



EASTERN PARTNERSHIP  
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# YOUTH ENTREPRENEURSHIP IN EASTERN PARTNERSHIP COUNTRIES: THE WAY FORWARD



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Civic  
Initiatives  
Support  
Center



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For more details, please visit our web-page: <http://eap-csf.eu/regranting/>.

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## Abbreviations

<b>EaP</b>	Eastern Partnership
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EU</b>	European Union
<b>GIZ</b>	Gesellschaft für Internationale Zusammenarbeit
<b>HEI</b>	Higher Education Institution
<b>KfW</b>	Kreditanstalt für Wiederaufbau
<b>NGO</b>	Non-governmental organisation
<b>ODIMM</b>	Organisation for Small and Medium Size Enterprises Sector Development
<b>OECD</b>	The Organisation for Economic Co-operation and Development
<b>SME</b>	Small and medium entrepreneurship/enterprises
<b>SME DNC</b>	Small and Medium Entrepreneurship Development National Center Fund
<b>UNDP</b>	United Nations Development Programme
<b>VET</b>	Vocational Education and Training

## Country codes

<b>AM</b>	<b>Armenia</b>
<b>AZ</b>	Azerbaijan
<b>BY</b>	Belarus
<b>GE</b>	Georgia
<b>MD</b>	Moldova
<b>UA</b>	Ukraine

## Introduction

This document is assessing the current state, tendencies and policy environment of youth entrepreneurship in EaP countries, identifying obstacles and challenges to youth entrepreneurship in the region, providing a comparative regional perspective, paying attention to female entrepreneurship, social entrepreneurship and rural areas.

It is providing examples of best practices from EU countries.

Based on the identified challenges and case studies, the document is providing recommendations to various stakeholders for the promotion of youth entrepreneurship, including: EU institutions, EaP countries national governments, local governmental bodies, civil society organisations and business entities.

Official data of the governments of the EaP countries and national policy documents, several focus groups implemented in project partner countries during the project implementation, interviews with EaP and international experts, desk research of EU good practices have served as a basis for the current document. Besides that literature review was conducted, within the framework of which some existing surveys, reports, researches have been analysed.

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## **PART 1: YOUTH ENTREPRENEURSHIP IN THE EUROPEAN PARTNERSHIP COUNTRIES: POLICY ENVIRONMENT AND NATIONAL CONTEXT**

### **1. Youth and entrepreneurship in Armenia**

#### **1.1. Youth policy framework and entrepreneurial regulations in Armenia**

The importance of the development of youth entrepreneurship is indicated in various state documents. In the “The Program of the Government of the Republic of Armenia 2012-2017”, the following point has been added in comparison to previous years: “To explore the creative entrepreneurship development models of young people and introduce experimental input within a specific focus group during 2018-2020”.

In 2014, the “Armenia Development Strategy 2014-2025” was adopted by the Government of the RA, which includes support policies for start-ups, such as improving business skills and competences, ensuring access to financial measures, etc. It is also mentioned that separate programmes will be directed towards promotion of youth and female entrepreneurship.

In 2015, the “Strategy for Small and Medium Enterprise Development 2016-2018” was adopted by the Government of the Republic of Armenia, but there are no provisions for youth or female entrepreneurship. The new Strategy is in the process of finalisation for the upcoming years of 2019-2022.

The 2018-2022 strategy of state youth policy prioritises promotion of youth entrepreneurship, as well as promotion of self-employment among youth in rural areas, and accordingly this has been mentioned in the implementation plan of the strategy.

There are several conditions in the taxation system, which can be favorable for promotion of youth entrepreneurship. There are various economic sectors which are exempt from various taxes. Such sectors include agriculture, IT, jewelry etc. A number of fields of activities for self-employment, which are also exempt from taxes, such as production of shoes, clothes, teaching dancing and singing, extracurricular education activities, B&Bs, etc. According to the Law “On tax exemptions for entrepreneurship in border village communities” 47 border villages are exempt from all taxes. Taxpayers engaged in agricultural production are exempt from taxes on that income until 31 December 2024.

Within the framework of the system of family entrepreneurship, organisations and individual entrepreneurs are being exempt from taxation under VAT and/or profit tax, as well as under turnover tax. The list of conditions for the family entrepreneurship includes the requirement that the entrepreneurial activity may be done only by at least 2 members of the family (the parent, spouse, child, brother and sister), the turnover in respect of all types of activities should not exceed AMD 18 million during the preceding tax year, it should not be a commercial (purchase and sale) activity, etc. (Chapter 56 of the Tax Code of the Republic of Armenia).

On 11 February 2010 the Government of the Republic of Armenia approved the Concept Paper on Gender Policy in the Republic of Armenia, and in 2011 Gender Policy Strategic Action Plan. This was aimed at raising the role of women in the economic development in Armenia, and for this matter objectives were set to finance female projects, to raise the number of female enterprises, to raise the number of credit programs for women leading SMEs, etc.

There are no tax exemptions for female entrepreneurship. In order to secure gender balance, the National Assembly in May 2013 adopted a law on Assuring equal rights and equal opportunities for

men and women. The Armenian national SME strategy defines a “woman’s business” as “an enterprise managed by woman or with a capital of at least 30% investment by women”.

