbered to move across the border and find work there**. This necessitates **a transparent administrative system which is easy to navigate** by both the employers and the jobseekers.

It is clear from the baseline report that there are several obstacles currently in the way of achieving the state of the art detailed above. **Chapter 3** highlights the most important problem areas to prioritize and also the related target groups the interventions have to reach.



# PROPOSED STRATEGY

## GENERAL AND SPECIFIC OBJECTIVES

The YES project is in line with the Interreg V-A Romania-Hungary Programme's related objective – a higher employment rate in the Romanian-Hungarian border area. This can be achieved through a broad range of interventions and there are several national and county policy documents already trying to tackle them – to narrow down the topic and offer a more tailor-made plan, **the following integrated development strategy will focus specifically on the problem of youth unemployment and directly contributes to reaching a higher youth employment rate in the covered cross-border area.** The baseline report already determined that all four counties of the project area face this challenge – they are not in a unique situation, however.

The effects of the 2008 global crisis left their mark on the world's economy – young people are prominent victims of this, too. There are countries in Europe in even worse shape than Hungary and Romania: youth unemployment is at 34.3% in Spain, 23.7% in Croatia and 20.9% in France, etc. (Eurostat, 2018). Moreover, even when they find work, one of the impacts of the economic crisis on young workers has been an *“increased difficulty in achieving a good quality job, a rise in irregular working time practices, reduced access to training and career advancement opportunities and increased psychological tensions at work due to low job security and other factors”* (Eurofound, 2014). Therefore, it is not surprising that the EU gives priority to reducing youth unemployment, touching on topics like support for businesses, job creation in the cities, the development of the social economy, etc. Examining related European strategic papers can shed some light on what areas are crucial to involve, leading to a balanced system of specific objectives and priorities.

The [Agenda for New Jobs and Skills](#) identified the young, temporary workers and migrants as those hardest hit by the recession. It focuses on four priority areas:

- **Better functioning labour markets** through strengthening the four components of flexicurity – an amalgam of flexibility and security (reliable contractual arrangements, active labour market policies, lifelong learning and modern social security systems)



- **A more skilled workforce**, requiring a shift towards a competency-based approach in education systems and better cooperation between the worlds of work and training
- **Better job quality and working conditions** through reviewing and (if necessary) changing employment-related legislation
- **Stronger policies to promote job creation**, paying particular attention to entrepreneurship and self-employment on a ‘think small first’ principle (supporting SMEs)

It is obvious that supporting entrepreneurship (the 4<sup>th</sup> priority above) is an important way to address the problem; it also connects to the issue of economic growth, innovation, job creation and social inclusion through increasing the number of **SMEs**. The Entrepreneurship 2020 Action Plan – already mentioned in the **Introduction** – proposes three areas for immediate intervention:

1. **Entrepreneurial education and training** to support business creation
2. **Strengthening framework conditions** for entrepreneurs by removing existing structural barriers and supporting them in crucial phases of the business lifecycle
3. **Nurturing a culture of entrepreneurship** in Europe

As stated in **Chapter 2**, this document intends to widen its scope beyond the YES project and formulate a strategy that includes several approaches. Although the project partners intend to tackle the role of education in entrepreneurship support, it is clear from both the baseline report and the already available policy papers that there is another – institutional – aspect of this task. To encompass both, the following two specific objectives have been formulated:

- **SO1 – More young people with outstanding entrepreneurial competencies**  
Increasing the number of young people in the region who have the appropriate knowledge, skills and attitudes to become entrepreneurs can only be done through revising the current education system. However, this would have an effect on more than self-employment. Competencies commonly thought of as crucial to a successful entrepreneurial career – perseverance, risk taking, a competitive spirit, communication, networking and decision-making skills – are equally **important for any kind of employment**. If young people receive an



education based on this, they will have **more opportunities to choose from after finishing school** – including starting a business.

- **S02 – Stable and predictable entrepreneurial environment with better-quality labour market services**

Ensuring that there is a skilled workforce to either creating new jobs or entering the labour market as employees is only one side of the equation. Reducing youth unemployment also requires **institutional and structural changes and interventions**. The **service portfolio offered to both jobseekers and aspiring entrepreneurs** must be high-quality, efficient, customer-oriented and tailor-made to the individual, also including motivational measures and continuous support. An environment that favours entrepreneurship and youth employment would also mean **incentives for employers** for hiring young people and **lessening the administrative burden** of enterprises/SMEs.

