



# Inclusive Entrepreneurship Policies: Country Policy Assessment

Hungary, 2018



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## FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

The proportions of women, youth and older people involved in starting or managing new businesses between 2012 and 2017 in Hungary were similar to the European Union averages for each population group. National entrepreneurship and SME policies are set out in the National Strategy on Small and Medium Enterprises for 2014-20 and the National Employment Strategy 2014-20. There are some tailored policies and programmes that support entrepreneurship for people from groups that are under-represented and disadvantaged in entrepreneurship (e.g. women, older people, people with disabilities), but some training and start-up financing initiatives for youth, women and the unemployed have been launched in recent years, and measures targeting the youth and the unemployed are just before their start and targeted support is gaining in strategic importance. Inclusive entrepreneurship policies can be strengthened by developing strategies for supporting under-represented and disadvantaged groups in entrepreneurship, even with mainstream programmes, and by improving the flexibility of existing tailored supports.

This note is the third country assessment note prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector. The 2018 notes include an additional section on female entrepreneurship support, which provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, the Better Entrepreneurship Policy Tool ([www.betterentrepreneurship.eu](http://www.betterentrepreneurship.eu)), a series of Policy Briefs on specific target groups, policies and issues, and country reviews of youth entrepreneurship and women entrepreneurship. For more information please refer to: [www.oecd.org/employment/leed/inclusive-entrepreneurship.htm](http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm).

## ACKNOWLEDGEMENTS

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director. They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Dr. Petra Reszketó of the Budapest Institute. David Halabisky and Cynthia Lavison of the CFE undertook additional drafting and editing of the note under the direction of Dr. Jonathan Potter, also of the CFE. A steering group was consulted during the preparation of this note. The steering group was co-led by the OECD and Mr. Sándor Ádám of the Ministry for National Economy. Other members of the steering group included Gabor Kelemen, Cintia Köles, and Anita Szabolcsi Dalma. Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor. This note benefited from feedback and suggestions provided by Guy Lejeune of Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

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## KEY MESSAGES

- The entrepreneurship and SME policy framework is set out in the National Strategy on Small and Medium Enterprises for 2014-20 (currently under strategic revision) and the National Employment Strategy 2014-20. With the exception of tailored measures for youth, women and the unemployed, there are no specific policies and programmes that support entrepreneurship for under-represented and disadvantaged groups. Support for youth, women and the unemployed focus on entrepreneurship training, mentoring and grants. A multi-stakeholder initiative to develop financial skills and promote entrepreneurship in public education was rolled out in 2017.
- Indicators on business start-up and self-employment activities suggest a downward trend in entrepreneurial activities in Hungary and a growing gap with the European Union (EU) and the Visegrad (V4) countries (Czech Republic, Poland, and Slovak Republic). The downward trend in Hungary is still stronger for men and seniors (with self-employment rates of 11.5% and 13.6% in 2017, respectively), and the gap with the EU averages is striking in all groups. It is particularly important for youth: 2.7% in Hungary, relative to 4.0% for the EU in 2017).
- To further strengthen inclusive entrepreneurship policies in Hungary, it is recommended that the government: (i) strengthen monitoring and evaluation activities for entrepreneurship initiatives; (ii) continue to make improvements to the broader business and regulatory environment; (iii) introduce more flexibility into the youth support schemes; (iv) strengthen partnerships with non-governmental organisations.

## **1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS**

There are two main government documents that describe Hungary's key objectives related to business creation and self-employment: the National Employment Strategy for 2014-20 (NES) and the National Strategy on Small and Medium Enterprises for 2014-20 (SME strategy). Even though the importance of self-employment and inclusive business creation is highlighted in these documents, they do not identify inclusive entrepreneurship policy goals and quantified targets. The NES focuses on addressing employment challenges in Hungary and highlights the benefits of youth entrepreneurship as a potential solution to the youth unemployment challenge. The SME Strategy calls for a differentiated approach in addressing the needs of various types of entrepreneurs, but it does not map the variation in the needs of vulnerable groups such as women, youth, seniors, Roma and people with disabilities, and it does not include group-specific public policy actions. This strategy was under revision in the last year and a new strategic SME development framework is expected to be adopted by late 2018.

In addition, Hungary has defined some targets in support of the European Union's 2020 growth strategy. For example, it has set a target employment rate of 75% by 2020 and also aims to have 450 000 fewer people at risk of poverty or social exclusion. Inclusive entrepreneurship policies can contribute to the suite of policy actions to achieve these targets.

## 2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

### 2.1. Labour market context

The overall labour market situation shows a continuously improving trend in Hungary in the recent years. The employment rate of the 15-64 age group increased to 68.2% by the end of 2017, slightly exceeding the EU average of 67.7% and number of employed reached 4.421 million. The activity rate increased to 71.2%, which is still below the EU average of 73.3% but the long-standing gap has closed in the last five years.

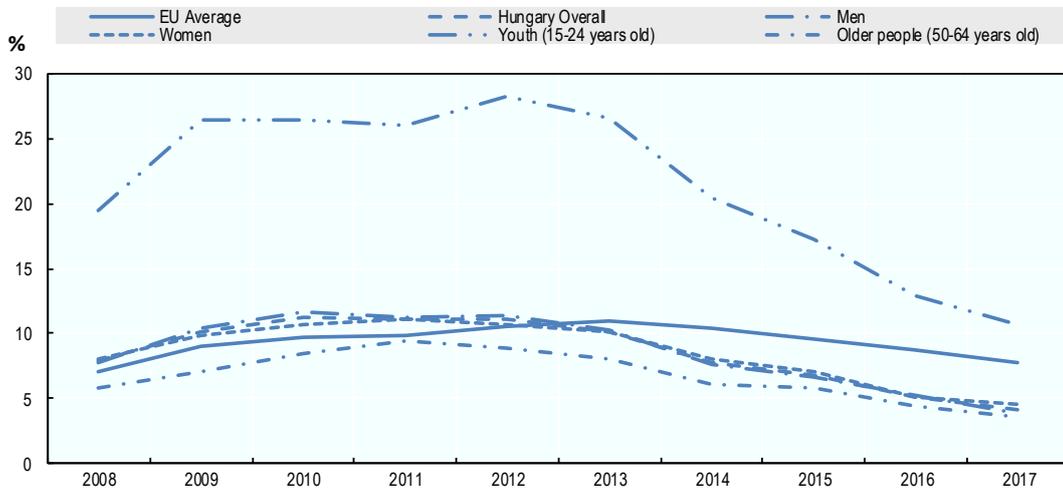
The unemployment rate has been increasing after 2008 (7.9%), reaching a peak in 2010 (11.3%). It has since decreased to 4.2% in 2017, which was below the EU average (7.8% in 2017) and below the unemployment rate at the onset of the economic crisis in 2008 (4.2% in 2017, Figure 1a).

Although youth unemployment rate decreased from 28.2% in 2012 to 10.7% in 2017, youth still face several challenges, including relatively high dropout rates from secondary education and a high but recently declining rate of youth not in employment, education or training (NEET). In 2017, the NEET rate for 15-29 years old (13.3%) was roughly the same as the EU average (13.4%), slightly above the average in Czech Republic (10%) and Poland (12.9%) but below the average in the Slovak Republic (16%).

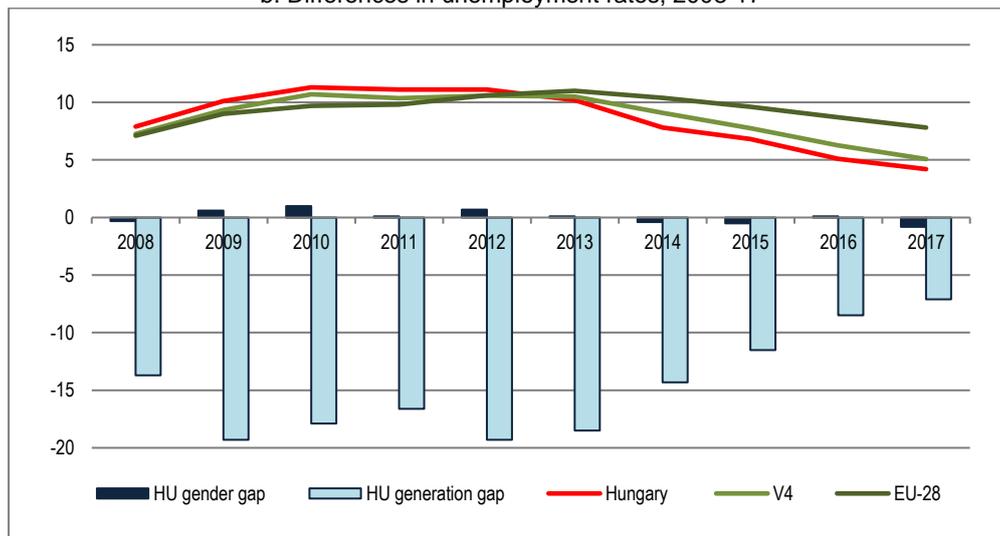
In contrast, seniors (50 to 64 years old) were the least likely to be unemployed – as the result of the labour market programmes targeting these groups, the targeted tax-incentives for their employers and also of the growing labour shortage and an outcome likely affected by the fact that seniors are less likely to register their unemployment status and/ or to be registered at all. In the past, they could be entitled to early retirement or for a disability pension easier, i.e. become inactive in the labour market, but the volume of those preferring these options is decreasing following reforms restricting early retirement to women after a period of employment of 40 years. The so-called generation gap in unemployment (i.e. difference between senior and youth rates) has been decreasing since 2012. The unemployment rate for men (3.8%) was lower than for women in 2017 (4.6%). In sum, while Hungarian figures remained consistent with earlier trends, the country did not converge to the EU average and the gender gap has slightly increased.