There are currently no laws on social entrepreneurship, and accordingly no separate legal form for social enterprises in Armenia, as well as no tax privileges for the enterprises that have social impact. Usually social enterprises in Armenia are being registered as limited liability companies, foundations, non-government organisations, cooperatives etc. Yet in 2017 a working group led by EBRD BSO started the development of a concept paper with a definition of social enterprise, and it states that Government stands to gain by providing a united and clearly outlined definition of social entrepreneurship, as well as that the Government should consider engaging with social enterprises through privileges in the public procurement process while also being involved in the monitoring of new and existing social enterprise in order to ensure that they are having a social impact. Besides that it is worth to mention that the concept paper suggests few points to support the definition of social enterprise. It states that the social enterprise is built to solve a social problem, it allows the integration into labor force of a socially vulnerable part of the population, spends 50% or more of its profit to further its social mission, does not operate in sector prohibited for social entrepreneurship (such as tobacco sector) and that the enterprise has adopted the principles of ethical business, transparency, openness, participatory governance, or inclusive decision making.<sup>1</sup> Currently the concept paper is in the circulation process.

In 2017 a new law entered into force which provided an opportunity for NGOs to directly engage in entrepreneurial activity. This boosted various NGOs to start providing paid services.

The need for the development of entrepreneurial education in Armenia is substantiated in the 2014-2025 Strategic Program of Prospective Development, National Strategy for Financial Education, as well as in SME Development Strategy 2016-2018.

It is important to mention that during the spring 2018 a peaceful revolution has been implemented in Armenia, and the political situation has changed. Currently there are many young people and women, who hold various official positions of higher official representatives (e.g. vice-ministers, head of the SME DNC) and the tendency towards increasing the role of young people and females is of a priority for current Government.

## 1.2. Promoting and boosting youth entrepreneurship in Armenia

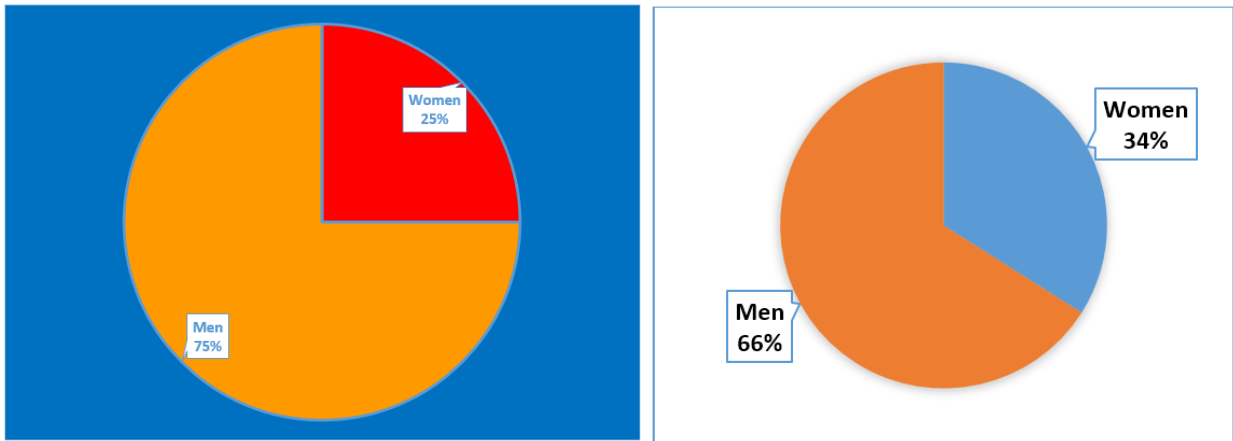
According to the database of the Republic of Armenia’s Ministry of Finance, as of 2016 there were 78 426 SMEs (the number of SMEs has grown in comparison to previous years) which represented 98% of all registered legal entities. With regard to 2017 Global Gender Gap (GGG) Report (World Economic Forum), Armenia reported an increase in the firms with women ownership from 25% in 2016 to 34% in 2017. Though there are cases when the enterprise’s official owner is a woman, the actual running of the enterprise is conducted by man.

Figure 1: **Ownership of firms in Armenia (2016)**

Figure 2: **Ownership of firms in Armenia (2017)**

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<sup>1</sup> BSO by EBRD, Social Entrepreneurship Development Concept Paper, 2017, Yerevan



Highlighting the pivotal and crucial role of entrepreneurial education in the development of small and medium-sized enterprises, in 2017 “entrepreneurship education” compulsive subject was introduced in a number of schools of Armenia as a pilot process, which was aimed at promoting the development of entrepreneurial knowledge, skills and attitudes of the graduates of Armenian educational institutions. Based on the results the RA Ministry of Education and Science introduced a component of business education integrated in the subject of "Technology" from 2-10<sup>th</sup> grade, also in the 11<sup>th</sup> grade as practical component. It is implemented jointly with the “Junior Achievement of Armenia” NGO. The latter has been implementing entrepreneurial and financial education programs in Armenia since 1992 (1500 teachers have been trained, more than 200.000 students have participated in the above-mentioned programs).

The Association of Social Enterprises of Armenia currently is partnering in a sub-project under EU-funded project named “Commitment to Constructive Dialogue”, one of the main components of which is the implementation of pilot projects at selected schools, VETs and Universities on introduction of “social entrepreneurship education” or “social entrepreneurship laboratories”. For this purpose, a methodological guide-book and modules will be developed. The successful results and outcomes of this activity can serve as a basis for introducing “social entrepreneurship education” on a larger scheme.

As for to higher education system, entrepreneurship education is provided by several public and private universities in Armenia, which offer undergraduate and graduate degrees. Recent developments in higher educational sector cover the establishment of Entrepreneurship centers in some of the universities, which are providing academic programs, on-going trainings, seminars, incubation and acceleration programs, and other resources to start and grow enterprises. Such examples are Entrepreneurship and Product Innovation Center at American University of Armenia (AUA)<sup>2</sup> and Entrepreneurship Development Centre of Yerevan State University<sup>3</sup>. AUA in general is one of the universities which provides BA and MA business degrees.