## IDENTIFYING THE TARGET GROUPS

The target groups can be distinguished based on the two stated specific objectives.

- S01 – More young people with outstanding entrepreneurial competencies
  - **Students/young people**

When developing and offering competency-based entrepreneurship education, the most important target demographic is young people. This group includes everyone from 5<sup>th</sup> grade (see [Chapter 1.2](#)) to people under 24<sup>3</sup> who already left formal education behind. Using different methods according to the specific age group, but **a curriculum incorporating collaborative and team-based elements** should be equally available in primary, secondary and tertiary education – and in lifelong learning, too. The number of young people (15-24 years old) living in the territory whom youth unemployment concerns the most is around 140,000. Learning about self-employment and developing the related competencies can **motivate them to start a creative business venture instead of facing unemployment** – or help them in finding a good job easier.



The YES project gives particular attention to students in their last two years of secondary education who are close to leaving school and join the labour market. It is important that they are not only be given theoretical information, but also practical, competency-based knowledge concerning how they can withstand the challenges in life, in which work is an important factor. They can get an idea about their skills in the field of entrepreneurship (by filling out an online competency test) and develop them with expert mentors (through an online course and an intensive training). Reaching and convincing them to participate is a key to the project's success, and therefore requires careful attention and an effective communication strategy. Instead of using traditional media tools, the project team is concentrating on **the maximum utilization of social networking sites** (especially Facebook), which can be complemented with other methods, too.

- **Teachers**

To ensure the initiative's sustainability, the project partners intend to recruit teachers from the programme area, and train them to become effective advocates of entrepreneurship. However, teachers are an important factor outside the project's scope, too. They have the most contact with the main target group of this SO, therefore, **their perception of entrepreneurship will undoubtedly shape the students' view on it, too**. Although some of them are familiar with the concept of entrepreneurship education, their knowledge often lacks cohesion about the basic definitions and the best adaptable methods. The easiest and most coordinated way to reach them is **through the schools** they work for.

- **Education institutions**

Education institutions are one of the key actors that can **manage and prevent the lack of skilled entrepreneurial workforce** which was pre-identified as one of the core reasons of youth unemployment in the area. Therefore, schools offering secondary education are an important target group of the project for two reasons: (1) through them, the partners can recruit the teachers – and students – who will take part in the project by participating in the training programs and (2) they are the ones who – in



the long run – can make the most of the outputs after the project is finished (the e-learning platform, the curriculum, etc.) which ensures the sustainability of the initiative. As a method of communication, the partners prefer **personal meetings** with the school boards.

One thing to keep in mind regarding this SO is that without a **higher level of involvement from decision-makers who can actually change legislation and introduce a new curriculum officially**, actions in this area can only have a muted effect. The YES project will create a website that will be available after the end of the project and the material on it can be used freely by any student, teacher and school; however, for a truly system-wide change **the education systems of the two countries have to be reworked from the ground up to accommodate this new and radically different approach.**

- SO2
  - **Government/local labour market organizations**  
To establish a joint sustainable institutional network supporting jobseekers and aspiring entrepreneurs, the interventions have to bring together relevant institutions in the field of employment and training. This includes **government bodies responsible for labour and business legislation** (e.g. ministries), **organizations implementing and enforcing legislation** (e.g. tax offices, chambers of commerce, labour market info points) and **NGOs** operating in the field (e.g. business support organizations, economic development agencies).
  - **Entrepreneurs**  
Entrepreneurs' role in this strategy is three-fold. First of all, potential employers can gain advantages indirectly from a competency-based education: **a bigger supply of skilled workforce meets their demand**, allowing them a more efficient organization of work and being more productive and competitive. Second of all, having access to practical training through **internships** is an important gateway between school and work – entrepreneurs must be involved in the process of creating a **fair and competitive system**. And last, supporting entrepreneurship should cover **the support of already existing SMEs**, too.





