



SELFIEmployment, Italy

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Summary



Key characteristics:

- All regions in Italy
- ESF OP, Thematic Objective 8
- Fund Manager: Invitalia (Italy)
- Microloans, Extended microloans, Small loans
- Final beneficiaries: NEETs (young people Not in Employment, Education or Training)
- Total amount: EUR 103m (EUR 53m YEI NOP and EUR 50m SPAO NOP)

Thematic Objective 8



Promoting
employment and
supporting labour
mobility



Strategic context



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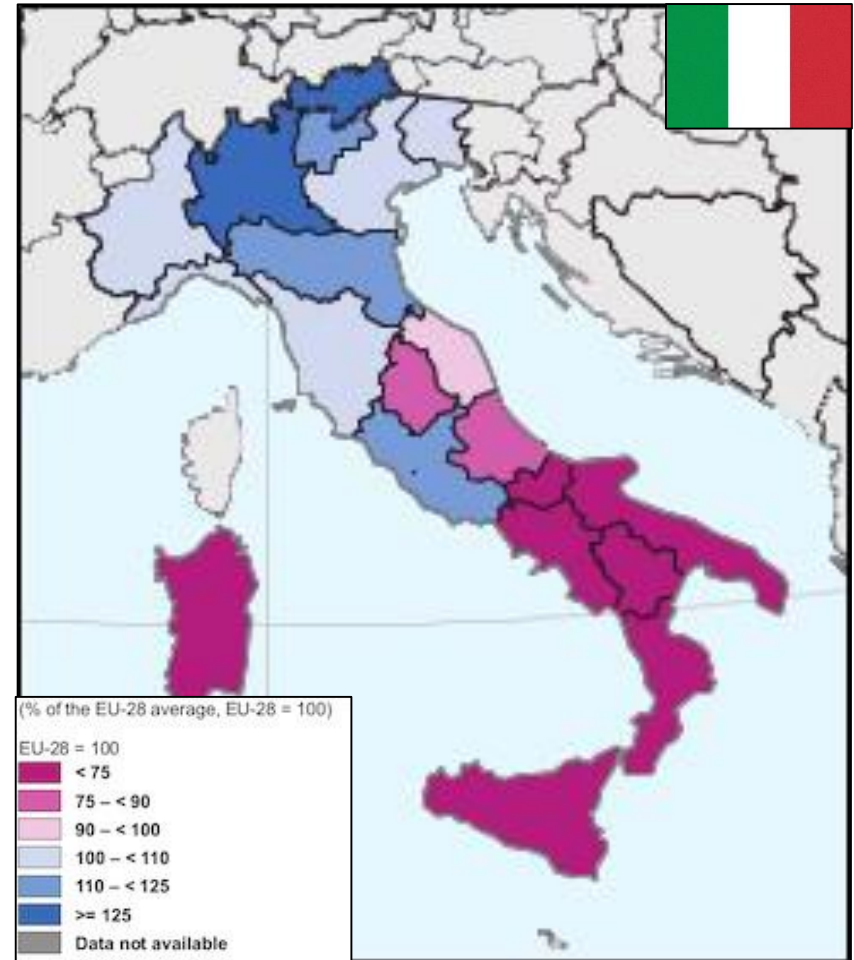
Strategic context

– Background



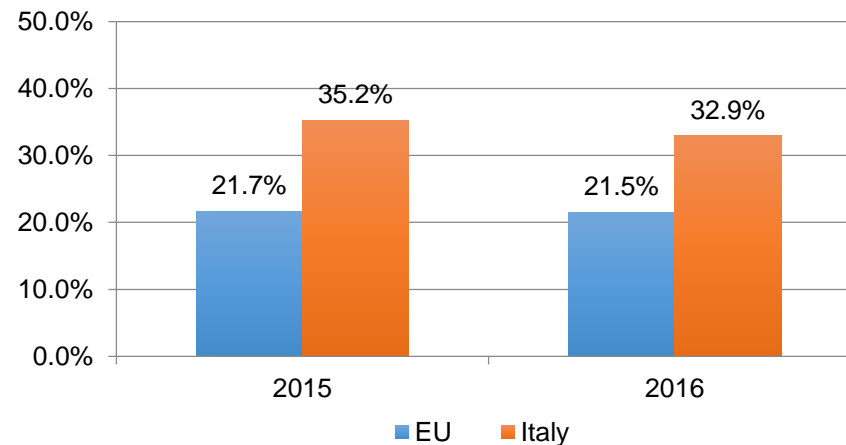
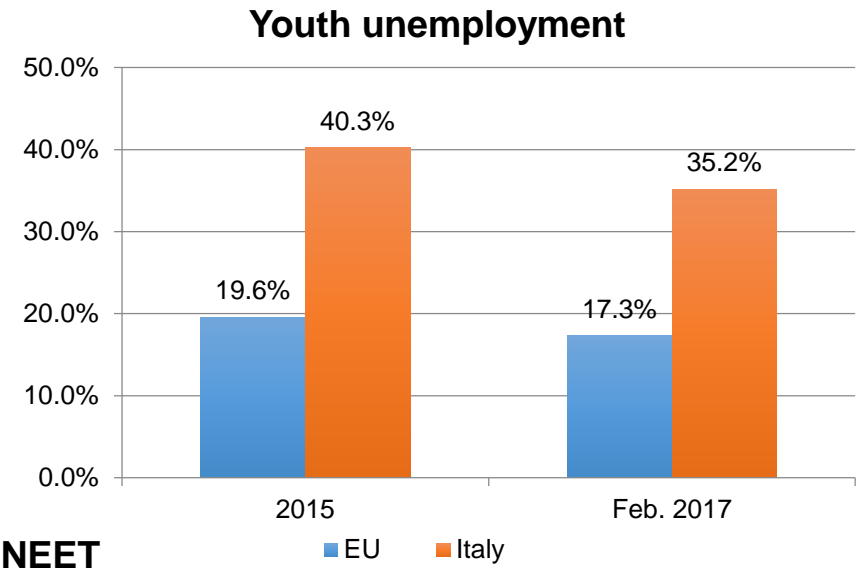
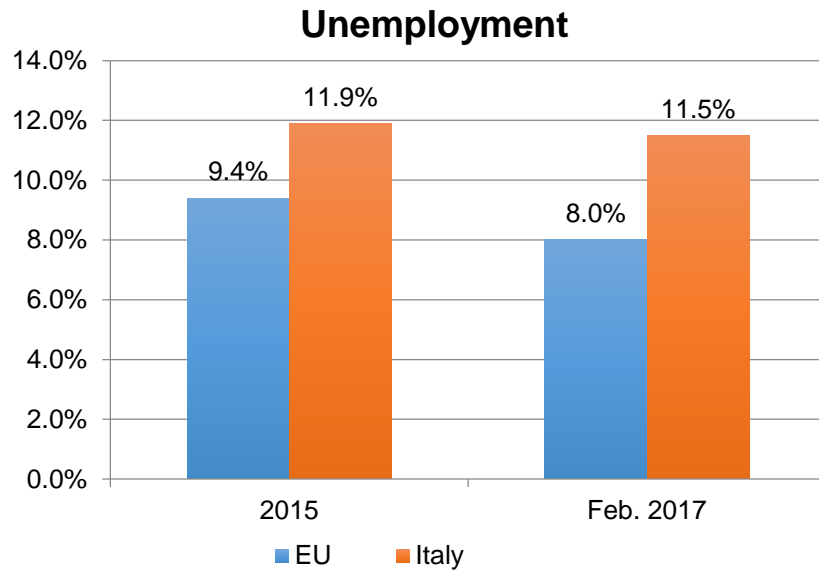
Introduction to Italy