In the framework of EU-funded long term project named “Community Development through Social Entrepreneurship” (CODE-SE 2015-2017) an E-Learning course has been developed consisting of 6 thematic Modules, which is open for students, young people from rural areas and all other interested parties.

There are various support mechanisms from state agencies and programmes, which are available for young people. One of the main bodies responsible for providing state support to SMEs is “Small

<sup>2</sup> See more at: <http://epic.aua.am/>

<sup>3</sup> See more at: <http://edc.ysu.am/en/>



and Medium Entrepreneurship Development National Center” Fund (SME DNC) which is providing various technical and financial assistance. As of 1 January 2018 within the framework of SME State Support Program 2017, around 4,700 start-ups and operating SMEs received 11,487 supports from SME Development National Center of Armenia. 3.3% of SMEs operate in Yerevan, and 96.7% in the regions of Armenia, mostly in remote and bordering regions<sup>4</sup>.

The State Employment Agency (under the Ministry of Labour and Social Affairs) has various support programmes for various vulnerable groups, including young people and women. The list of its programs involves supporting for entrepreneurial activities of persons uncompetitive in the labor market. Through this program the target groups receive AMD 1 million of financial support.<sup>5</sup> One of the recent introductions has been the new programme supporting young mothers who are uncompetitive in the labor market and do not have a profession.

National Center of Innovation and Entrepreneurship<sup>6</sup> State non-commercial organisation is conducting “Young innovator’s school” programme (launched in 2015), which aims at supporting the engagement of young people in the innovative entrepreneurial activities, developing their business skills, supporting the commercialisation of innovative business ideas, etc. It also includes seminars, conferences, round tables, youth schools, trainings, etc.

Chamber of Commerce and Industry of Armenia<sup>7</sup> provides business development and incubation services to startups, supports in getting access to funding, as well as has a list of chargeable services for enterprises.

The Ministry of Sport and Youth Affairs implements specific state target programs including the sphere of youth affairs. These programs are implemented by the Youth Events Holding Center State Non-Profit Organisation. The Ministry is also prioritising programmes, which are promoting small and medium entrepreneurship development among youth, especially from regional areas. From 1 July 2010 RA Ministry of Sport and Youth Affairs launched the online grant system<sup>8</sup> through which grant project applications are being submitted for the implementation of the objects and priorities of State Youth Policy, including development of entrepreneurship among youth. It is important to mention, that the Ministry have included social entrepreneurship in several parts of the strategy of youth policy for 2018-2022.

There are several initiatives and centers, which promote development of rural startups in the local communities, where one of the main target groups are young people and females. One of them is the American University of Armenia’s Turpanjian Rural Development Program which in its ten-year activity has established over 350 business enterprises. Another programme example is “Boosting competitiveness of regional SMEs”.

The Ministry of Agriculture of the RA is running various state support programs, as well as supports with various financial support mechanisms, also through its separate structures (such as Agriculture Development Fund). It is also taking part in implementation of various projects funded by international organisations. Such an example is European Neighborhood Programme for Agriculture and Rural Development (ENPARD), which is funded by the European Union (€2.4 million) and co-funded by the Austrian Development Agency (€1 million). This specific project aims at strengthening and supporting newly established primary producer groups. Women and youth and other vulnerable groups are given a special priority by this project.

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<sup>4</sup> See more at: <https://www.smednc.am/en/content/reports/>

<sup>5</sup> See more at: <http://employment.am/am/132/free.html>

<sup>6</sup> See more at: <http://www.innovcentre.am>

<sup>7</sup> See more at: <http://armcci.am/>

<sup>8</sup> See more at: <http://erit.am/programs/>

As for to female entrepreneurship in 2012 the Government (through the Ministry of Economy) has sponsored national awards for female entrepreneurs for raising the interest and visibility on this topic. In 2017 12 females received this award, and another 27 female entrepreneurs received recognitions from other national and international organisations. Currently there are various state organisations in Armenia, which support and promote women entrepreneurs. E.g. in 2013 the SME DNC has started a programme (with the support of the Asian Development Bank) aimed at supporting female entrepreneurship in Armenia through provision of trainings, informational campaigns, financial support and other measures.

There are also various non-state bodies promoting and supporting the development of female entrepreneurship in Armenia. One of the main ones is Armenian Young Women's Association (AYWA, found in 2004), which has also developed Women Entrepreneurs Network<sup>9</sup> within the scope of project "Developing Women Entrepreneurship in Armenia". Through another project- "Promoting Women's Participation on Local Level through Social Entrepreneurship "(since 2017) - it is supporting implementation of local and intercommunity social initiatives by women.

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<sup>9</sup> See more at: <http://businesswoman.am>

## 2. Youth and entrepreneurship in Azerbaijan

### 2.1. Youth policy framework and entrepreneurial regulations in Azerbaijan

The Law on Youth Policy of the Republic of Azerbaijan (adopted in 2002) defines youth as aged 14-29. It is also defining the implementation of relevant programs and projects by Government bodies to support youth entrepreneurship, young farmers and other entrepreneurs. It is setting that youth residing on border and mountainous areas, as well as those willing to deal with farming and other entrepreneurship activities are first secured with land and discounted loans under the rules defined in the legislation.

The state programme “Azerbaijani Youth” for 2017-2021 also includes various activities for promoting youth entrepreneurship. According to the State programme on Youth, as well as Azerbaijan 2020 Concept various business incubators have been established in Azerbaijan.

Azerbaijan has adopted a number of legislative acts aimed at regulating the development of small and medium-sized enterprises, however, a comprehensive SME strategy has yet to be adopted.