**Figure 1. Unemployment rate**

**a. Unemployment rate, 2008-17**



**b. Differences in unemployment rates, 2008-17**



Source: Eurostat (2018), Labour Force Survey.

## 2.2. Self-employment and entrepreneurship rates

Overall self-employment has declined in Hungary since 2009 and remained below the EU average for the past decade (Figure 2a). In 2017 this held true for all the vulnerable groups, especially for youth with the lowest rate (2.7%).

As is observed across the EU, older people still have relatively high self-employment rates (13.6% in 2017) and more men than women are self-employed in Hungary – despite the downward trends in self-employment for both seniors and men. The generation and gender gaps are decreasing over time in Hungary (as well as in the reference countries) both in terms of differences in and ratios of the group-specific rates. With regards to gender, the closing of the gap in self-employment rates seems to be slightly stronger in Hungary, but this is due to the larger fall in the men's rates rather than the increasing trend line of the female rate (as opposed to what is observed in the EU as a whole). While the decrease share of self-employment among senior is common across the EU Member States, the variations of the prevalence of self-employment among youth over time observed in Hungary is more peculiar (3.5% in 2010 and 2.7% in 2017).

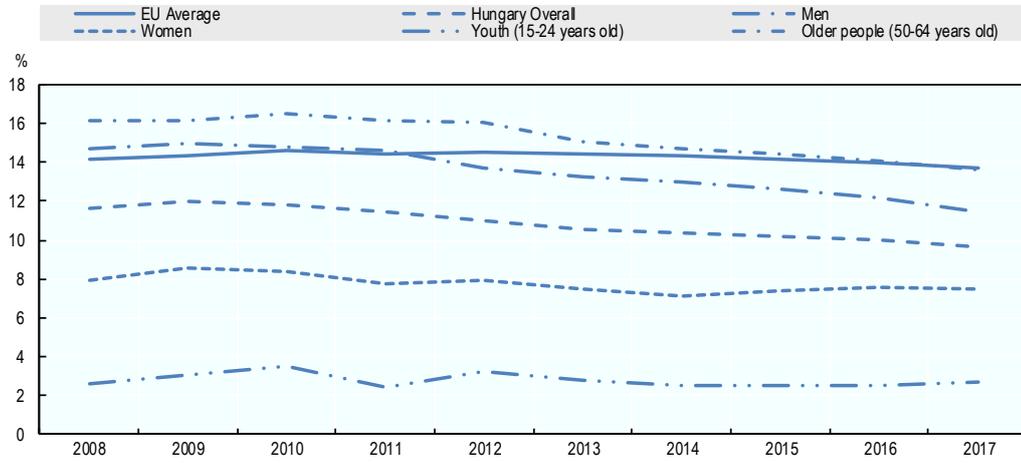
The Total early-stage Entrepreneurial Activities (TEA) Rate (Figure 2b) was above the EU average for the period 2013-17 (8.7% vs. 6.7%), which is in contrast to the lower self-employment rates. This can be explained by differences in the two measures. The TEA rate measures pre start-up activities and new business ownership, but does not pick-up the stock of entrepreneurs in an economy. The TEA rate for women was substantially lower than the rate for men (5.7% vs. 11.8%) and youth were more active than older people (9.2% vs. 5.5%) in starting and operating new businesses.

The above EU-average TEA rate can be partially explained by a high proportion of entrepreneurs who indicate that they do not have other opportunities in the labour market. 27.1% of entrepreneurs over the period 2013-17 indicated that they started their business for this reason, relative to 20.3% in the European Union (Figure 2c). 36% of women entrepreneurs and 39.8% of older entrepreneurs reported starting their business due to a lack of other opportunities, which was again above the EU average. Youth, however, were about as likely as the EU average to start a business out of necessity (18.1%).

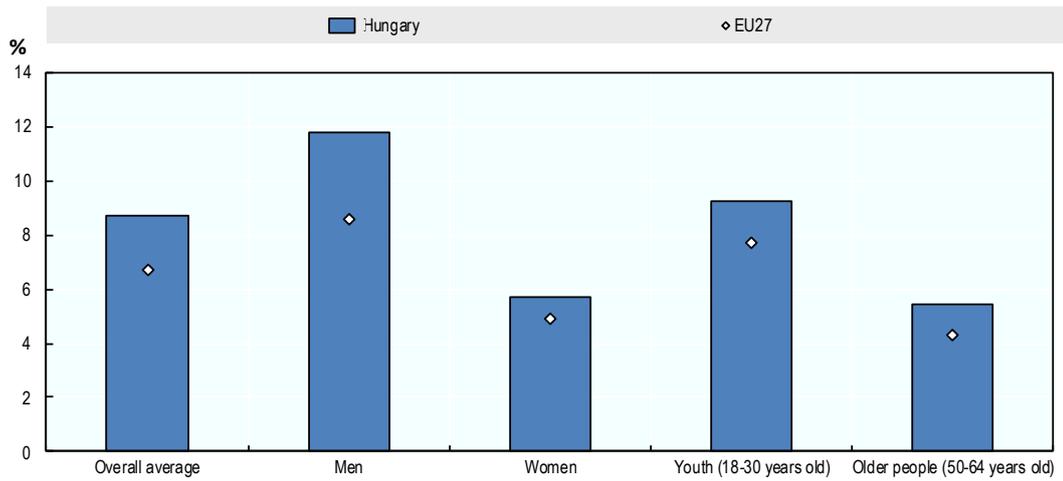
The findings are also consistent with the high self-reported expectations to start a business (Figure 2d). Overall, 16.8% of people in Hungary expected to create a business over the next three years, which was higher than the proportion across the European Union (12.6%). This was driven by a high proportion of men (20.5%) and youth (26.1%) with a pro-business intentions.