- Capital: Rome
- 19 Regions + 2 autonomous regions
- 60+ million people
- GDP per inhabitant (2016): EUR 27 600 (EU: EUR 29 000)
- Southern Italy GDP <75% EU average



Strategic context

– Background



Who are the NEETs?



- NEET (Not in Education, Employment or Training):
 - Education: not enrolled in school or university
 - Employment: not engaged in any work activity
 - Training: not engaged in any training pathway
- The age range for SELFIEmployment is 18-29 years old

Strategic context

– *ESF in Italy*



ESF is managed
both at national
and regional level
and involves
several
Operational
Programmes

SELFIEmployment is financed through:

- Programma Operativo Nazionale 'Iniziativa Occupazione Giovani' (YEI NOP)
- Programma Operativo Nazionale 'Sistemi di Politiche Attive per l'Occupazione' (SPAO NOP)
- Open to regional contribution

How the ESF works in Italy



National ESF OPs

- NOP Youth Employment Initiative (YEI, ESF)
- NOP Active Policies Systems for Employment (SPAO, ESF)
- NOP Social Inclusion (ESF)
- NOP School, skills and education environments (ERDF, ESF)
- NOP Metropolitan Cities (ERDF, ESF)
- NOP Governance and Capacity Building (ERDF, ESF)
- NOP Research & Innovation (ERDF, ESF – TR and LD Areas)
- NOP Legality (ERDF, ESF – LD Areas)

managed by
ANPAL
Agenzia Nazionale Politiche Attive del Lavoro

Regional ESF OPs

- Abruzzo
- Basilicata
- Calabria
- Campania
- Emilia-Romagna
- Friuli Venezia-Giulia
- Lazio
- Liguria
- Lombardia
- Marche
- Molise
- Piemonte
- Puglia
- Sardegna
- Sicilia
- Toscana
- Trentino Alto Adige (Province of Trento and Province of Bolzano)
- Umbria
- Val D'Aosta
- Veneto



Youth Employment Initiative (YEI) in Italy



Youth Guarantee delivered via a National OP, financed by ESF, YEI and national resources.

ANPAL is the Managing Authority and 19 Italian Regions + 1 Autonomous Region are Intermediate Bodies

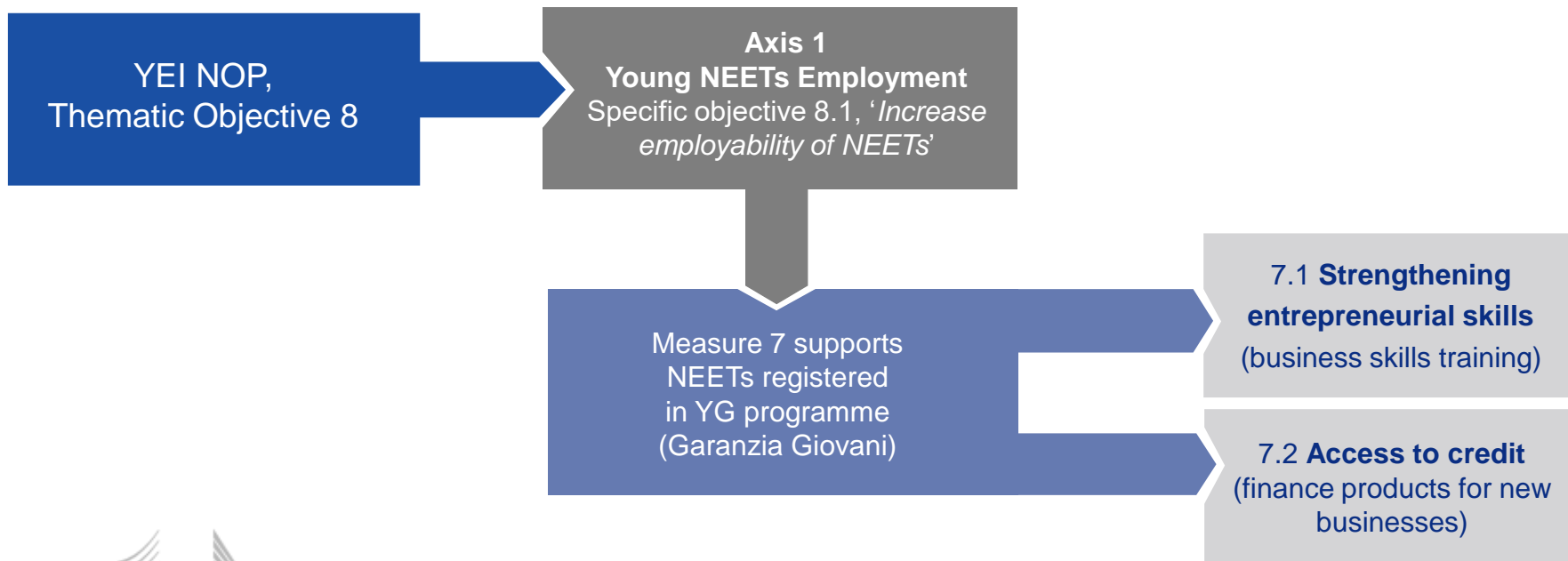
- **9 measures** deliver high quality training and job offers
- Self-employment measure is delivered through a financial instrument