## PRIORITY AREAS

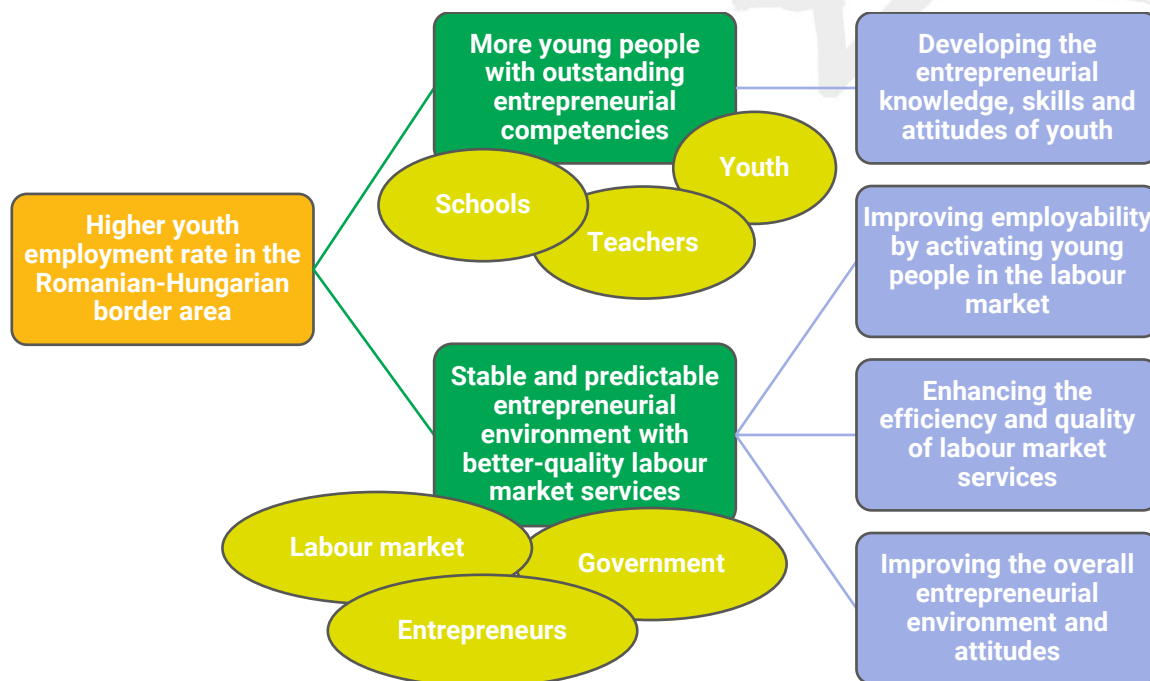
Connecting to the general and specific objectives, the strategy identifies four priority areas:

- **P1 – Developing the entrepreneurial knowledge, skills and attitudes of youth**  
Since modern careers are becoming increasingly ‘hybrid’ (starting out in a salaried job then turning to self-employment, for example), young people should be prepared to manage a mixed career – this can only happen while still in education. However, one of the conclusions of the baseline report was that even if young people have the aspiration to become entrepreneurs, they have to face the fact that being one requires different competencies<sup>4</sup> than what schools currently provide. **Introducing a different perspective into the current education systems** is in order: the students “*need to try their hand as an entrepreneur in a safe environment, whilst doing something real, meaningful and inspiring*” (Campbell et al., 2013).
- **P2 – Improving employability by activating young people in the labour market**  
To make well informed choices, young people need **reliable and timely information** about the available jobs, the skills they must have, etc. Orienting young jobseekers and students in the labour market is an important task of the national, regional and local governments (mostly through active government instruments and information networks).
- **P3 – Enhancing the efficiency and quality of labour market services**  
When providing labour market services, the first consideration is a **systematized approach** where every actor covers one or more fields, creating a **comprehensive service portfolio**. To achieve this, the service providers have to know about the available jobs (now and in the future), the necessary skills, the effective methods of recruitment and the current barriers which hinder young people in finding (and keeping) a job.



- P4 – Improving the overall entrepreneurial environment and attitudes**  
 Encouraging entrepreneurship is bilateral – the 1<sup>st</sup> priority involves preparing young people for it through competency development. However, there are other issues at hand: the baseline report has pointed out that the **administrative burden** is extremely high in the two relevant countries; there is also a need for **awareness raising** among the general public – promoting a **positive attitude** towards risk-taking and innovation. Naturally, this priority can include providing the necessary capital to start a business or just a **financial contribution** through micro-loans and non-refundable grants, too.

7 General/specific objectives, target groups and priorities of the strategy



Source: own editing



## ACTION PLAN

This chapter briefly outlines what has to be done to achieve the specific objectives and improve (self-)employment in the region. The activities related to tackling the connection between youth unemployment and entrepreneurship are structured into three areas (*Figure 8*):

1. **State-level guarantees, interventions**
2. **Practices to improve the business environment and labour market services**
3. **Activities for competency development and the development of entrepreneurship education**

The intervention areas are presented along with the introduction of good practices and examples, showing evidence to their success.