**Figure 2. Entrepreneurship rates by target group**

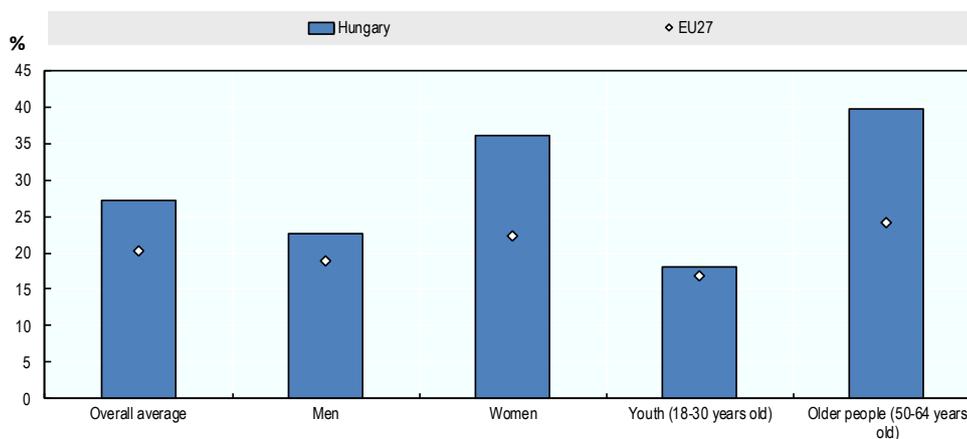
a. Self-employment rate, 2008-17



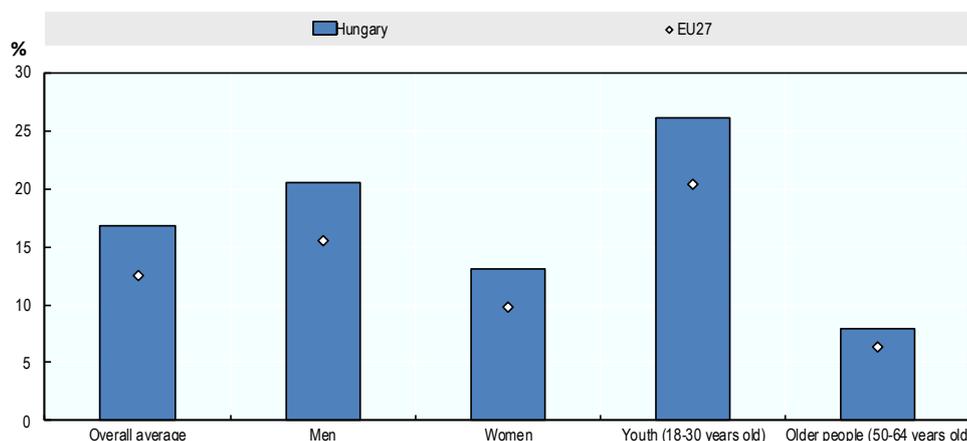
b. TEA-Rate, 2013-17



c. Proportion of TEA that is necessity entrepreneurship, 2013-17



d. Proportion who expect to start a business in the next 3 years, 2013-17



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre-start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2013-17, producing an unweighted average. The EU27 average in panels b, c, and d covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: Panel a contains data from Eurostat (2018), Labour Force Survey; Panels b, c, and d contain data from the 2013 to 2017 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2018).

### 2.3. A profile of the self-employed

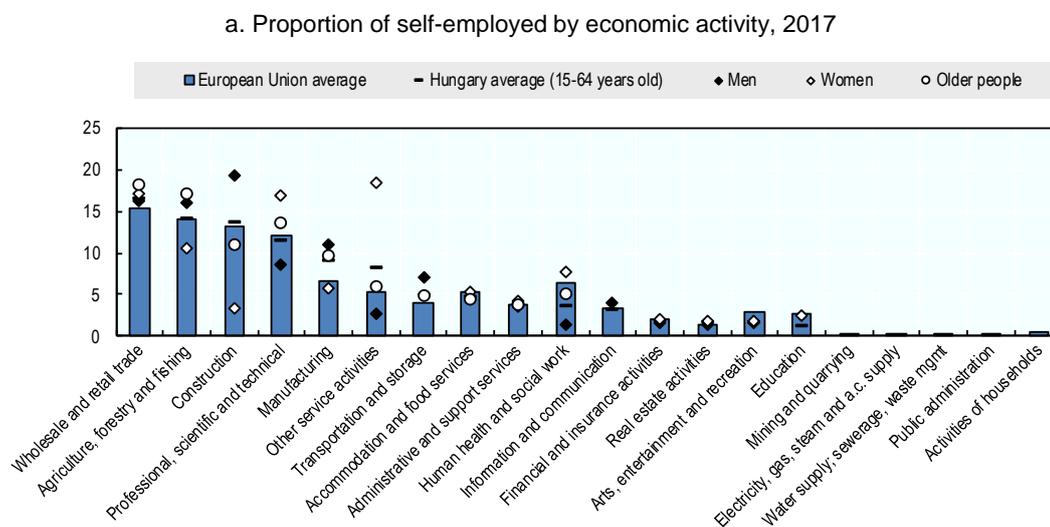
As with the EU average, the majority of self-employed worked in four sectors in 2017: Wholesale and retail trade (16.4%), Agriculture, forestry and fishing (14.1%), Construction (13.7%), and Professional, scientific and technical (12.0%) (Figure 3a). There was little difference between genders, except that women were more likely to work in Professional, scientific and technical sectors than men (17.0% vs. 8.5%) and less likely to work in Construction (3.4% vs. 19.5). Data are not available for self-employed youth, but the distribution of older self-employed people by sector follows the overall average.

Few self-employed people have less than a secondary school education (5.1%) (Figure 3b). This was much lower than the EU average. Conversely, the self-employed in Hungary were less likely to have a tertiary education (29.5% vs. 35.1%). The gender differences were small, although self-employed women were slightly more likely to have a tertiary education than self-employed men (33.7% vs. 27.3%).

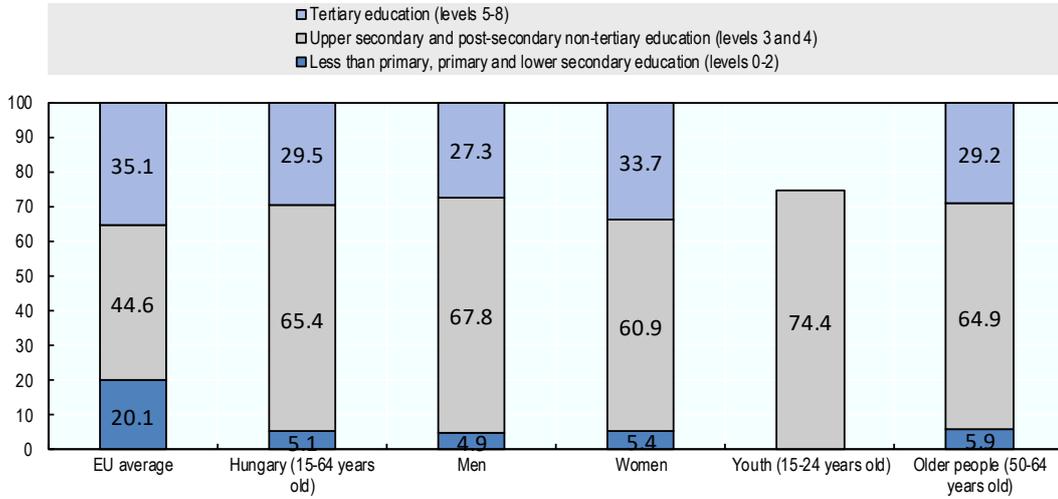
The self-employment rate in Hungary also varies significantly by education level. Low-educated people have historically had a decreasing self-employment rate over time (5.3% in 2008, 5.1% in 2017) much lower than the corresponding rate in the EU (20.1% in 2017). Among low-educated Hungarians, the self-employment rate for men was lower than for women in 2008 (4.9% and 6.1%). The high rate of self-employment among women with only basic education is likely due in part to their lower chances of accessing full-time employment (Hárs, 2012; Scharle, 2001). However, the gender gap has been fluctuating until 2013, and decreasing since then, unlike in the EU. Overall, shares of self-employed people are decreasing – except among youth and women.

The most common occupations for the self-employed in 2017 were Service and sales workers (21.8%), Craft and related trades workers (18.5%), Professionals (15.8%), and Skilled agricultural, forestry and fishery workers (13.2%) (Figure 3c). Self-employed women were heavily concentrated in Service and sales workers (37.3%) but were much less likely than men to be working as Craft and related trades workers (4.3% vs. 26.3%).

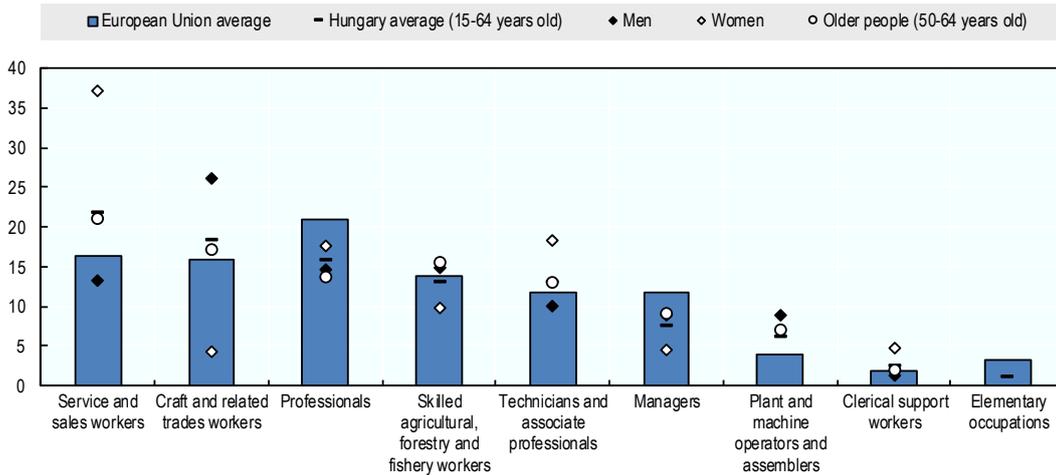
**Figure 3. Characteristics of self-employed workers by target group**



b. Proportion of self-employed by educational attainment, 2017



c. Proportion of self-employed by occupation, 2017



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed.