Strategic context



- 11 regions
- 100% of YEI NOP resources allocated to TO 8
- Sustainable integration of young people into the labour market (YEI)
- Financial instrument mobilises 4% of TO 8: EUR 53m



Strategic context



- 85% of SPAO NOP resources for TO 8
- Sustainable, quality employment and labour mobility
- 56% of OP resources and 59% of ESF funds for integration of young NEETs into the labour market
- FI mobilises 5% of TO 8: EUR 50 million

Strategic context

– *Past and future*



Experience and lessons learned (1/2)

Financial instruments from previous programming period

- EU: Progress Microfinance and JEREMIE
- National: self-employment and self-entrepreneurship initiatives
- Financial instruments implemented in NOP-ESF 2007-2013
- Regional: Microcredit Fund Sardinia, Microcredit Fund Campania, Start Up and Restart Lombardia, JEREMIE Sicily, Guarantee fund for social inclusion Marche

Strategic context

– *Past and future*



Experience and lessons learned (2/2)

- Over time, there has been an increase in the national territory in self-employment and women's involvement
- More sustainable projects
- Revolving nature of financial instruments
- Importance of non-financial services
- Different absorption levels in Regional Programmes
- Communication essential to reach more recipients
- Coordination to avoid overlaps in regional, national and EU programmes

Strategic context

– *Past and future*



Driving ideas for the 2014-2020 programming period

- Revolving Fund for self-employment and job creation
- No specific financial instrument for NEETs
- Build an integrated system to cover all territorial specificities
- The financial instrument fits Youth Guarantee strategy

Strategic context

– *Past and future*



Key features of SELFIEmployment

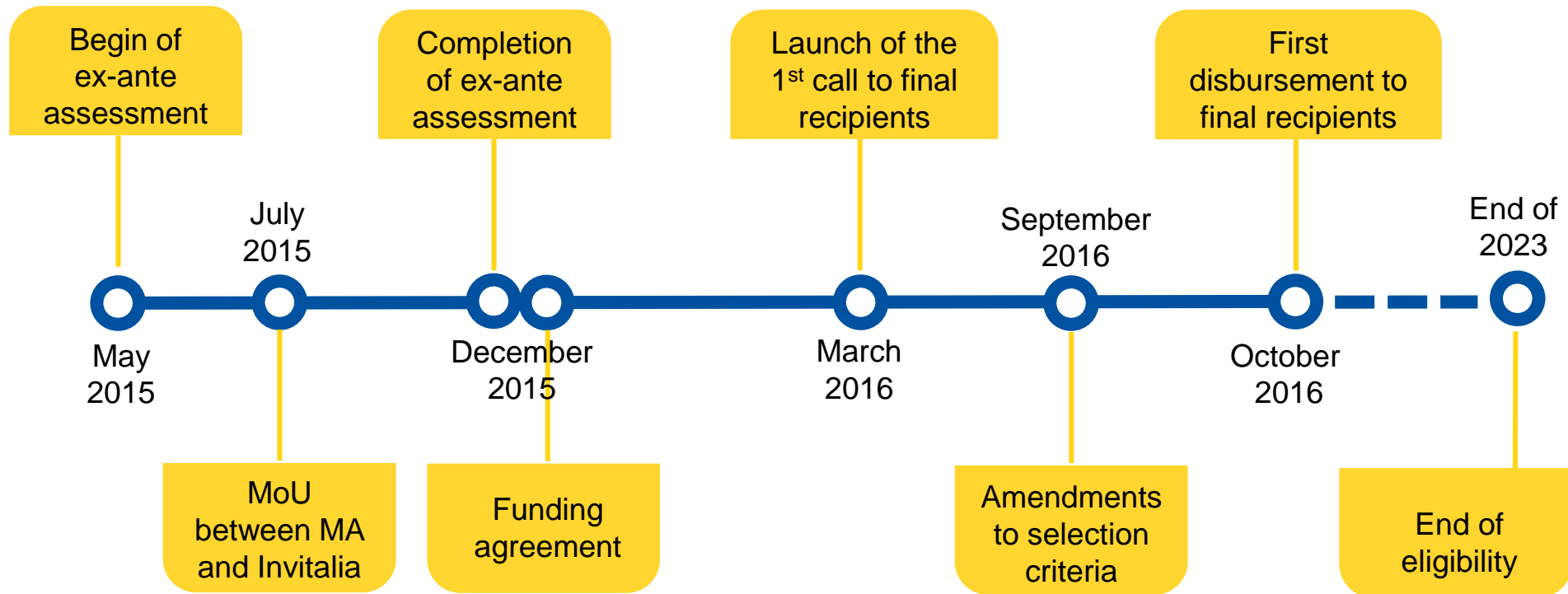
- Loans size:
EUR 5 000 - 50 000
- Interest rate: 0%
- Maturity: 7 years, 6 month grace period

Expected results within 3 years

- 8 000 applications
- 4 200 NEETs financed
- EUR 103 million disbursed

Strategic context

– Timeline





Ex-ante assessment



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Ex-ante assessment



- Study by external service provider, appointed via restricted public tender. Final Report issued in December 2015.
- Ex-ante assessment included all information required under Art 37(2) CPR.

Underlined a **market failure**, especially:

Lack of self-employment and self-entrepreneurship measures for NEETs - who are crowded-out when competing with other target groups

Ex-ante assessment

– *The study*



Market assessment (1/4) – Market failure, suboptimal investment

- 43% unemployment for under 25s (2014)
- NEETs: 26% of under 25s, 31% of under 29s
- NEETs cost EUR 32.6 bn, 2% of Italian GDP (2011)
- 16% of employed under 25 are self-employed (vs. EU 2.6%)
- 86 436 NEETs aged 19-29 registered to YG, self-employment propensity. This number was estimated using two proxies representing the degree of self-employment and youth entrepreneurship.
- EUR 1.1 bn gap in demand for financing NEETs
- No national and regional measures specifically addressing NEETs

Financial instrument may fill the financing gap



Ex-ante assessment

– The study



Market assessment (2/4) – Value added

QUALITATIVE	QUANTITATIVE
Attract more NEETs	Revolving increased duration and volume of the fund
Reduce illegal work	Attract private resources
Complementarity with existing financial instruments	Less public expenditure than grants
Final recipient empowerment	
Better quality projects	

Ex-ante assessment

– The study



Market assessment (3/4) – Additional public resources

- Co-funded by the **ANPAL** (through SPAO NOP), **ESF** and **YEI regional allocations**: Veneto, Emilia-Romagna, Lazio, Molise, Basilicata, Calabria and Sicily.