Gender equality question is mentioned in the National Action Plan, “Azerbaijan 2020 Vision”, but yet documents do not include specifications for female entrepreneurship promotion as one of the priorities and, in particular, they discuss the entrepreneurship development in general. Some acts that specifically aim at promoting gender equality have been adopted in Azerbaijan, such as the Law on Guarantees of Gender Equality. Currently Azerbaijan doesn't have a special strategy or national plans on female entrepreneurship.

Regional development in Azerbaijan is of an important priority for the State, and hence it is currently addressed by 2 state programs: The State Programme on Poverty Reduction and Sustainable Development of Regions (2014-2018).

There are several tax incentives in Azerbaijan. Taxpayers producing agriculture products are exempt from profit tax, VAT, and property tax until the end of 2018. Enterprises in industrial and technology parks are exempt from taxes for 7 years from the date of registration. Enterprises operating in special economic zones pay 0% of VAT, and 0.5% tax on overall turnover (but still no such zones have been established in Azerbaijan).

There is a tax incentive for enterprises belonging to community organisations for disabled persons, and while involving minimum 50% of disabled persons, the taxes are reduced by 50 percent. The Tax Code also stipulates simplified taxation for small enterprises (depending on the annual turnover amount), and hence the tax of 4% of total turnover is applied in the capital and 2% - in the regions.

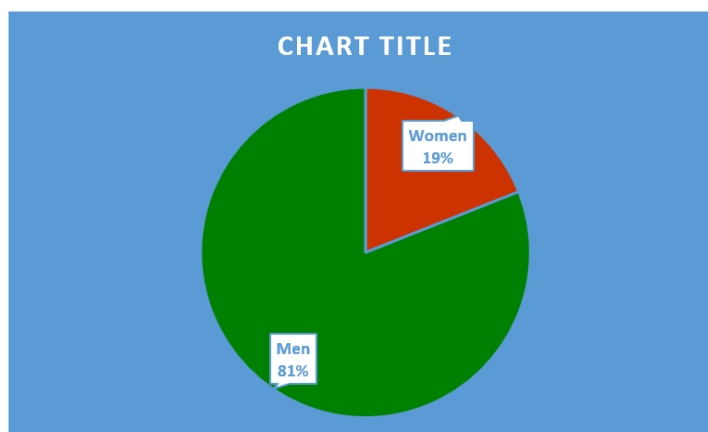
At the same time, with purpose to encourage crafts and self-employment, the legislation exempts the following professions from income tax: craft production of copper, tin and pottery products, house appliances, gardening instruments, national music instruments, toys, souvenirs, house appliances made of reeds and cane, involved in embroidery and production of house appliances from wood.

Currently, the existing legislation does not recognise social entrepreneurship, and social enterprises and public policies on this matter do not exist. Currently the main drivers of social entrepreneurship in the country are non-governmental organisations. The Law on NGOs provides an opportunity for civil society organisations to engage in economic activities in line with their mission, unless the income generated is distributed among the founders or members.

## 2.2. Promoting and boosting youth entrepreneurship in Azerbaijan

Individual entrepreneurs are representing 84.6% of all registered business forms in Azerbaijan. The share of women among individual entrepreneurs is 19% (almost 61% have been registered in the regions).<sup>10</sup>

Figure 3: Individual entrepreneurs in Azerbaijan (2015)



Entrepreneurship education is integrated in the management, business and law programs of the higher educational institutions. Social entrepreneurship has not been generally recognised in the education system. Most of the education on social entrepreneurship happens through non-formal education activities, mostly through training courses provided by civil society sector.

Social entrepreneurship is mostly integrated with a few classes within the mainstream curricula. For example, at Baku State University social enterprises are covered within the course 'NGOs and Human Rights' taught in the Master Level Programme in Human Rights. However, since September 2018 the Azerbaijan Tourism Institute will introduce an selective course "Social Enterprise"<sup>11</sup>.

Business incubation processes including training, capacity building, initial financing, etc. have been promoted by the Government of Azerbaijan and establishment of state business incubators have been launched. Currently there are various incubators which are operated by state bodies. Several higher educational institutions in Azerbaijan also have business incubators. For example, Azerbaijan Economic University (initiated the Innovative Business Incubator<sup>12</sup>), Azerbaijan Architecture and Construction University (initiated the Innovative Business Incubator Center<sup>13</sup>), etc. Also there are cases of incubators which run by the support from private enterprises (e.g. by Azercell).

In 2018 a decree on the establishment of the Small and Medium Entrepreneurship Development Agency of the Republic of Azerbaijan has been adopted. The newly created agency will operate under the jurisdiction of the Ministry of Economy with a status of public legal entity.

The Ministry of Economy and Industry of Azerbaijan maintains youth and female entrepreneurship among its priorities and the development is incorporated in various programs and trainings. The

<sup>10</sup> "Women-Entrepreneurship in Azerbaijan 2015", <https://economy.gov.az/images/pdf/qadin-sahibkarligi-2015.pdf>

<sup>11</sup> "Mahammad Guluzade, Andreja Rosandic: "Social Economy in Eastern Neighbourhood and in the Western Balkans", Country report – Azerbaijan, AETS, 2018

<sup>12</sup> See more at: <http://unec.edu.az/innovativ-biznes-inkubator/>

<sup>13</sup> See more at: [http://azmiu.edu.az/pages/getPage?p=sp\\_biznes\\_inkubator](http://azmiu.edu.az/pages/getPage?p=sp_biznes_inkubator)

SMEs are provided with loans through “National Fund of Assistance to Entrepreneurship”, but there are no specific quotas for female enterprises. The National Fund for Support to Enterprises (2002) has been largely providing funding to enterprises. More than 90 percent of the funded projects were in the field of agricultural products, but yet young people, women and other disadvantaged groups who are involved in entrepreneurial activities are in the list of priority groups.