Source: Eurostat (2018), Labour Force Survey.

## 2.4. Barriers to business creation

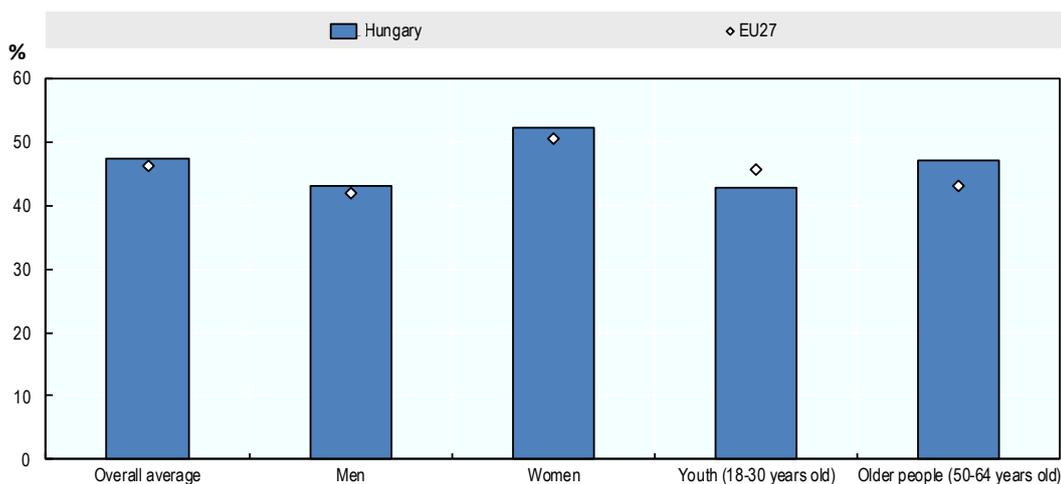
Potential entrepreneurs were as likely as the EU average to report a fear of failure as a barrier to business creation for the period 2013-17 (47.2%) (Figure 4a). There were little differences in the proportion of men (42.9%) and youth (42.6%) who reported this barrier. Women (52.1%) and to a lesser extent seniors (47.2%) stood out with a higher share of those reporting fear of failure as barrier to business creation. Overall fear of failure was slightly above the EU average for all groups except youth.

Another important barrier to entrepreneurship for many people from under-represented and disadvantaged groups is a lack of entrepreneurship skills. Over the 2013-17 period, adults in Hungary

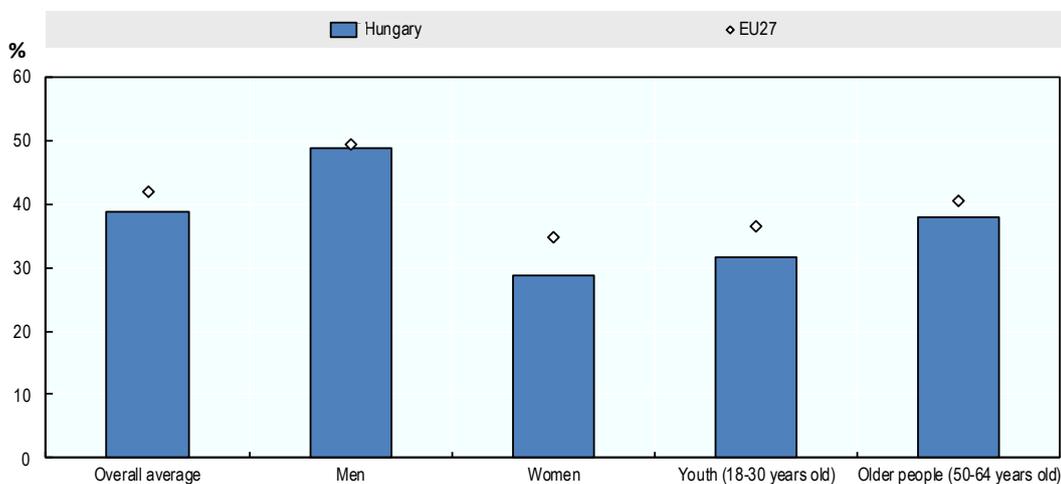
were slightly less likely to report that they have the skills to start a business than the EU average (38.7% vs 41.9%) (Figure 4b). Among men the share of those confident in their business skills is definitely higher than that among women (48.9% vs. 28.7%). 31.5% of young people and 37.8% of seniors indicated that they had the appropriate skills. All of these rates were below the corresponding EU averages.

**Figure 4. Barriers to entrepreneurship by target group**

a. Proportion who report that a fear of failure prevents them from starting a business, 2013-17



b. Proportion who perceive that they have the skills to start a business, 2013-17



Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: GEM (2018), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2013 to 2017.

## 2.5. Entrepreneurship performance

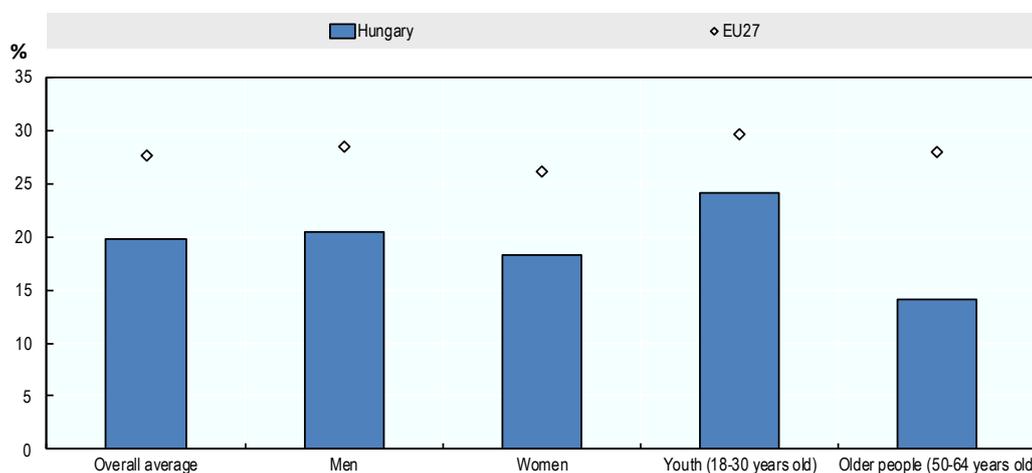
When it comes to innovative products and services, entrepreneurs from all groups in Hungary were far less likely to offer new products and services than the EU average over 2013-17 (19.7% vs. 27.6%) (Figure 5a). Hungarian youth were the most likely to operate businesses that offer innovative products and services (24.0%) followed by men (20.4%), women (18.2%) and seniors (14.0%). This may correspond with the higher observed proportion of necessity-driven business in Hungary in compared to the EU - especially, women and seniors tend to opt for self-employment due to lack of job opportunities rather than being driven by a competitive business idea. Indeed, the proportion of new entrepreneurs whose products or services are new to all or some customers and proportion of TEA that is necessity-driven are negatively associated.

Hungarian entrepreneurs are also slightly more open towards exporting than their EU peers (63.8% vs. 57.4%) (Figure 5c). Over 2013-17, youth had the largest share of reported exporters (74.7%) followed by men (67.8%) and women (55.8%). Seniors were the least export-oriented group (52.9%) and the only one whose export orientation was under the EU average.