Expected leverage

ESF funds

Additional resources

2.2x

Ex-ante assessment

– *The study*



Market assessment (4/4) – Lessons learned

Success factors and challenges:

- Self-employment and self-entrepreneurship measures are crucial to create new enterprises
- No collateral required means easier access to finance
- Revolving funds have longer duration
- Combining financial and non-financial services is crucial
- Stronger requirements for applicants helps select proposals

Ex-ante assessment

– The study



Expected Results	Indicators	Description	Baseline (2014)	Target
Increase youth employment	Level of young entrepreneurs	% of entrepreneurs under 30 years old	7%	+0.6% (annual)
	NEETs rate	18-29 year old NEETs	33%	-0.05% (annual)

Performance indicator	Default rate	Average default rate of entrepreneurship microcredit programmes in Italy	9.2% (2013)	n.a.
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Ex-ante assessment

– *The study*



Next steps for updating the ex-ante assessment:

- Low accuracy of objectives vs. results
- Amount of resources
- Risk if a calculation error of the assumed risk by the financial instrument is detected
- National political and economic changes
- Need to include provisions for the Fund closure (i.e. exit strategy) in the event that the Fund is not producing the expected financial results or in the event that the term for the certification of expenditure is imminent
- Market failure addressed

Ex-ante assessment



– OP Monitoring committee and publication

Timetable

- 27.05.2015: presentation in the Monitoring Committee
- 11.06.2015: Initial report
- 04.09.2015: Intermediate report
- 14.12.2015: Final report

The final report was sent by written procedure to the Monitoring Committee members on January 8th, 2016

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Cerca

Agenzia Cittadini Aziende Operatori Europa Normativa Dati e pubblicazioni Media

Home / Europa / Pon Sistemi di politiche attive per l'occupazione / Documenti

Documenti

- Linee guida di comunicazione del Pon Spao e relativi loghi: Anpal, UE, Pon Spao;
- Strategia di comunicazione Pon Spao 2014-20;
- elenco dei componenti del Comitato di sorveglianza congiunto del Pon log e del Pon Spao;
- **rapporto finale** sulla valutazione ex ante degli strumenti finanziari nell'ambito del Pon log e del Pon Spao (14.12.2015);
- **rapporto intermedio** sulla valutazione ex-ante degli strumenti finanziari da attivare nell'ambito del Pon "Iniziativa Occupazione Giovani 2014-2015" e del Pon "Sistemi di politiche attive per l'occupazione 2014-2020". (4.9.2015);
- **rapporto iniziale** della valutazione ex-ante degli strumenti finanziari da attivare nell'ambito del Pon "Iniziativa Occupazione Giovani 2014-2015" e Pon "Sistemi di politiche attive per l'occupazione 2014-2020"(11.6.2015);
- programma operativo nazionale Servizi politiche attive per l'occupazione;
- decisione di esecuzione della Commissione C(2014) 10100 del 17.12.2014 che adotta il "Programma operativo nazionale Sistemi di politiche attive per l'occupazione" e relativi allegato I e allegato II;

Ex-ante assessment

– *Recommendations and lessons learned*



Lessons learned

- Ex-ante assessment highlights **lack of instruments for NEETs** and **estimates gap** between supply and demand
- Ex-ante assessment confirmed the financial instrument would **not compete with public sector initiatives** or **“crowd out” private sector finance**

Ex-ante assessment

– *Recommendations and lessons learned*



Recommendations

- Strategic role of business development services
- Difficulties in combining different forms of support
- Need to clarify the eligibility criteria for the selected target groups
- Importance of communication