Another state organisation is the Youth Fund under the President of Azerbaijan which has financed more than 3900 projects by youth and youth organisations within 10 grant competitions since its establishment in 2012. In 2017 more than 500 projects have been funded.

In 2013 “Youth Inc.” Youth Entrepreneurship Program started by Ministry of Youth and Sport and the DVC organisation (with the support from Coca Cola) and after that, in 2015, the “Youth Inc.” Business Incubation Center was established. The graduates of the Program have implemented 15 various business projects, 25 start-ups have been supported and about 7 thousand young people have participated in various seminars.

State Committee for Family, Women and Children’s Affairs (SCFWCA) is the only national body responsible for women empowerment, and though the mission of the Committee includes development of entrepreneurship among women, but still it is putting a top priority on promotion of family values.

The “Building female professionals and promoting women entrepreneurship development in rural regions of Azerbaijan” project (co-funded by European Union) has been organising various training events (more than 100) for about 2.000 women in 8 rural regions.

The Baku Business Training Center under the Ministry of Economy and Industry has organised a series of training sessions for potential entrepreneurs, including women.

Various projects have been implemented with the support from EU, EBRD, USAID, OXFAM, etc. on development of entrepreneurship among women. E.g. the EBRD Consulting project is providing opportunities of consultancies for female enterprises. Another project funded with the support from EU named “Building female professionals and promoting women entrepreneurship development in rural regions of Azerbaijan” is directed at supporting female employability in the regions, as well as supporting 300 women in launching or expanding their enterprises.

There are also several networks, which are promoting female entrepreneurship, in the list of which are WOWOMAN and Public Association of Women Entrepreneurs (2001).

There is a project named “Supporting Community-Focused Tourism Initiatives as Rural Development Strategies” funded by the EU, which aims at supporting development of at least 500 SMEs in rural areas, as well as at increasing the employability of young people interested in tourism sector.

Within the framework of project named "Partnerships for Youth Employment in the CIS" supported by the International Labour Organisation a new labour market programme targeting rural youth entrepreneurship in Azerbaijan is going to be extended to support 10,000 households in 2018-2019. Participants of the program also have opportunities to receive seed funding for their enterprises.

At the moment there is no designated institution responsible for only social entrepreneurship in Azerbaijan.

### 3. Youth and entrepreneurship in Belarus

#### 3.1. Youth policy framework and entrepreneurial regulations in Belarus

The strategic document in the field of the state youth policy is Law of the Republic of Belarus “On the Foundations of State Youth Policy”, which defines that the Government is implementing a set of measures aimed at professional development and employability of young people, including economic, organisational and legal support for youth entrepreneurship.

The guiding document for youth policy implementation in Belarus is state programme named “Education and Youth Policy for 2016-2020”. One of the main objectives thereof is supporting youth in entrepreneurship, and it includes incentive to further develop a youth entrepreneurship infrastructure.

Measures for supporting SMEs are included in “The National Strategy for Sustainable Development of the Republic of Belarus until 2030” (2015), in “SMEs in the Republic of Belarus” State programme for 2016-2020 (this was the first attempt to create a five-year plan”, though promotion of youth entrepreneurship was not indicated separately.

As for tax incentives, there are several mechanisms available in Belarus. By the Presidential Decree "On the stimulation of entrepreneurial activity in the territories of medium-sized, small urban settlements and rural areas" enterprises registered in respective areas and producing goods and offering different services, within 7 calendar years from the date of their registration may be exempt from income tax. The tax incentives by Belarusian Tax Code include incentives for enterprises in free economic zones (from 1 January 2017 till 1 January 2022) and High Technologies Parks.

There is an incentive also for employing disabled persons, while if the number of disabled persons exceeds the 50% of the general number of employees, the enterprise will be exempt from corporate income tax due on taxable profit derived from production activity. Special tax incentives are available for taxpayers depending on their location, revenue, number of employees etc., and also regimes for simplified taxation are functioning. For example, profits of the enterprises from the following activities are exempt from corporate profit tax: baby food production, insurance companies, provision of rehabilitation, innovative goods (list is approved by the Council of Ministers, and those good have to comprise at least 50% of total revenue of the enterprise), etc.

Women’s entrepreneurship has appeared on the country’s economic policy agenda several years ago. In the beginning of 2017 the Ministry of Economy addressed women’s entrepreneurship in the strategy for small and medium enterprise development, and governmental initiatives in this area are yet to come in the near future.

Belarus does not have special legislation regulating the activities of social enterprises. There are no legal definitions of the notions "social entrepreneurship", "social enterprise" and "social entrepreneur" in normative documents<sup>14</sup>. Yet there is legal regulation on enterprises established by CSOs, as well as enterprises providing employment to people with disabilities. Such an example is also the law "On Public Procurement of Goods and Services", according to which a preferential amendment of 25% is