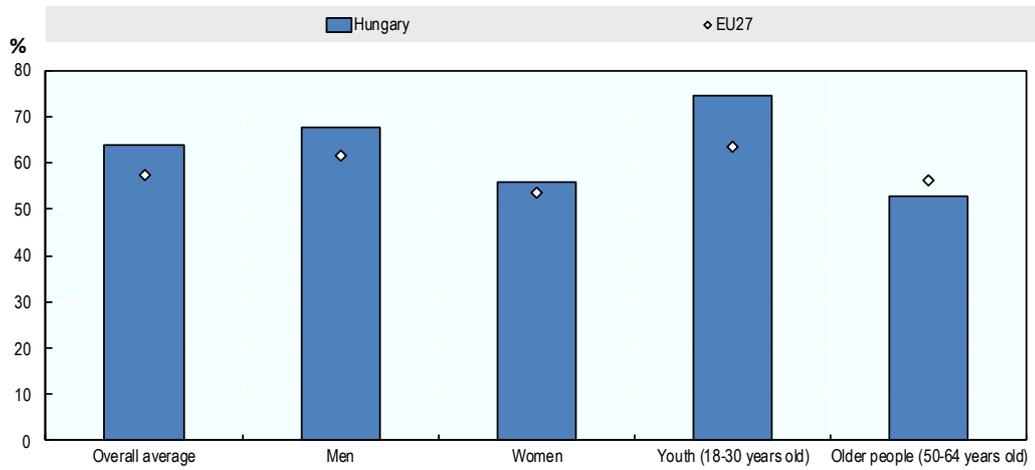
Entrepreneurs from all groups in Hungary were more optimistic in their expectations to create at least 19 jobs in their first 5 years of operation than the EU average (17.4% vs. 9.7%) (Figure 5b). Men (20.1%) and youth (20.6%) were the most positive towards job creation, but expectations were close to twice as high as the EU averages for all groups.

**Figure 5. Self-employment and entrepreneurship activities by target group**

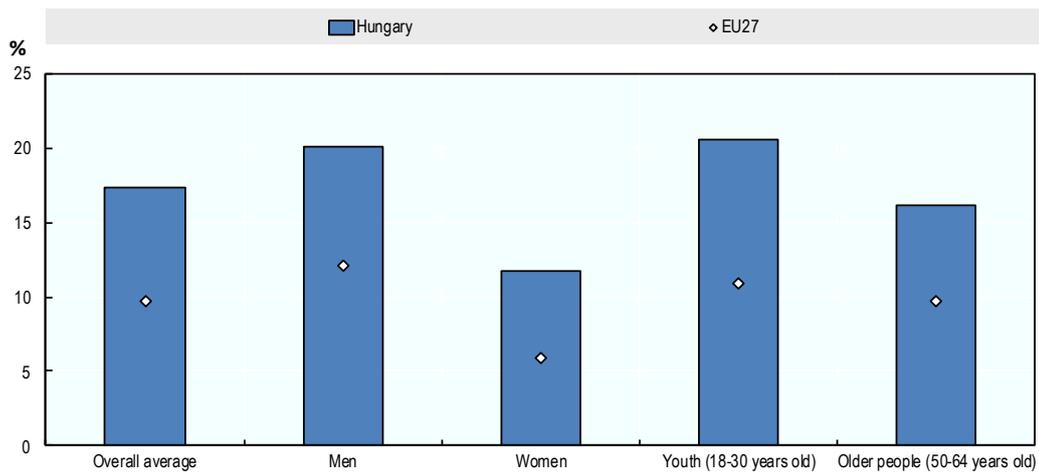
a. Proportion of new entrepreneurs whose products or services are new to all or some customers, 2013-17



b. Proportion who sell to customers in another country, 2013-17



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2013-17



Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: GEM (2018), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2013 to 2017.

Overall, GEM indicators are consistent with other research findings showing that women and seniors are typically the most likely groups to start a business because they have no other option in the labour market rather than because they are motivated by a business idea (Hárs, 2012; Scharle, 2001; Szerb et al., 2014). Moreover, these groups are less likely to be optimistic about starting a business and they have also a relatively stronger fear of failure. Consequently, TEA rates are the lowest among women and seniors, with the only difference that while most women and seniors report lacking business skills, seniors have relatively more positive perceptions in this regard. Young entrepreneurs' higher propensity to engage in innovation and optimistic growth perspectives seems consistent with their lower necessity-driven self-employment rate.

### 3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

In Hungary several government programmes are aimed at supporting entrepreneurship among youth, women and the unemployed. Their name, timeframe, budget and targeting differs but they operate following three specific methods, especially in the case of youth and the unemployed.

One of these is a two-phase programme offering start-up incentives and support through the provision of entrepreneurship training and mentoring, advice and support in developing business plans, and contribution to the costs of setting up the enterprise. In the first phase of support, experienced service providers deliver training, mentoring and counselling to the target group and help them develop their business plans. In the second phase, participants who completed their training and whose business plans have been accepted can apply for a grant to cover start-up costs. In some cases (GINOP 5.2.3), a minimum of 10% of self-financing is required. This type of support is available for young people aged 18-30 years old, and the registered unemployed over 30 years old. The different programmes are funded by ESF Funds and national budget.

Jobseekers registered for at least one month at the public employment service (PES) are also entitled to apply for a grant from domestic resources. This support includes mentoring and business counselling. In addition, subsidy of up to EUR 10 000 (HUF 3 million) is offered as long as the individual invests at least 20% of the start-up costs from own resources.

The third measure provides support to entrepreneurs previously registered by the PES (limited to the level of the minimum wage) for six months after setting up the business. The measures targets people under 25 years old and the unemployed over 25 years old. Registered jobseekers (over one month) may also be eligible. In addition to a six month long subsidy, the employment service provides mentoring and other labour market services to the new self-employed worker.

**Table 1: Overview of main inclusive entrepreneurship support measures**

	Name	Type	Target group	Precondition	Budget
Training	Mentor programme GINOP 1.1.2 - VEKOP-17	Training	Female and young people under 35 years	-	HUF 3.3 billion (EUR 11 million) (EU funds)
Two-phase programmes	Youth entrepreneurship programme GINOP 5.2.2	Training	Young people under 30 years old	-	HUF 1.1 billion (EUR 3.4 million) (ESF)
	Youth entrepreneurship programme GINOP 5.2.3	Grant	Young people under 30 years old	GINOP 5.2.2  (+business plan)  10% own resource	HUF 2.9 billion (EUR 9 million) (ESF)
	Be a young entrepreneur in Hungary!	Training	Young people under 30 years old	-	HUF 380 million (EUR 1.2 million) (national fund)

	Youth entrepreneurship programme VEKOP 8.3.1	Grant	Young people under 30 years old	Be a young entrepreneur in Hungary! (+business plan)  10% own resource	HUF 1.04 billion (EUR 3.2 million) (ESF)
	Enter the market! – first component	Training	Young people under 35 years old	-	HUF 479 million (EUR 1.5 million) (national fund)
	Enter the market! – second component	Grant	Young people under 35 years old	Enter the market! – first component (+business plan)	
	Entrepreneurship programme for jobseekers and youth GINOP 5.1.9	Training	Young people under 30 years old and unemployed above 30 years old	-	HUF 6 billion (EUR 18.75 million) (ESF)
	Youth entrepreneurship programme GINOP 5.2.7	Grant	Young people under 30 years old	GINOP 5.1.9 (+business plan)	HUF 26.65 billion (EUR 83.4 million) (ESF)
	Entrepreneurship programme for jobseekers GINOP 5.1.10	Grant	Unemployed above 30 years old	GINOP 5.1.9 (+business plan)	HUF 13,35 billion (EUR 41.7 million) (ESF)
	Credit programme to boost employment GINOP-8.8.1-17	Credit	Young people under 30 years old and unemployed above 30 years old	GINOP 5.1.9 (+business plan) GINOP 5.2.3 Jobseeker's self-employment support TÁMOP 2.3.6	HUF 29.69 billion (EUR 92 million) (EU funds)
Grant	Jobseeker's self-employment support	Grant	Unemployed	20% own resource	No dedicated budget
Subsidy	Youth Guarantee Programme (GINOP 5.2.1, VEKOP 8.2.1)	Subsidy	Young people under 25 years old	-	HUF 191.2 billion (EUR 597 million) (ESF)  (no dedicated allocation within the programme for self-employment support)

	Path to the labour market  (GINOP 5.1.1, VEKOP 8.1.1)	Subsidy	Unemployed above 25 years old	-	HUF 231.8 billion (EUR 724 million) (ESF)  (no dedicated allocation within the programme for self-employment support)
	Jobseeker's self-employment support	Subsidy	Unemployed	-	no dedicated budget

### 3.1. Policy framework

The SME and entrepreneurship policy framework is outlined in the National Strategy on Small and Medium Enterprises 2014-20 (SME strategy) and to a lesser extent, the National Employment Strategy 2014-20 (NES). Both documents signal the importance of self-employment and inclusive business creation in creating access to the labour market, but neither outlines clear objectives and target indicators related to supporting people from under-represented and disadvantaged groups in entrepreneurship. The SME strategy is under revision since early 2017, and a draft version of the strategy was consulted with other ministries. Government approval of the revised strategy is expected in the first semester of 2019. The revised strategy is expected to put more emphasis on digitalisation, development of business skills and competences, and in general, on boosting firm productivity, as compared to the previous strategic priority (namely stressing the need for job creation)<sup>1</sup>. With regard to disadvantaged groups, the revised strategy plans to introduce microfinance and training programme for disadvantaged groups such as youth, women, unemployed, segregated people (including Roma) and micro-enterprises operating in disadvantaged sub-regions. The new revised strategy also calls for a larger flexibility of policies supporting entrepreneurship which reflects the policy commitment towards measures more tailored to the needs of the various target groups (especially, youth) and to geographically diversified needs.