Design and set-up



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Strategic context

– Stakeholders



**Managing
Authority**



Fund Manager



**Chambers of
Commerce**



**11 Italian
Regions**



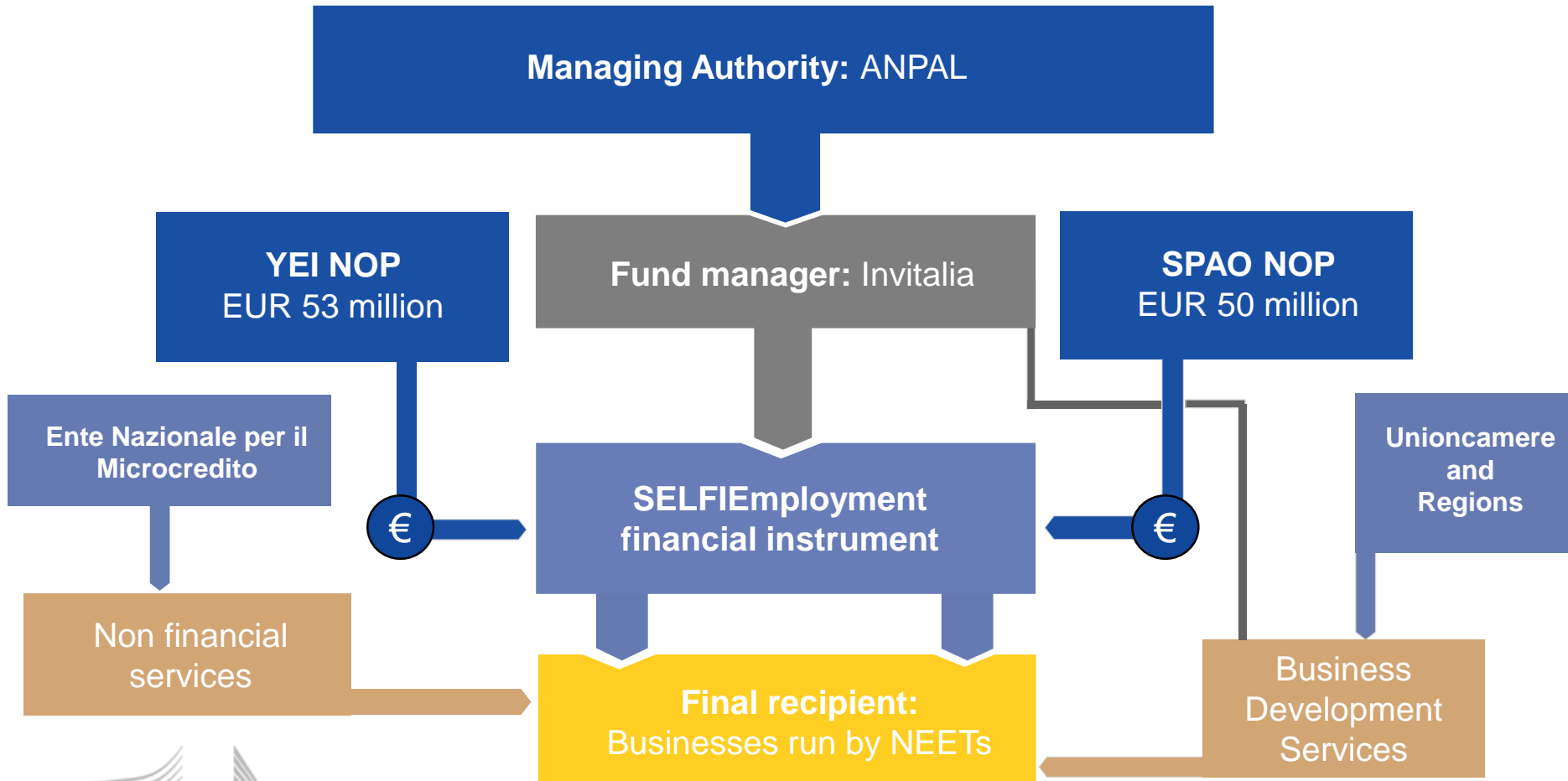
National Microcredit Institute
ENTE NAZIONALE PER IL MICROCREDITO



Design and set-up

– Implementation structure

Schematic overview



Design and set-up

– *Implementation structure*



Who is the financial intermediary?

An Italian Government **in-house body** with:

- **national territorial coverage**
- significant **experience with microfinance**
- provides **tutoring for 24 months** (financed through NOP SPAO) for final recipients during start-up
- has an **on-line platform** for similar financial instruments

Key advantages

- In-house agency meant **fast implementation**
- Invitalia **already manages** national incentives for new enterprises and start-ups

Design and set-up

– *Funding agreement*



- Agreement with Invitalia until 31st December 2023
- Invitalia is responsible for:
 - Design and implementation of the managing platform
 - Application evaluation
 - Providing loans
 - Coordination and control
 - Management of loans
 - Tutoring

Design and set-up

– *Funding agreement*

Provisions for revision of investment strategy based on:

- Financial instrument performance and impact
- ESIF regulatory framework modifications
- Revised ex-ante assessment, recommendations of Investment Committee
- NOP Monitoring Committee recommendations

Design and set-up

– *Funding agreement*



State aid (final recipients)

- Under *de minimis* thresholds (Reg. 1407/2013)
- Eligible sectors:
 - Tourism & HoReCa
 - Health care and social
 - ICT
 - Manufacturing
 - Renewable energies and energy efficiency
 - Service industry



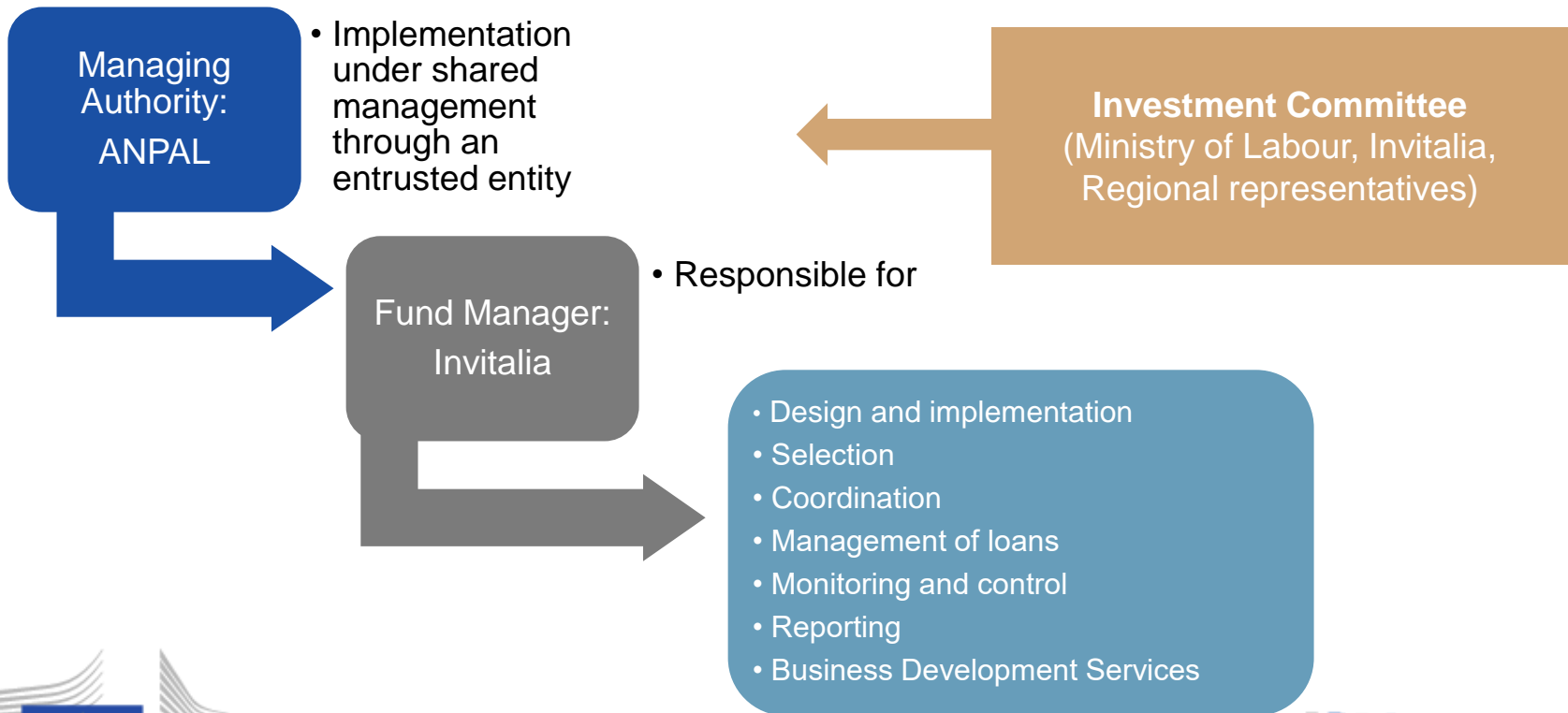
Design and set-up



– Funding agreement

Governance and management

Governance model art. 38(4) b) ii)