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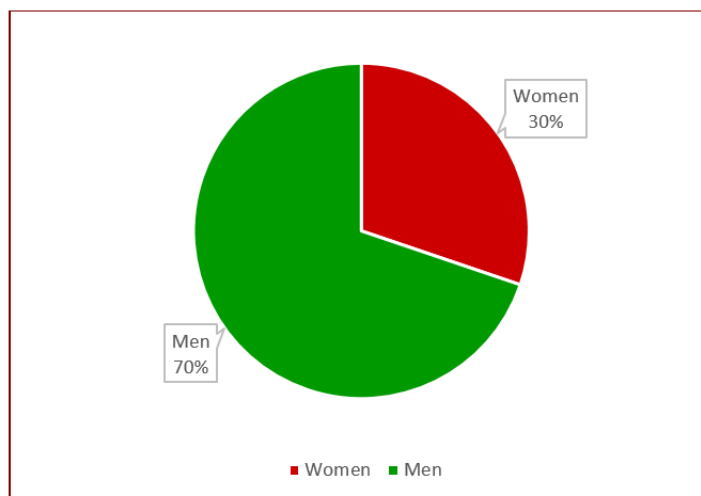
<sup>14</sup> Alena Lis, Andreja Rosandic: “Social Economy in Eastern Neighbourhood and in the Western Balkans” 2018, Country report – Belarus, AETS, 2018

applied on public procurement of goods and services produced at the enterprises with the number of staff with disabilities of at least 50 percent.

### 3.2. Promoting and boosting youth entrepreneurship in Belarus

In Belarus there are about 107.000 enterprises registered.<sup>15</sup> According to the Enterprise Survey conducted by the World Bank (2013) 44% of the surveyed Belarusian firms had women among their shareholders. Around 30% of businesses belong to women in Belarus<sup>16</sup>.

Figure 4: **Distribution by gender of business owners in Belarus (2015)**



In Belarus about half of the higher education institutions have management programmes, which also include management of enterprises. In the Belarussian formal system of education there are few examples of programmes, which develop entrepreneurial competences in young people. The Belarussian State Economic University in some of its master programmes have modules on entrepreneurial ideas and start-ups.

Some universities have entrepreneurship development centers. E.g. Center for Youth Innovation and Entrepreneurship at the Belarussian State University, the Entrepreneurship support centre in the Institute of Entrepreneurial Activity, "Young Entrepreneur" club in the Belarussian Trade and Economic University of Consumer Cooperatives.

In Belarus there are many examples of cooperation between schools and business entities, which are providing students from 14 years old with an opportunity to enrol in the organisations for extra-curricular activities.

There are 24 institutions of additional education of children and young people in Minsk, including Minsk State Palace of Children and Youth, 12 multi-disciplinary district institutions of additional education of youth. In all regions of the Republic of Belarus a network of institutions of additional education of children and youth operates. As of 1 December 2015, the country had 305 institutions of additional education for children and youth<sup>17</sup>.

<sup>15</sup> See more at: [www.belstat.gov.by/ofitsialnaya-statistika/publications/izdania/public\\_compilation/index\\_667](http://www.belstat.gov.by/ofitsialnaya-statistika/publications/izdania/public_compilation/index_667)

<sup>16</sup> BERO: Women Entrepreneurs in Belarus: Characteristics, Barriers and Drivers, 2018

<sup>17</sup> Country Sheet On Youth Policy in Belarus, 2016, by Andrei Salikau



One of the republican institutions of additional education of youth is the following institution of the Ministry of Education of the Republic of Belarus: Republican Center of Innovation and Technical Creativity<sup>18</sup>.

Social entrepreneurship has not been yet recognised by the education system, and is delivered through non-formal education, mostly by various CSOs projects with international funding.

For the development of youth entrepreneurship in the regions of Belarus, regional support centres have been established. For example, in Minsk the communal unitary enterprise “Youth Social Service”<sup>19</sup> is registered as a small entrepreneurship incubator.

There is network of support infrastructure to small and medium enterprises, which is available for youth and females, composed of more than 80 business support centers and about 20 business incubators in the Republic of Belarus. The activity of the Centers is directed to providing information and consulting services, support in obtaining financial and other resources, trainings, etc. The enterprises are also provided with office area and facilities (for rent).

Financial support is on the list of national initiatives for supporting small and medium entrepreneurship. The government develops and implements support programmes executed through the Belarusian Fund for Financial Support of Entrepreneurs, Belarusian Innovation Fund and the State Committee for Science and Technology. To obtain benefits from these schemes young people need to initiate their entrepreneurial activities in the fields of production or provision of services mainly oriented at exporting purposes, or they need to introduce innovative practices in energy-saving industry, etc.

Financial support mechanisms are also being implemented by the Ministry of Economy, Regional Executive Committees, Minsk City Executive Committee, etc.

The Development Bank of the Republic of Belarus<sup>20</sup> has developed a number of financial instruments to support women entrepreneurship. E.g. it is supporting female entrepreneurship in the regions of the Belarus through provision of credits to women at reduced interest rates. Women can use also other support measures, such as education, consulting and information services.

Currently, the support system for social enterprises is rather fragmentary and does not emanate from a single institution. There are some support mechanisms available to social enterprises, but they are not systemic. However, CSOs and individual entrepreneurs have an opportunity to participate in the provision of social services to the population and implementation of social projects through obtaining public funding from local budgets for this matter. This process is done on competitive basis and pursuant to the legislation on public procurement of goods and services.

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<sup>18</sup> See more at: [www.rcitt.by](http://www.rcitt.by)

<sup>19</sup> See more at: [www.mcc.by](http://www.mcc.by)

<sup>20</sup> See more at: <http://brrb.by/en>



## 4. Youth and entrepreneurship in Georgia

### 4.1. Youth policy framework and entrepreneurial regulations in Georgia

In Georgia the Youth Policy was adopted in 2014. The age set for young people is 14-29. In the priorities of the Policy are indicated youth participation in social, economic, cultural and political activities, as well as promotion of youth education, employment etc. It does not include provisions on development of youth or female entrepreneurship. There are some provisions about support educational programs for youth living in the regions. The Georgian National Youth Strategy document was developed in 2015 by the Ministry of Sports and Youth Affairs of Georgia.