The Digital Start Up strategy 2016-2020 was adopted at the end of 2016 as part of the Digital Success Programme. Boosting female-led start-ups and promoting entrepreneurship (especially among youth) are among the main strategic priorities and actions of this strategy. This is expected to be achieved via strengthening entrepreneurial education in general education, developing entrepreneurial competences and skills, and setting up an open online platform for business competence building aimed at both entrepreneurs and trainers. The Startup Hungary Coordination and Methodology Centre is responsible for the implementation and coordination of the strategy; it also plays the role of a mediator between the government and the representatives of the start-up ecosystem. The Centre has started the preparation of the specific measures in partnership with non-government organisations and market experts. First outcomes, detailed information on the specific steps are expected by Mid-2019.<sup>2</sup>

In addition to this overarching strategic framework, there is a dedicated strategy for supporting youth in business creation and self-employment. The National Youth Strategy 2009-24 (NYS) was approved by the government in 2009 and indicates that an “entrepreneurial mind-set” should be

<sup>1</sup> Based on information shared by experts from the newly formed Ministry of Finance (set up in May 2018, following the elections)

<sup>2</sup> Source: <https://djnkft.hu/startup-hungary-koordinacios-es-modszertani-kozpont/>

promoted amongst youth in the framework of both formal and informal education. While this was an important start, the first evaluation of the strategy points out a need for further actions to provide youth with opportunities for experiential learning in entrepreneurship and individual mentoring support, but does not outline specific proposals to address these issues (Ministry of Human Resources, 2013). The NYS was to be revised around the mid-term of the implementation period; however, no official information on a new strategy has been released.

The Strategy for the Development of Financial Awareness (*Pénzügyi tudatosság fejlesztésének stratégiája*) was approved in November 2017. The strategy covers the period of 2017-23 and the practical implementation is guided by biannual action plans (first one approved in July 2018). The strategy aims to reinforce financial education within the public education, to strengthen the basis of conscious financial behaviour, to improve access to financial products and services, and to strengthen financial literacy in the broader public. The main target group of the strategy is youth in public schools, but the adult population and seniors will be covered as well.

Hungary introduced the Youth Guarantee scheme in January 2015. Among several measures such as wage subsidies, training opportunities and labour market services, the scheme provides opportunities for youth between 18 and 25 years old to learn about entrepreneurship through training and mentoring programmes, to access start-up grants or to receive support for the first six months after establishing their businesses. Specific programmes aimed at promoting youth self-employment and start-ups have been designed under the Sustainable Labour Market Integration of Youth priority of the Economic Development and Innovation Operational Programme 2014-20 (hereinafter this operational programme is referred to as GINOP) (Ministry of National Economy, 2016). In addition, several other mainstream measures launched within the framework of GINOP aim to reach young and female entrepreneurs and the unemployed by preferential treatment of applicants stemming from these target groups. The sections below provide an overview of the ongoing and planned relevant support measures.

While some monitoring and evaluation of entrepreneurship initiatives is undertaken, the evaluation reports are often not able to shed light on the impact and efficiency of specific measures because sufficient (firm-level) data are not collected or linked properly. Most of the available evaluations focus on the progress and the popularity of the programmes and on the level of participants' satisfaction and seldom include quantification of programme impacts<sup>3</sup>. While quantitative measures are included in impact assessment of the mainstream SME grants and financial instruments, these show that while financial instruments are more cost-efficient, none of these financial supports produce significant productivity gains, and they have some but minor positive employment effects at firm level (again evaluation evidence is in favour of financial instruments rather than of grants). All these effects seem to be slightly larger in micro-regions in disadvantaged situation, but there is no evidence on the target group-specific effects (Equinox, 2016).

Finally, it should be stressed that mainstream measures providing grants (and in some cases combination of grants and microcredits) to SMEs co-financed by EU funds seem to help more likely better-than-average firms, since these firms have sufficient own resources (eligibility requirement), are more informed and have capacities and/or resources for contracting out the highly administrative tasks of the application procedure. Consequently, SME supports without effective group-specific targeting may contribute to “skimming” and in effect work against inclusive entrepreneurship goals (BI, 2012).

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<sup>3</sup> See, the *ex post* evaluations of the measures promoting and supporting youth entrepreneurship within the Social Renewal Operational Programme (TÁMOP) (Hétfa, 2015; KPMG, 2017)

### 3.2. Government regulations

There are no specific regulatory measures that encourage and support business creation or self-employment among people from under-represented or disadvantaged groups. Moreover, there are currently no initiatives that provide assistance specifically to entrepreneurs from disadvantaged groups with registering a business or meeting their regulatory or tax obligations.

Nonetheless, there is a government commitment to simplify the tax system and the administrative requirements levied on business entities in Hungary in general. The government has started the tax simplification reform back in 2010 with the introduction of flat rates of taxation and social contributions up to a threshold turnover level.<sup>4</sup> In the past years they have also continued with further simplification of the various tax rates, with cuts in the social contribution and the rate of the health contribution (both taxes levied on employers), along with the removal of the favourable taxation on many fringe benefits. The tax authority also revised the tax administration rules. This was primarily driven by the development of the e-taxation services and by the introduction of a customer-focused approach in tax inspections. In 2018 the tax authority has also started to provide technical assistance for start-up companies during the first six months of their operations.

Based on the recent tax package and the re-codified law on the social contribution, these reform steps were continued. Some of the next reform elements have a potential marginal benefit to self-employed/ entrepreneurs coming from vulnerable groups, as well: new regulations oblige the tax authority to pay interest if its decision was not lawful (the reimbursement will be due to the taxpayer). The new regulation makes it possible to submit declarations required to assess tax advances electronically via the government portal (see, administering family allowance, newlywed allowance and personal allowance). The tax authority could prepare draft tax returns for the self-employed, and costs stemming from operation of day-care centres at workplaces could be deemed eligible costs when calculating the tax base. From 2019 social contribution tax has been integrated with the health care contribution, and some tax types phased out (see, specific sectoral taxes, simplified entrepreneurial tax). The option to let the National Tax Authority prepare the annual tax report was broadened.

A new system of obligatory online invoicing was introduced by 1 July 2018. Businesses have to supply real-time invoicing information to the tax authority, related to invoices covering domestic sales in the future.

However, there is no publicly available *ex ante* impact assessment or any other evidence on to what extent these reforms will in effect cut red tape or have any group-specific net impact.

### 3.3. Financing entrepreneurship

Labour market programmes supporting self-employment in Hungary are funded by national funds (National Employment Fund) or co-financed by the European Social Fund. The generic start-up financing measure that is available to all registered unemployed actively seeking a job (*Álláskereső vállalkozóvá válását elősegítő támogatás*) is funded by national budget. This measure offers partially or fully non-refundable capital transfer and/or wage support at the level of the minimum wage for the first 6 months of business operation. Eligibility requirements in case of the grant usually include the need to contribute a minimum of 20% of the equity, the provision of collateral and a pledge to sustain the registered business for at least three years. The scheme is however managed by the PES offices at

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<sup>4</sup> *Kisadózó vállalkozások tételes adója*, [nav.gov.hu/data/cms277004/KATA\\_fuzet\\_munka\\_0620.pdf](http://nav.gov.hu/data/cms277004/KATA_fuzet_munka_0620.pdf)

county level, and the local offices have some room to target these schemes for specific groups – an option not in use recently. The available budget varies from county to county. The lowest amount was dedicated to this scheme in Somogy county (HUF 8 million, approximately EUR 25 000) and the highest one in Budapest (HUF 161 million, approximately EUR 503 000).<sup>5</sup> Given the eligibility requirements, early school leavers and older people may be less likely to apply for this scheme. Overall, the requirements (in particular, the 20% self-funding requirement) may be prohibitive for many potential entrepreneurs from disadvantaged groups.

Most of the two-phase labour market programmes are ESF co-financed measures with a more focused targeting, easier conditions and dedicating altogether HUF 51.42 billion (approximately EUR 160.7 million) for training and grants (HUF 36.07 billion for youth and HUF 15.35 billion for unemployed).