Design and set-up

– *Funding agreement*



Account management

- According to art. 38 of EU Regulation n. 1303/2013 the financial instrument is a separated fund
- Invitalia establishes the National Revolving Fund Account
- Invitalia opened an account for every regional contribution
- Invitalia is responsible for the management of each account
- Invitalia informs the managing authority of transactions on the account

Design and set-up



Monitoring and reporting

Final recipients must provide Invitalia with a financial statement or equivalent:

- Funding application and attached documentation
- Application form
- Acceptance of the application form
- Completion of the application form
- Reimbursement request and relative control documentation
- Bank transfers

Design and set-up

– *Funding agreement*



Management fees

Management fees based on:

- Accepted applications
- Rejected applications
- Financial performance
(disbursement capacity, maturity)

Design and set-up

– Funding agreement



Management cost

Daily cost	
Program Manager	EUR 1 268
Senior Professional	EUR 627
Junior Professional	EUR 421

Design and set-up

– Funding agreement



Expected management cost and fees

(EUR Thousand)	2015	2016	2017	2018
Design	140	317	-	-
Assessment		398	1.094	1.158
Disbursement		57	235	509
Monitoring and control		234	262	453
Total	140	1.006	1.592	2.120

Assuming:

- 16% of loans in year 1.42% in years 2 and 3
- Average loan EUR 35 000
- 70% of applications approved

Design and set-up

– *Funding agreement*



Draw-down provisions

- If absorption <100% by 2018, - 25% management fees
- If funding agreement is suspended, Invitalia must reimburse advance payment

Design and set-up

– Funding agreement



Payments

- Managing authority has transferred 25% of the total commitment (pro rata with YEI NOP and SPAO NOP contributions), coherently with EC recommendations, into separate 13 accounts:
 - 11, one for each Region/IB of YEI NOP contributing to the FI
 - 1 for each Region eligible for SPAO NOP
 - 1 for repayments

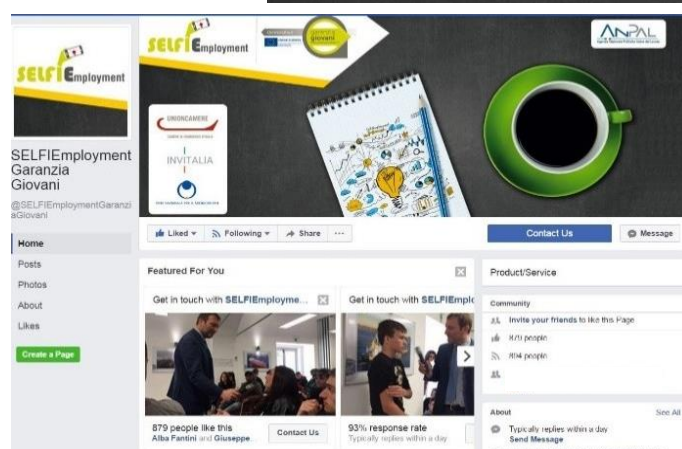
Design and set-up

– Funding agreement



Communication and information

- **dedicated communication action plan** within YEI strategy, coordinated by ANPAL through ANPAL Servizi S.p.A.
- **dedicated website**
- Workshops, webinars, seminars, TV shows, social media, exhibitions and fairs throughout **Italy**



Design and set-up

– Funding agreement



Re-use of resources

- Repaid resources are currently saved in a single separate account
- MA, alongside Fund Manager and Investment Committee, is currently discussing on the re-use repaid resources and other FI gains, per Art. 44 CPR

Design and set-up



Investment strategy (1/2)

- Loans of EUR 5 000 - 50 000
 - Microloans, EUR 5 000 - 25 000
 - Extended Microloans (per Italian regulation), EUR 25 001 - 35 000
 - Small loans EUR 35 001 - 50 000
- Maturity: Up to 7 years
- Interest rate: 0%
- Collateral required: None

Design and set-up



Investment strategy (2/2)

Non-financial services:

- Ente Nazionale Microcredit provides support with the proposal and technical aspects of the application

Business development services:

- Invitalia provides tutoring service during the initial months
- Invitalia provides continuous on-line assistance to final recipients through webinars and on-line advices



Expectations vs. achievements

- Slower involvement of potential final recipients
- Fewer applications
- More applications rejected for incorrect procedure
- More regions expected to contribute

Design and set-up



Lessons learned

- SELFIEmployment better with stronger communication at municipality level (close to final recipients)
- Southern regions presented many more applications than the rest of Italy
- Regional network fundamental to success
- Entire application procedure is on-line (saving time, helping monitoring)

Design and set-up



Recommendations

For Managing Authority

- More involvement of regions and municipalities would help raise awareness
- Enhance communication: better when close to recipients (municipality level) and supported by local institutions

For Fund Manager

- Simpler and smoother application procedure



Implementation



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Eligibility of final recipients



Final recipients must be:

- 18 to 29 years old
- Italian or migrant with national residence
- Not registered in a course of study or training
- Unemployed
- Registered in the Youth Guarantee programme

Enterprise \geq 51% owned by NEETs

Implementation

MA level

– *Financial instruments established*



General overview of FIs under the Investment Strategy

- Loans for young entrepreneurs
- Fund Manager: Invitalia Spa
- Period: 2016-2018
- Business development services:
 - Entrepreneurship skills enhancement (Unioncamere and regions)
 - Support for submitting applications (Ente Nazionale Microcredito)
 - 24 months of tutoring with SPAO NOP resources (Invitalia), to increase the effectiveness and sustainability of the Financial instrument and reduce the mortality of start-ups