The Government of Georgia has designed the “SME Development Strategy 2017-2020”, which includes provisions on the importance of reinforcing female entrepreneurship, and for this matter several priorities are set, yet youth entrepreneurship is not in the priority list, nor there are provisions in the Strategy in this regard. One of the main strategic directions included though is development of skills and entrepreneurial culture.

The country's economic development strategy “Georgia 2020” has the following section: “one of the main directions of work for legal entity of public law Entrepreneurship Development Agency will be development of entrepreneurial skills of the start-ups and small businesses’ representatives. Emphasis will be made on enhancing entrepreneurial skills of pupils and students studying in educational institutions, especially in vocational training schools/centers”<sup>21</sup>.

The Rural Development Strategy 2017-2020 with its action plan was approved by the Government of Georgia. One of the priority objectives set is “Raising awareness in innovation and entrepreneurship. In addition, the promotion of cooperation through contributing to the skills development and employment issues (especially for young people and women)”<sup>22</sup>.

Georgian legislation does not recognise the term of Social Enterprise and Social Entrepreneurship. Although several central and local government strategies consider social entrepreneurship as a tool of support for vulnerable groups of people (economic empowerment, rehabilitation, employment, access to social services etc.) and a support mechanism for social innovation, no single legislative act defines social entrepreneurship and/or social enterprise<sup>23</sup>. Though there several attempts for developing legal frame for social entrepreneurship, but because of a lack of mutual position there was no success on this matter.

There are few mechanisms which are available in Georgia for receiving tax credits or being exempt from taxes.

The Small Business Tax Relief, allows for faster depreciation on equipment deduction where businesses can choose to claim the expense in year one as opposed to over several years. Another tax incentive is “Job Tax Credit”, where enterprises in Georgia earn credits according to how many jobs and the place they were developed (the annual tax saving can reach 4.000 USD). If the enterprise develops 50 jobs in a 2-year period, and the wages are at least 10 percent above the average level in Georgia, tax credit can be 2500-5000 USD per job. Another incentive, which can be

<sup>21</sup> See more at: <https://www.adb.org/sites/default/files/linked-documents/cps-geo-2014-2018-sd-01.pdf>

<sup>22</sup> See more at: <http://enpard.ge/en/wp-content/uploads/2015/05/Rural-Development-Strategy-of-Georgia-2017-2020.pdf>

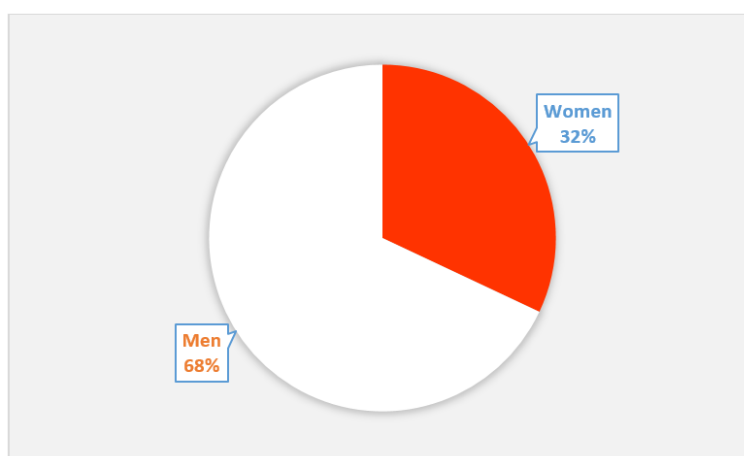
<sup>23</sup> Giorgi Arsenidze, Salome Khutsishvili, Andreja Rosandic: Social Economy in Eastern Neighbourhood and in the Western Balkans 2018, Country report – Georgia, AETS, 2018

favorable in terms of female entrepreneurship is “Child Care Tax Credit”, where enterprises who build or buy qualified childcare facilities are eligible to earn income tax credits equal to 100 percent of the cost of construction. In the framework of “Georgia Rural Zone Tax Credit” program, certified enterprises can receive 2.000 USD credit per new full-time equivalent job per year for up to 5 years.

#### 4.2. Promoting and boosting youth entrepreneurship in Georgia

According to the National Statistics Office of Georgia, the number of active enterprises in 2014 was 70 760 (94% SMEs in total). Geographically, half of all SMEs were located in the capital while the rest of them were distributed mainly in two big regions of Georgia (Imereti and Adjara). Women were 32 per cent of the owners of newly registered enterprises in 2014.

Figure 5: Ownership of registered enterprises in Georgia (2014)



Entrepreneurship education is incorporated in various higher educational institutions, which are specialised in Economics and Business. It is worth to mention that in 2017 Tbilisi State University published a research name “Social entrepreneurial development trends in Georgia”, which was aimed at informing young people on the concept and development in this field.

In 1998 Caucasus School of Business<sup>24</sup> was established, which is providing business administration undergraduate and graduate programmes.

The National Bank of Georgia developed and approved the National Strategy for Financial Education in 2016. The guideline for activities under the Strategy for 2017–2019 has been drafted, but is not yet enforced. The activities include training, awareness raising campaigns etc. It is planned to integrate financial literacy topics in the national curriculum in schools (in math classes and in civil education classes). The pilot of the program “School-Bank” is already in action and NBG is delivering training for pupils, as well as trainings for teachers in 11 public schools<sup>25</sup>.