In addition to the existing programmes promoting self-employment, two new entrepreneurship programmes have been introduced to target youth under the age of 30 (GINOP 5.2.7) and jobseekers above the age of 30 (GINOP 5.1.10). These ESF co-financed programmes follow the same method as our previous entrepreneurship programmes targeting only youth and which have closed recently. However, building on the experiences of the implementation of the previous programmes and reflecting to the needs of the target groups, several changes has been introduced to improve the quality and effectiveness of the measure. With increasing the amount of eligible support (to HUF 4.5 million from HUF 3 million) and deleting the requirement of own funds greater flexibility and financial freedom is provided for the applicants. In order to speed up the evaluation process of the applications, a new actor (State Treasury) will assess the applications and grant the support faster based on an automated IT system. Furthermore, financial accounts became simplified, more flexible and faster. Service providers offer not only training for the participants and help the development of the business plans but also mentoring and counselling free of charge in the first year of the operation of the enterprises, contributing to their long-term sustainability. The aim is to support the establishment of almost 8 000 new enterprises: 5 236 among youth and 2 627 among jobseekers above 30 years old.

The overall target indicator in the Youth Guarantee Scheme in the 2014-2020 period (to provide support to 6 534 young participants until 2022) is very ambitious. Based on monitoring data from the end of 2018 the GINOP and the VEKOP measures had 1359 applicants, 616 successful project applications receiving the support so far – about 9.4% of the target indicator. Looking at the numbers, some delay can be identified in the implementation and especially the allocation of funds - in spite of changes induced by the earlier delays in the implementation of the VEKOP programme. It needs to be kept in mind however that the programme with higher budget, easier conditions and faster operation will be open from mid-2019.

Subsidies are provided in the framework of the two large-scale ESF co-financed labour market programmes. The budget of the Youth Guarantee Scheme is HUF 191.2 billion (approximately EUR 597 million) and the budget of the Path to the Labour Market programme is HUF 231.8 billion (approximately EUR 724 million) but there is no dedicated budget for self-employment support. The aim here is to help young NEETs between 18 and 25 years old and jobseekers to become entrepreneurs.

Some further SME-targeted measures under the GINOP provide micro, small and medium enterprises either with financial support (grants sometimes combined with microcredit) to increase

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<sup>5</sup> Based on information available on the websites of the county-level offices retrieved on 9th May 2018.

their production capacity and to boost their job creation potential (GINOP 1.2.1., 1.2.2. and 1.2.3.), or to support market entry with training and special consultancy services (GINOP 1.3.1.). Applicants under the first type of schemes shall preferably (though not exclusively) be “young” and or “female enterprises”, i.e. those with majority owners and managing directors under 35 years old and/or women. Preferred applicants under the latter one are “young entrepreneurs”.

Additionally, since 2017 a credit programme under GINOP 8.8.1 aims to increase the competitiveness of micro-enterprises established by jobseekers, young inactive people or those businesses that previously received grants (e.g. under GINOP 5.2.3) as well as for social enterprises. The amount of available loans in the case of micro-enterprises is between HUF 1 to 10 million (approximately EUR 3 300 – 33 000). In the case of social enterprises the loans are between HUF 1 to 50 million (approximately EUR 3 300 – 166 000).

### **3.4. Entrepreneurship skills**

There are a small number of initiatives that seek to develop entrepreneurship skills primarily among youth and women. In the above described two-phase programmes, the first component is a training component. Since 2016 six regional consortia led by regional non-profit limited companies help young NEETs in developing their entrepreneurial skills and in elaborating their business plans, whose work will be continued until 2021. The total budget is HUF 5.1 billion (approximately EUR 16 million). In 2017 the indicators for the GINOP 5.2.2. measure have been changed – at least, 20% of the participants (young NEETs) should be registered for at least 4 months (as opposed to six months, previously). In addition, jobseekers between 25 and 30 years old can make up 35% of the participants (instead of the previous 20%). The change was justified by the low progress of the scheme and the supposedly high popularity of the combined (grant and training) support in the age group 25-30 among registered jobseekers.

In addition, the government strives to increase entrepreneurial awareness more broadly. This will be achieved by actions aimed at schools in primary and secondary education (see section 3.5), as well as through the GINOP 1.1.2-VEKOP-17 measure focusing on financial literacy and entrepreneurial training, mentoring and coaching services provided to SMEs, preferably to female and young enterprises, family businesses facilitating transfer of business, furthermore to suppliers, and SMEs entering foreign markets. This action was launched with dedicated funds of HUF 3.3 billion (approximately EUR 11 million). While it targets about 2 000 enterprises via local offices of the Hungarian Chamber of Commerce and Industry and the SEED Small Business Development Foundation, online monitoring data was not available on its progress by the end of 2019.

### **3.5. Entrepreneurial culture and social capital**

The government seeks to promote entrepreneurship and build an entrepreneurial culture through some measures targeted primarily at youth. First, in 2013 the national curriculum of public schools (including also vocational schools) was amended to include specific modules on financial and entrepreneurship knowledge. The Money Compass Foundation (a background organisation of the Hungarian National Bank) in partnership with the Hungarian Banking Association and the Student Loan Centre is in charge of collaborating with primary and secondary schools and disseminating teaching materials on financial literacy and entrepreneurship for grades 7-10 in public schools.<sup>6</sup>

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<sup>6</sup>Source: <https://penziranytu.hu/>

In addition, in December 2017 the Strategy for the Development of Financial Awareness (see section 3.1) was launched at a conference organised by the Hungarian National Bank with the involvement of experts from the government, education sector and the civil sector.<sup>7</sup> The government adopted the first bi-annual action plan of the strategy in July 2018. While strengthening efforts in financial and entrepreneurship education in public schools is still the main priority, the action plan aims to reach further groups (e.g., employees and employers, seniors, long term unemployed) *via* awareness raising campaigns, websites, and specific consultancy services.<sup>8</sup>

Finally, a promotional effort, the “Award for Successful Enterprises” was managed by the Minister for National Economy until April 2018. This award identifies success stories and potential role models that are promoted to inspire others who may be interested in becoming an entrepreneur in three categories (“Investor of the Month”, “SME of the Month”, “and Startup of the Month”). Due to lack of any statistics on the government website<sup>9</sup>, it is not clear how frequently people from disadvantaged groups are among the awardees. Nonetheless, it would be demonstrative for the government to screen and award entrepreneurs from under-represented groups and communicate this clearly.

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<sup>7</sup>Source: [www.mnb.hu/sajtoszoba/sajtokozlemenyek/2017-evi-sajtokozlemenyek/szeleskoru-szakmai-osszefogas-a-penzugyi-tudatossag-fejlesztesere](http://www.mnb.hu/sajtoszoba/sajtokozlemenyek/2017-evi-sajtokozlemenyek/szeleskoru-szakmai-osszefogas-a-penzugyi-tudatossag-fejlesztesere)

<sup>8</sup>Source: [www.kormany.hu/hu/nemzetgazdasagi-miniszterium/penzugyekert-felelos-allamtitkarsag/hirek/alakossag-penzugyi-tudatossagat-fejleszto-strategiahoz-kapcsolodo-also-keteves-cselekesi-terv](http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/penzugyekert-felelos-allamtitkarsag/hirek/alakossag-penzugyi-tudatossagat-fejleszto-strategiahoz-kapcsolodo-also-keteves-cselekesi-terv)

<sup>9</sup>Source: <http://gazdasagidijak.kormany.hu/english>

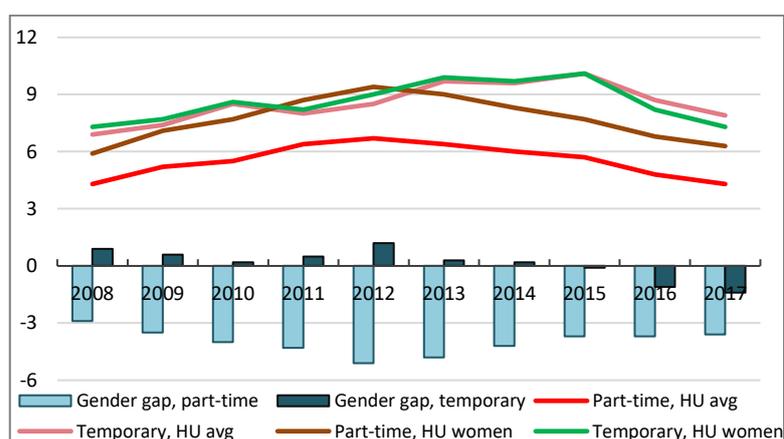
## 4. OVERVIEW OF WOMEN'S EMPRENEURSHIP

### 4.1. Labour market context

The employment rate has increased significantly in Hungary over the past years, reaching 68.2% in 2017, slightly higher than the EU average in the 15-64 age group. The unemployment rate also improved, and dropped to 4.2% of the active population in 2017, significantly lower than the EU average. Indicators for Hungarian women show a similar trend - a female unemployment rate in decrease (4.6% in 2017) and a growing employment rate since 2011 (65.7% in 2017).