Implementation

– *Financial product for financial intermediary*



Amendments to selection criteria:

- Since September 2016, the pre-requisite for participation in the training courses «support for Self-employment and self-entrepreneurship: support for enterprise start-up and start-ups» has been eliminated from the access requirements
- The MA's decision aims at facilitating and increasing NEET access to the FI

Implementation

– *Financial product for financial intermediary*



Marketing and awareness raising

- Support from Regions, Chambers of Commerce and Ente Nazionale Microcredito
- Online and social media campaign
- Workshops organised through the Regions
- Tutorial video
- #Crescereimprenditori initiative, promoted by Ministry of Labour and managed by Unioncamere



Implementation

– *Financial product for financial intermediary*



Feedback

- Final recipients found some difficulties when filling out the project application
- Many applications rejected for lack of digital signature or attached documents
- SELFIEmployment is a new financial instrument for targeted final recipients (new market)

Implementation

– *Procedures in financial intermediary*



Selection/due diligence

Selection/rejection within 60 days of submission of application

Due diligence:

- Eligibility check
- Evaluate projects
 - Economic/financial sustainability of the project
 - Overall coherence
 - Identify training plan

Implementation

– *Final recipients*



Example 1:

Pet Wonderful – Micro enterprise

- Pet shop, specific foods and pet care products (also home delivered), pet accessories
- Loan amount: EUR 35 000
- Entrepreneur + one employee



PET WONDERFUL



Montalto
Uffugo
(CS)



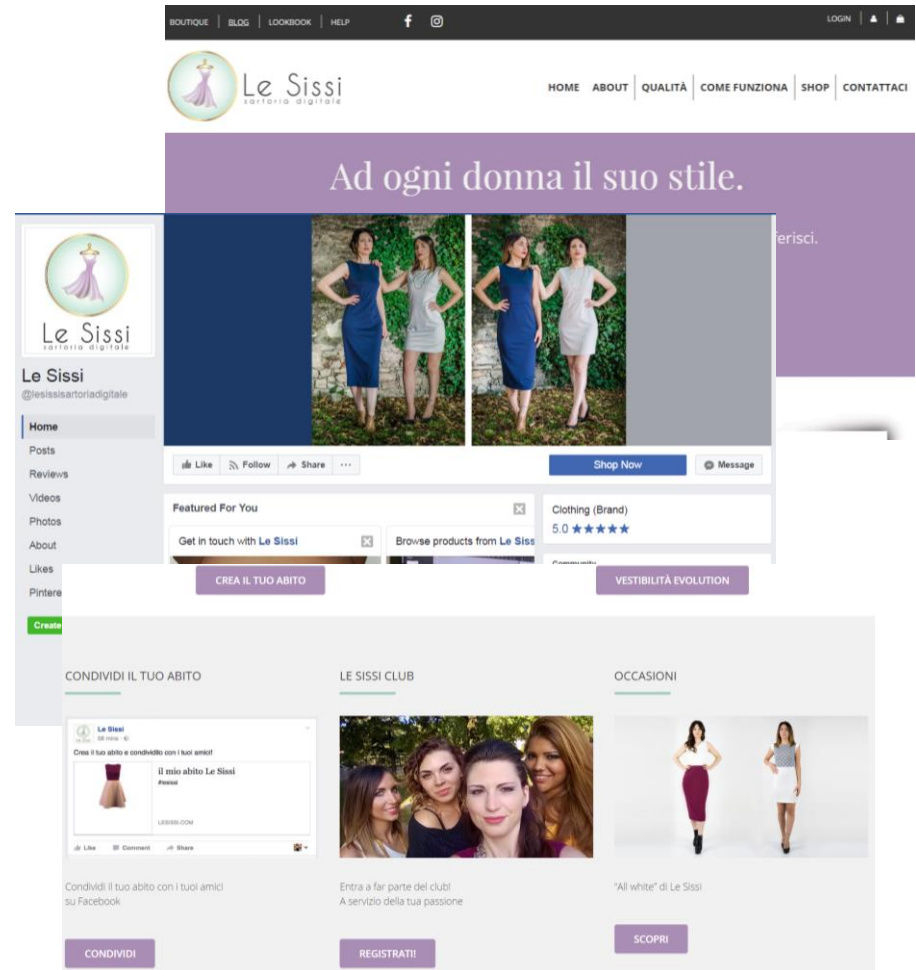
Implementation

– *Final recipients*

Example 2:

From National broadcasting - “Il posto giusto”

- Le Sissi – Digital evolution of handcraft tailoring: design application, which allows you to draft and sketch dress
- Loan amount: EUR 19 500
- Entrepreneur + 5 employees