The most important interventions a country can implement are **active government instruments**. Their main purpose is making jobseekers more 'attractive' for employers, increasing their value on the labour market. They prepare them to do well at work (services), provide specific support (housing, mobility) and offer professional development (trainings, internships). Three types of interventions are proven to be the most effective in this area:

- **Wage subsidies**  
Wage subsidies have an **inherent risk of exclusion**: if an employer has two potential employees with similar qualities and they choose the one with this additional benefit, the overall impact on employment is non-existent.
- **Trainings**  
Trainings can have long-term positive effects on the structure of the workforce – but short-term, the **'deadweight' effect** can distort the results; most of the



people who are involved in them would have probably found a job without enrolling.

- **Support for entrepreneurship**

Supporting jobseekers to become entrepreneurs is an intervention that **creates jobs directly** – there is no exclusion or any ‘deadweight’ effect. Consequently, it is highly effective but a longer tracking time is needed in the case of the new companies (at least 12 months) to determine its success. (Ministry for National Economy, 2014)

**Name:** Youth Guarantee and Youth Employment Initiative

**Type:** EU-funded state-level programme

**Organization:** European Union

**Priority:** Improving employability by activating young people in the labour market

The **Youth Guarantee** (YG) and the Youth Employment Initiative (YEI) have been in place since 2013, providing almost 9 billion euros to combat youth unemployment specifically. The YG is “a commitment by all Member States to ensure that all young people under the age of 25 years receive a good quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education” (Council of the European Union, 2013). The programme became a success story, acting as a catalyst for structural reforms and innovation, with the following **results**:

- there are 2.4 million less young people unemployed in the EU;
- there are 1.9 million less NEETs (young people **not** in employment, education or training);
- more than 20 million young people have registered; and
- more than 14 million young people have taken up an offer of employment, education, traineeship or apprenticeship since 2014.

The **Youth Employment Initiative** is one of the financial resources to support the implementation of YG schemes. It was launched to provide support to young people living in regions where youth unemployment was higher than 25% in 2012. In its framework, young people can receive **targeted support** (e.g. apprenticeships, job placements, further education).



As the name of this intervention area shows, most of the actions listed here can only be implemented nationally. However, **regional pilot actions** (e.g. local support schemes/grants for new businesses, intensive trainings for jobseekers about business planning) can be organized as **small-scale tests** – their measurable success should be turned into **national policy proposals** (i.e. the YES project intends to achieve this in the field of education).



A supporting business environment has several different aspects:

- **Economic influences** – In this area, the government has the largest impact; through the **policies/legislations** it sets (i.e. tax rates, administration connected to creating a new enterprise), it can stimulate or curtail the level of entrepreneurial activity. Possible interventions: reviewing/changing national/regional/local legislation, simplifying business administration
- **Social factors** – The values of society influence the entrepreneurial spirit; a **general mindset supporting** – and even **rewarding** – **initiative and risk-taking behaviour** could encourage young people to be more daring and open-minded to new business ventures. In this area, regional/local governments and private stakeholders can take a larger role. Possible interventions: awareness-raising activities (e.g. open days about successful entrepreneurs, social media campaigns)
- **Technology** – Supporting innovation and R&D drives economic growth, especially in the startup field. This area has two connecting sides: (1) **improving productivity** and streamlining work processes which make operating a business easier and cheaper and (2) **supporting new fields of study**, leading to new and better products/services that can be introduced to the market. Again, this is an area in which regional/local governments can excel, therefore leading the charge in the development of country-level programmes. Possible interventions: offering product/service development



and/or research grants, introducing new technologies (i.e. softwares) for business management

As labour market services go, the most important success factor is striving toward a **comprehensive system** (at least locally/regionally, but also – with time – nationally) – the hardest part for young people is finding the resources (both information and financial help) they need for planning their future. Possible interventions: creating integrated/joint platforms, establishing country-wide networks with local information points, providing financial aid for the first months/years of a new business

**Name:** JOBTOWN

**Type:** Municipality-level partnership

**Organization:** JOBTOWN project partners

**Priority:** Enhancing the efficiency and quality of labour market services;  
Improving the overall entrepreneurial environment and attitudes

The **JOBTOWN** project – implemented in the framework of the URBACT Programme – aims to tackle structural youth unemployment and underemployment. The project partners seek to achieve this by establishing '**Local Partnerships for the advancement of Youth Employment and Opportunities**', led by municipalities and local stakeholders who jointly develop comprehensive strategies that address several reasons of youth unemployment simultaneously. The participating cities:

- develop a method of analysis to understand the current local context of youth unemployment and underemployment;
- transfer good practices and make contact with similar European experiences;
- implement methodologies/approaches to resolve the problem; and
- establish a relationship with the managing authorities of structural funds to support and accelerate the creation of job opportunities for young people.