Contrary to other EU countries, this does not imply an increase in alternative or atypical forms of employment. Women's participation in part-time and temporary employment remains low (6.3% and 8.7% in 2017) - compared to these rates in the Visegrad countries (8.8% and 12.6%) and in the EU (31.7% and 13.2%, respectively) (Figure 6).

Figure 6. Part-time and temporary employment in Hungary, 2008-2017



Note : Part-time and temporary employment rates are measured as a percentage of total employment.

Source: Eurostat (2018), Labour Force Survey 2017.

### 4.2. Female self-employment

Self-employment does not seem to be an alternative option in the labour market, either. While it is true for all the vulnerable groups in the country, the female self-employment rate continues to be below those of men and seniors, despite of the definite fall in the latter figures. Female self-employment rate was 7.5% in 2017, and has been varying around 8% since 2008.

If we break down the population of females in self-employment by level of education, we find that the share of women with secondary level of education dominates (60,7%) and the proportion of those with lower secondary level education or lower (5.4%) lags far behind the EU average (20.1%). It is however still above both the national one (5.1%) and the declining share of men in the same category (4.9%). This reflects the difficulties experienced by women with only basic education in securing traditional employment in Hungary; self-employment is a default option for them (Hárs 2012, Scharle 2001). Research evidence on the motivations of women with tertiary education opting for self-employment is lacking. They make up 33.7% of self-employed women, close to the EU average (35%)

and above the share of highly educated men in the same category (27.3%). Policy responses should reflect the possible differences in motivations and stimuli across these sub-groups.

Regarding occupation, the overwhelming majority of self-employed women work as service and sales workers (37.3%), as professionals (17.7%, mostly in professional and scientific areas), and as technicians and associate professionals (18.5%). By contrast, they were rather rarely found in managerial positions (4.7%) and as craftswomen or trade workers (4.3%).

#### **4.3. Motivations and barriers**

Among all the vulnerable groups, women have the lowest TEA rate (4.8%) in Hungary. It is roughly two third of the men's rate (7.3%). Hungarian women stand out with regard their motivation to start their business due to the lack of other opportunities (36.0% – in national (as compared to men's rate) as well as in international comparison, with considerably lower share of these responses reported by women in most of the EU countries (22.4% on average), including all the Visegrad countries. They are also the least optimistic group towards job creation in Hungary (11.7%), although their growth ambitions are still twice as high as the EU average for women (5.9%).

Regarding perceived barriers to business creation, fear of failure emerges as a significant deterrent for Hungarian women (52.1%), just like in other EU countries (50.5%). Hungarian women are much less likely than Hungarian men to believe they have sufficient skills for business creation (28.7% vs. 48.9%), and are also less confident than other EU women (34.6%). Hungarian women are nonetheless more likely to have entrepreneurship aspirations than their EU peers: 13.1% expect to create a business in the next three years compared to a 9.8% EU average. However, they are in general less likely to operate businesses that offer innovative products and services (18.6%) or to export (57%).

In sum, these figures correspond with the observation that people in Hungary tend to start a necessity-driven business in higher proportion than in the EU – and women to an even greater extent. This is confirmed by other surveys finding that women tend to opt for self-employment due to lack of job opportunities (Hárs, 2012; Scharle, 2001; Szerb-Márkus, 2014).

Finally, relatively negative public perceptions of entrepreneurs in Hungary are likely to affect both genders' aspirations. Based on survey data, half of respondents in Hungary think that entrepreneurs think only about their own benefits and take advantage of other people's work (Eurobarometer 2012). Perceived complex administrative procedures and high administrative burden are also a disincentive.

#### **4.4. Policy measures targeted at female entrepreneurs**

There is a growing awareness among policy makers and business stakeholders in Hungary that many of the earlier support tools for entrepreneurship may not genuinely meet the needs of (potential) female entrepreneurs. This recognition has led to two of the recently (re)designed national strategies pointing explicitly to women as one of their key target groups: the SME strategy in revision and the Digital Start Up Strategy approved in 2015. Although there are no specific policy measures in place aimed exclusively at women, female applicants receive preferential treatment as potential beneficiaries by some support measures running under the Economic Development and Innovation Operational Programme. Aspiring female entrepreneurs or start-ups leaders are treated in a preferential way during the selection process of investment grants (GINOP 1.2.1., 1.2.2.), or while receiving training and special consultancy services (GINOP 1.1.2.) within these schemes. Due to the lack of publicly

available monitoring and evaluation data on their participation rate, it is, however, hard to assess whether the underlying policy goal to boost female entrepreneurship are met by the ongoing measures.

Promoting entrepreneurship among women requires more attention to address negative social attitudes, as well as skill and informational barriers. Lack of knowledge and experience on how to set up a business, on accessing information on regulatory incentives or on available support measures seem to be crucial in the case of less educated women. As research evidence suggests, those, who perceive that entrepreneurial opportunities exist, are more likely to start a business (Bosma, 2013). This may be more relevant for women in general who usually perceive business risks in a different way than men do (Jennings-Brush 2013), but particularly for women with low education. They may misperceive business risks easily due to their more limited access to information and due to the lack of successful peers. Consequently, improvements in the regulatory environment, simplification of the administrative procedures and better access to market information (including information on financial supports) and to business support services may improve the perceptions on business-related risks and may make self-employment or business start-ups a more attractive option for women as well.

## 5. POLICY RECOMMENDATIONS

Overall, new entrepreneurs are supported through mainstream SME support initiatives, which are open to the entire population. There are also tailored support measures for youth, women and the unemployed. While the ongoing strategic revisions expand the focus to women, it is not clear how the corresponding strategic objectives will be met and the group-focused monitoring challenges addressed. In addition, no further policy developments are aimed at meeting the specific needs of other under-represented groups, such as seniors, migrants and/or ethnic minorities.

The following recommendations could strengthen current approaches in support of inclusive entrepreneurship in Hungary:

1. *Strengthen monitoring and evaluation activities for entrepreneurship initiatives.* Although monitoring is continuous, evaluations are currently conducted on an ad hoc basis but the policymaking process needs to be informed by the impact and effectiveness of recent initiatives more systematically. This would require stronger efforts to design programme monitoring systems, officially publish also group-specific data, undertake evaluations and make reports publicly available.
2. *Continue to make improvements to the broader business and regulatory environment.* Despite many government initiatives launched with the aim to cut red tape and simplify the tax system, starting (and closing down) a business is still not easy for many people in Hungary. Moreover, it seems to be the least attractive option for vulnerable groups since they have the most difficulty understanding regulatory obligations and following the too frequent changes in the regulations. The overall simplification approach is good, since it also minimises the risk of rent-seeking behaviour and works against potential adverse incentives linked to EU co-funded grant-allocation mechanism.
3. *Introduce more flexibility into the youth support schemes.* There is a danger that large programmes with a single path (a set length of time for training, defined timing for setting up the business and the amount of finance required) will not suit all youth, which could lead to disenchantment. It would be necessary to improve the programme management capacities and also to tailor the support to the business life cycle to allow for young entrepreneurs to move at different speeds and with different needs. Consequently, flexibility and efficiency of the implementation is crucial in supporting young entrepreneurs (especially, those with innovative ideas aiming to enter highly competitive markets) in an effective way.
4. *Strengthen partnerships with non-governmental organisations.* Openness to collaborate with NGOs and civil organisations could help the national authorities in providing better profiling of their support schemes as well as in improving outreach within under-represented groups. Collaboration with civil society organisations and business associations might also help to identify successful entrepreneurs as role models (and also potential mentors) from the specific groups and mobilise them in promotion campaign or in coaching and mentoring.

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Interview note with the government experts of the Department for Labour Policies of the Ministry of Finance. *Mimeo*

Interview note with the government experts of the Department for SME Policies, Ministry for Technology and Innovation. *Mimeo*

## ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains five pillars:

### 1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

### 2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

### 3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?

- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
  - Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
  - Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?
- 4. Entrepreneurship skills**
- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
  - Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
  - Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
  - Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
  - Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?
- 5. Entrepreneurial culture and social capital**
- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
  - Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?

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