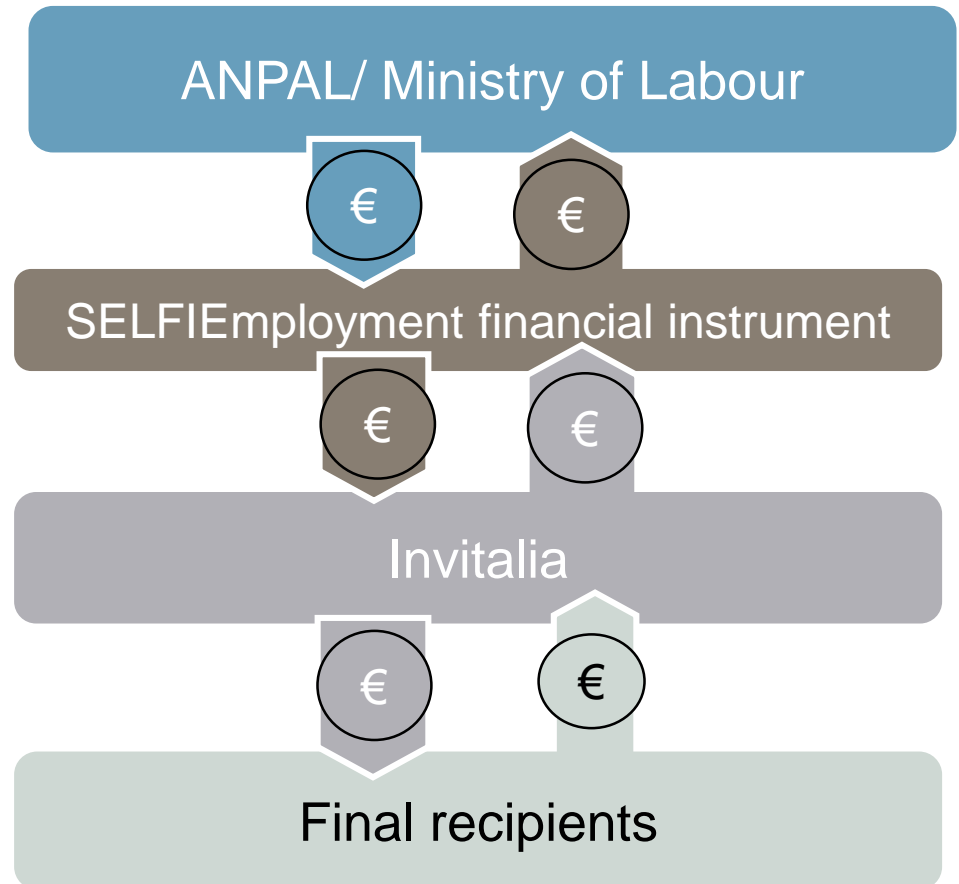
Implementation

– *Payment and re-use*



Payment flow

- 1st pre-payments (March 2016)
EUR 16 165 043,08
- Integration (May 2016)
EUR 3 408 483,25



Implementation

– *State of play, results*



Results achieved

- 1 256 applications
- 706 analysed, 240 accepted
- 570 new jobs created
- EUR 7.8 million loans approved

	EXPECTED
Applications	8 000
NEETs financed	4 200



Monitoring, control and reporting system

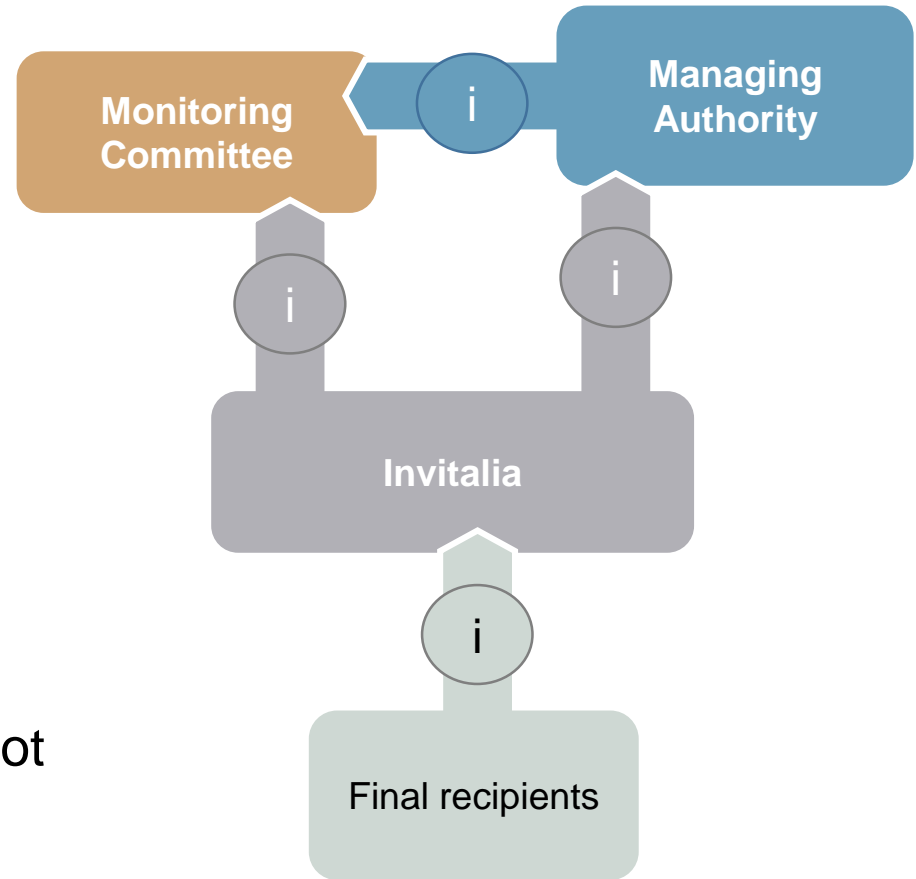


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Monitoring, control and reporting system in place for FIs (MA)

- Monitoring is crucial to track the performance of the financial instrument
- Reports on: progress of the Investment Strategy, cofinanced activities, financial outputs
- Reports are: *Weekly, Quarterly, Annual*
- MA can audit the management system
- Fund Manager carries out on the spot verifications on final recipient.



Monitoring, control and reporting system in place for FIs (MA)



– *Monitoring, control and reporting system of the MA*

- ANPAL verifies Invitalia quarterly reports and annual balance sheet
- Invitalia produces quarterly reports on:
 - financial flows
 - proposals received and accepted
 - final recipients
 - performance indicators

Monitoring, control and reporting system in place for FIs (MA)



– Information on monitoring and audit activities of MA, CA, AA

Financial instrument audit:

- EC (June 2016): Audit of the functioning of the management and control systems, under art. 75 of EU Regulation n. 1303/2013
- Audit Authority (July 2016): Audit of the functioning of the management and control systems, under art. 127 of EU Regulation n. 1303/2013
- Audit Authority (November 2016): Audit of the functioning of the management and control system of the operational programme and on an appropriate sample of operations on the basis of the declared expenditure, under art. 127 of EU Regulation n. 1303/2013 and art. 27 of EU Regulation n. 480/2014



Questions & Answers

Bruno Robino, European Investment Bank

Martina Rosato, ANPAL, IT

Concetta Granato, Invitalia, IT



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financial instruments
added value **ERDF** funding agreement
governance revolving **ESF** capacity building
EU guidance
technical support seminars leverage
co-financing ESIF financial intermediaries microfinance
investments ESIF fi-compass case studies final recipients
business plan **Thank you** thematic objectives
advisory services guarantees banks loans EaSI equity
private investors life cycle combination of support
EAFRD conferences factsheets
fund of funds **EMFF** investment strategy **CF**
managing authorities manuals