**Name:** One-Stop-Shop Guidance Centres for Young People

**Type:** Nationwide service for youth

**Organization:** Ministry of Economic Affairs and Employment (Finland)

**Priority:** Enhancing the efficiency and quality of labour market services

**One-Stop-Shop Guidance Centres for Young People** provide a holistic approach to integrating young people into society, education and employment through a multi-sectoral Public Employment Services (PES) model. The main objective of these centres is to **bring together different service providers from all sectors** – ministries, municipal authorities, businesses – **in one place**, creating a joint platform (European Commission, 2018). There are currently more than 60 centres across Finland where about 500 experts work at least one day per week. The services are easily accessible for young people, facilitating their path to education and employment services. This service model **works smoothly across administrative boundaries**.



This field of intervention is the easiest to define: it can involve developing competency-based curricula on a **case-by-case basis** (and making them available for as many people from the target groups as possible) or implementing **systematic changes** in the relevant education systems from the highest level (e.g. new lesson plans, mandatory subjects). The YES project explicitly addresses the former by creating an Education Programme:

- The first stage is **an online competency test** devised to get a sense of the target group's skills and knowledge on the topic. The test leads the students through **a set of everyday situations meant to measure the presence of entrepreneurial competencies**. It sheds some light on the potential and problem areas of every participant, preparing them for the next stage of the training.
- The second stage is **an e-learning course** containing **preparatory, entry-level knowledge about entrepreneurship**. The structure of the learning experience is



module-based; the four modules lead every participant through the creation of a company. The learning process is conducted with short videos, reading materials and forum discussions. The evaluation happens in multiple ways, too: self-assessment, peer review, automated quizzes and graded assignments. The total time requirement of the course is approx. 20 hours.

- The Bootcamps will be 3-day events – **intensive idea-generating simulation-based workshops** where upper-secondary school students work together on developing a business plan, which is then pitched to potential ‘investors’. The ultimate focus is on practical engagement with the world of business rather than a theoretical study of commerce and entrepreneurship (although the training contains both). The first day is more about icebreakers and team building exercises, while the third day will be almost exclusively filled by the ‘pitch contest’. The main work is contained within the second day, structured into four thematic areas: (1) product/service development, (2) preparing a business plan, (3) financial management and (4) creating a marketing plan.

Although – as already mentioned in [Chapter 3.2](#) – stand-alone curricula like this can only have short-term, thus muted effects, the YES project partners plan to disseminate the developed materials as widely as possible and also **use the results to lobby for long-term, national changes** in the Hungarian and Romanian education systems. In the framework of this intervention area, other stakeholders (either public or private in nature) should implement the same approach.





**Name:** 2GetThere

**Type:** Coaching

**Organization:** Municipality of Arnhem (Netherlands)

**Priority:** Developing the entrepreneurial knowledge and skills of young people;  
Enhancing the efficiency and quality of labour market services

In Arnhem, the city government was confronted with the presence of a growing number of young people with migrant backgrounds who are not registered with the municipal authorities. The **2GetThere** programme was launched by the municipality in order to reach out to the above-mentioned group and assist them. 2GetThere involves a **peer-to-peer coaching** approach: young people are offered advice and guidance by other young people who have gone through similar difficult situations (living without a job/regular income/proper education/future prospects, losing self-confidence, etc.).

As a first step, the selected coaches go through a **'learning-by-doing' education programme**, helping them to adequately deal with their own situation and mentor others. The method is tailored to the individual participants with a focus on personal strengths, self-reliance and responsibility. In addition to this main activity, the coaches build bridges between young people and various stakeholders (e.g. schools, employers, social service providers), acting as mediators (International Labour Organization, 2013).

The results of the programme are the following:

- Each year approx. 300 young people are identified who are not registered yet.
- More than 80% of them have found jobs, started an internship and/or returned to school.
- 66% of the coaches find formal employment after participating.
- Due to its success, the programme was extended to another municipality (and other countries – i.e. Belgium, Germany – have also shown some interest).

Based on the example of this good practice, the YES project partners plan to reach out to disadvantaged youth, involving them in the e-learning course and the Bootcamp.



**Name:** Becoming an Entrepreneur

**Type:** Free online course

**Organization:** Massachusetts Institute of Technology (edX platform)

**Priority:** Developing the entrepreneurial knowledge and skills of young people

edX is an online education platform founded by Harvard University and MIT, with more than 20 million learners. It operates as a global non-profit organization, providing high-quality e-learning courses (e.g. MicroMasters programs) in every field of study. MIT's **Becoming an Entrepreneur** course is part of the **MIT Launch programme** – a summer program for high school students, supporting them through the process of launching an actual startup. To start the course, users need to create a free account on the platform. The structure of the curriculum is the following:

- Overcoming the top myths of entrepreneurship
- Defining goals as an entrepreneur and startup
- Identifying business opportunities
- Performing market research and choosing the target customer
- Designing and testing the offering
- Planning business logistics, pitching and selling to customers

These online materials were taken into account as a good practice when planning the YES Education Programme's e-learning course and the Bootcamp script.



**Name:** JA Company Programme and ESP + Leaders-for-a-Day

**Type:** Entrepreneurial course and certification + Coaching

**Organization:** JA Europe

**Priority:** Developing the entrepreneurial knowledge and skills of young people;  
Improving the overall entrepreneurial environment and attitudes

The **Junior Achievement Company Programme** equips young people (aged 15-19) with important skills and competencies (e.g. creativity, leadership, perseverance, self-confidence) and offers them the chance to gain entrepreneurial experience (i.e. how to move a business idea from concept to reality). This happens through learning-by-doing activities, mentoring from experienced entrepreneurs, competitions and a one-year practical entrepreneurship experience (100+ hours).

The **Entrepreneurial Skills Pass** (ESP) is a unique international certification of skills and experiences specifically designed for the JA Company Programme. It combines the following elements:

- a mini-company experience – a real entrepreneurial experience that takes place in school over one year and includes mentoring from entrepreneurs and competitions;
- competency-based self-assessments (pre- and post) – the students reflect on their personal development as they progress throughout the year; and
- an online exam, validating and certifying the students' theoretical and practical knowledge about entrepreneurial concepts.

The students can add this ESP certification to their CV and use it for further training, entering the world of work or starting their own business.

The activities of the YES project can be interpreted as a concentrated version of this good practice.

**Leaders-for-a-Day** invites young graduates of the JA Company Programme and the Entrepreneurial Skills Pass to learn from a leader by shadowing them for a day: a high school student or former student entrepreneur visits a company leader to look at their daily work and gain practical experience. The program's aim is to empower young people with inspiration for the entrepreneurial lifestyle, introducing it as a possible career option.



8 Possible interventions based on the priority areas

PRIORITY AREAS	INTERVENTION AREAS		
	(1) State-level interventions	(2) Environment, services	(3) Entrepreneurship education
<b>P1</b> Developing knowledge, skills and attitudes	Trainings	Awareness-raising activities	Competency-based curricula Systematic changes in the education system
<b>P2</b> Activating young people in the labour market	Wage subsidies	Country-wide networks with local information points Financial aid	
<b>P3</b> Enhancing the quality of labour market services	Support for entrepreneurship (e.g. local support schemes/grants for new businesses, intensive trainings for jobseekers about business planning)	Product/service development and/or research grants Integrated/joint platforms	
<b>P4</b> Improving the entrepreneurial environment		Changing legislation Simplifying business administration Introducing new technologies for business management	

Source: own editing



# IMPLEMENTATION PLAN










## ORGANIZATIONAL BACKGROUND

The possible interventions detailed in [Chapter 4](#) differ based on their **complexity, time requirement and budget**. Curriculum development on a case-by-case basis and awareness-raising programs are among the fastest and – in many cases – cheapest interventions, while bringing about systematic changes in the education system or creating a coherent and comprehensive service network at the national level takes more time, money and energy (*Figure 9*).

Regardless of the nature of the chosen intervention and the responsible institution, it is important to have an **internal project management organization/team** that performs the tasks associated with the implementation of the project:






















- defining the schedule of the project management and implementation tasks;
- fulfilling the agreed-upon measures and deadlines;
- documenting the activities, managing the records;
- organizing, conducting and documenting meetings, events;
- compiling the financial reports; and
- carrying out monitoring/evaluation activities.

The team must include at least the following experts: a project manager, a financial manager, a professional lead expert, and a financial and/or project assistant. For the management positions, at least **5 years of relevant experience** and a **thorough knowledge of the field** are important.

 low cost	 fast implementation	 smooth implementation
 medium cost	 requires more time	 can incite some conflict
 high cost	 time-consuming	 significant opposition



9 Operational requirements of the suggested interventions

Name of practice	Cost-effectiveness	Time required for the implementation	Potential for conflict
Trainings			
Wage subsidies			
Support for entrepreneurship			
Awareness-raising activities			
Country-wide networks with local information points			
Financial aid			
Product/service development and/or research grants			
Integrated/joint platforms			
Changing legislation			
Simplifying business administration			
Introducing new technologies for business management			
Competency-based curricula			
Systematic changes in the education system			

Source: own editing



As seen in *Figure 9*, most of the activities are costly, especially in the long run (e.g. grants, other financial aid). However, since the EU pays significant attention to entrepreneurship support and youth unemployment (see [Chapter 3.1](#)), there are several **funding instruments** related to the topic – the following is a non-exhaustive list.

**COSME** (Programme for the **C**ompetitiveness of Enterprises and **S**mall and **M**edium-sized Enterprises) is an initiative launched by the European Commission with a budget of €2.3 billion. It supports better access to finance and markets for SMEs, entrepreneurship and more favourable conditions for business creation and growth. One of the most important and helpful parts of COSME is the **Enterprise Europe Network** (EEN), bringing together business support organizations from more than 60 countries, connected through powerful databases. COSME contributes to **promoting entrepreneurship and entrepreneurial culture by improving the framework conditions** – reducing obstacles to the setting-up of enterprises or providing mobility programmes for new entrepreneurs to improve their ability to develop their entrepreneurial know-how, skills and attitudes and their technological capacity and enterprise management. **Particular attention is paid to potential, new, young and female entrepreneurs.**

The **Danube Transnational Programme** (DTP) is a financing instrument of the European Territorial Cooperation. DTP promotes economic, social and territorial cohesion in the Danube Region through policy integration in selected fields. It is structured across four Priority Axes; the first is *“Innovative and socially responsible Danube Region – 1.2. Increase competences for business and social innovation”*. This objective attempts to bridge the gap between education and training institutions and policy-makers at all levels. Transnational action should reinforce cross-disciplinary links between relevant actors (e.g. decision-makers, the business sector, labour market organizations).

Other funding sources:

- **URBACT**, enabling cities to work together and develop pragmatic and innovative solutions to common urban challenges by networking
- **Urban Innovative Actions** (*“Jobs and skills in the local economy”*), testing new and unproven solutions to address urban challenges

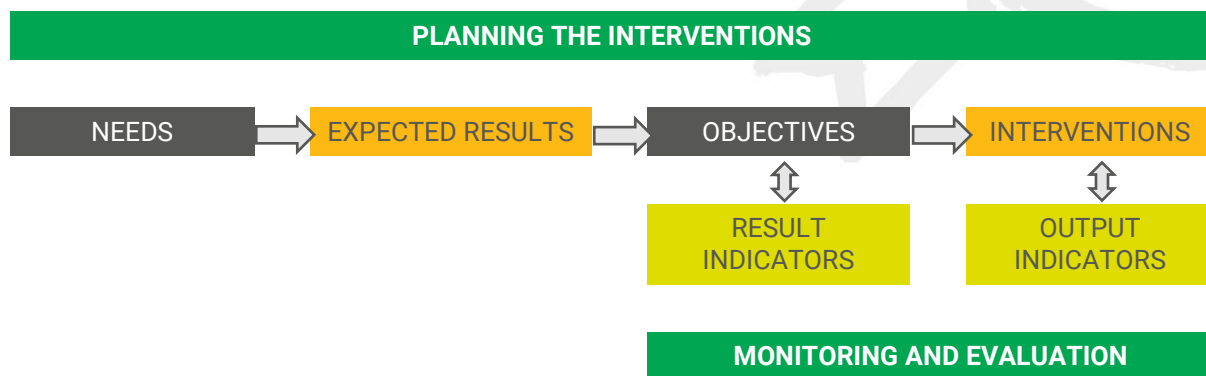


## MONITORING AND EVALUATION

The continuous monitoring and evaluation of the activities along the objectives to be achieved is essential – it must be based on the following questions:

- What are the most important challenges?
- What tools can be used to manage them?
- What outputs and results are expected?

10 Implementation process



Source: own editing

Before answering these questions, a clear intervention logic (Figure 10), measurable indicators and monitoring/evaluation methods need to be defined.

1. **INTERVENTION LOGIC** – If the current state of the art is analysed before the planned activities, the results will be clearer and more realistic. Based on the identified problems/needs, the intervention logic defines the objectives and the expected results (the most important step in project development) – what kind of changes the project intends to bring about in comparison to the initial situation?
2. **INDICATORS** – Indicators measure the progress towards the objectives. They have to be **SMART**:
  - a. **specific** – clearly and directly relating to the outcome;
  - b. **measurable** – to be counted, observed, analysed, tested or challenged;
  - c. **achievable** – possible to reach until the end of the project;
  - d. **relevant** – a valid measure linked to the outcome through research; and





e. **timely** – tailored to the resources that are available.

An indicator always has four elements: a clear and exact **description**, baseline and target **values** (i.e. before and after) and a chosen **method** of measurement. As an example, the Fact Sheet of Investment priority 8/b of the ROHU Programme defines both a result and an output indicator:

- The **result indicator** is the “*Employment rate in the eligible area as a percentage of the working age population*”.
- The **output indicator** is the “*Number of participants in joint local employment initiatives and joint training*”.

3. **MONITORING/EVALUATION** – **Monitoring** focuses on the implementation’s progress, the deliverables and compliance with the deadlines. As a result, the potential risks can be detected, managed and/or mitigated over time (see [Chapter 5.3](#)). In contrast, the **evaluation** process answers the question of whether the interventions achieved the expected results and had the intended effect. (Figure 11)

11 Differences between monitoring and evaluation

	MONITORING	EVALUATION
Description	Comparing the expected to the actual target values	Analysing the impact and the effects of the intervention
Target	Part of implementation	At predetermined times during and (mostly) after
Responsible organization	Project partners	External experts
Schedule	Continuous – regular	Usually 3 times: ex ante (before), midterm and ex-post (after)
Documents	Execution reports	Evaluation reports

Source: own editing



## RISKS AND MITIGATION

Risk management is the identification, evaluation and prioritization of risks (i.e. the effect of uncertainty on objectives), followed by the coordinated and economical application of resources to minimize, monitor and control the probability/impact of unfortunate events (*Hubbard, 2009*). Risks can be categorized as internal or external – depending on the project partners’ influence over them – or **legal, economic (financial), social, organizational and other (implementation) risks** – depending on their nature. *Figure 12* identifies some of them, estimates the probability of their occurrence and the extent of their presumed impact on a scale (from 1 – extremely low – to 6 – extremely high) and proposes solutions for mitigation.

12 Risks and mitigative measures

RISK	LIKELIHOOD	IMPACT	MITIGATION
<b>LEGAL RISKS</b>			
Negative changes of the legal and policy environment	2	5	Regular monitoring of the situation Flexibility Participation in the policy discussions
<b>ECONOMIC (FINANCIAL) RISKS</b>			
Financial delays, liquidity problems	3	3	Regular monitoring of the intervention Precise budget planning Flexible schedule Multiple possible funding sources
Negative changes of the macroeconomy	2	4	Preparing for worst-case scenarios Flexibility Networking with relevant stakeholders for support
<b>SOCIAL RISKS</b>			
Disinterest of the target groups	2	5	Effective communication strategy Studying their needs/expectations pre-emptively



<b>Opposition from stakeholders</b>	3	5	Awareness-raising activities Developing a risk-reward system
<b>ORGANIZATIONAL RISKS</b>			
<b>Internal conflicts</b>	2	5	Careful selection and management of the partnership Joint internal rules of procedures Clear responsibilities and regular communication
<b>Changing employees</b>	3	4	Elaborating a methodology for bringing new team members up-to-speed with the intervention
<b>Labour shortage</b>	3	4	Detailed selection process Non-discriminative recruitment Offering competitive wages
<b>OTHER (IMPLEMENTATION) RISKS</b>			
<b>Delays in the implementation schedule</b>	3	4	Preparing a realistic, feasible and flexible schedule with mitigative measures (i.e. several versions of the same plan)

Source: own editing



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<sup>1</sup> GINOP = Economic Development and Innovation Operational Programme

<sup>2</sup> The disparate opinions towards start-ups and traditional small businesses can be detected in Romania, too.

<sup>3</sup> This is the upper boundary in statistics for this subset of the population.

<sup>4</sup> Some of these are often the same competencies a person needs to find a job.