In regards to social entrepreneurship education, it is being conducted through non-formal educational activities, mainly through civil society organisations. For example, since 2016, Students Competition is organised under the framework of the European Union funded CSRDG project “Social Enterprise:

<sup>24</sup> <https://www.cu.edu.ge/en/schoolss/business-school>

<sup>25</sup> Financial Inclusion, Financial Literacy, And Financial Education in Georgia, 2018

innovative approach for social and economic changes". The project is open for students of Georgian universities and colleges. The selected ones during the project are having experience exchange with social entrepreneurs from Georgia, and the winners of the competition receive opportunity for international study travel on social entrepreneurship<sup>26</sup>. Together with Europe Foundation Impact Hub Tbilisi launched Social Impact Award, designed to promote the knowledge and practice on social entrepreneurship.

In the list of public organisations for youth are "Children and Youth Development Fund" (under the Ministry of Sport and Youth Affairs of Georgia), which has also a priority on social entrepreneurship and National Youth Palace, which is an educational and training establishment providing extracurricular activities for young people as well.

One of the main institutions supporting entrepreneurship is "Entrepreneurship Development Agency" (established in 2014 under the Ministry of Economy and Sustainable Development). It also runs a state programme "Produce in Georgia"<sup>27</sup>. This programme is providing grants (5 000, 10 000 and 15,000 GEL) as well as technical support to women. According to the statement of the representative of Produce in Georgia, in total 3205 business ideas have been funded so far, thus covering approximately 4900 beneficiaries/individuals. Technical assistance and retraining was provided to 8880 individuals. About 30 percent were women.

Another institution is Georgian National Investment Agency, which implements innovation grant programmes and provides the Mini Grants Programme and Micro Grants Programme to support innovation. The Ministry of Agriculture, through the Agricultural Project Management Agency, is also implementing more than 10 projects under a unified agro project to support entrepreneurial developments in agriculture.

In cooperation with One Georgia Authority another program has been launched in Georgia: "Entrepreneur and Small Business Loan Guarantee Program", through which the State can provide loan guarantees (35.000-250.000 USD) to spur entrepreneurial growth in specified rural communities throughout Georgia.

Within one of the projects of the Technological Development Fund: "Business Incubator" beginner entrepreneurs are being supported, and laboratories are being established in Tbilisi State University and Georgian Technical Universities.

For promotion of Social Entrepreneurship in Georgia, a separate unit named "The Center for Social Entrepreneurship" has been established under the Center for Strategic Research and Development of Georgia.

Initiative, which include state support to female entrepreneurship are the Academy of the Ministry of Finance, which offers free trainings for women, as well as "Startup Georgia", which supports beginner entrepreneurs<sup>28</sup>. Women represent 37% of the beneficiaries of the projects implemented by the Agency in January-April 2017<sup>29</sup>. As well as another project is implemented by the Ministry of Agriculture: "Women in Rural Areas", which is implementing various projects such as Agro-Credit and Agro-Insurance, and women are constituting in average 20% of beneficiaries.

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<sup>26</sup> See more at: <http://segeorgia.org/info.php?ID=68&ln=en>

<sup>27</sup> See more at: <http://qartuli.ge/geo/sub/about-program/program-details/>

<sup>28</sup> See more at: <http://startup.gov.ge/geo/home>

<sup>29</sup> Women's Economic Empowerment in Georgia, Tbilisi 2017

## 5. Youth and entrepreneurship in Moldova

### 5.1. Youth policy framework and entrepreneurial regulations in Moldova

One of the main legal documents concerning youth affairs in Moldova is the National Law on Youth, which defines a “young person” as a person aged between 14-35 (in 2010 the age group was between 16-30). Another main documents are National Youth Strategy<sup>30</sup>, which is the third strategic document in the country in the field of youth and the National Youth Action Plan. The list of priorities of the National Youth Strategy 2014 - 2020 includes sections, such as economic opportunities for youth, which include as a main objective the development of employment and entrepreneurial opportunities among young people, especially those with limited opportunities.

In the action plan for 2016-2018 of the Government of Moldova<sup>31</sup> support for the following aspects were indicated: entrepreneurship among young people, including tax incentives; entrepreneurial development programmes for youth and women in rural areas; support measures for young farmers through agricultural and non-agricultural investment promotion etc.

According to the provisions of the Law on Youth, the inter-sectorial dimension and the support programmes in different fields of activity among young people, include also supporting the initiatives of young entrepreneurs through economic empowerment programmes; providing facilities for young people working in rural areas; as well as supporting and developing social entrepreneurship programmes.

One of important aspects in the Small and Medium Enterprise Sector Development Strategy for 2012-2020 of Moldova is the introduction of the development of women entrepreneurship as one of the priorities. A Law was also introduced on equal opportunities for men and women.

There is no clear definition in the Republic of Moldova on “women entrepreneur” or “female entrepreneurship”.

Regarding social entrepreneurship sector, the “Law on Entrepreneurship and Enterprise” includes a chapter on social entrepreneurship, with the following definition: “Social entrepreneurship is an entrepreneurial activity whose main purpose is to solve social problems in the interest of the community”. “Social entrepreneurship activity carried out by social enterprises and social inclusion enterprises is aimed at improving living conditions and providing opportunities for people in disadvantaged categories of the population by strengthening economic and social cohesion, including at the level of local communities through employment, by developing social services in the community interest, by increasing social inclusion”.

Though, Moldova does not have a clear mechanism for assigning the status of social enterprise. This mechanism needs to be developed and approved by the Moldovan Government. The Moldovan Government envisaged some of the support measures for Social enterprises specifying tax incentives and state aid support, mentoring support from public institutions, the right to participate in public procurement, public property space rental and promotion activities<sup>32</sup>.

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<sup>30</sup> See more at: <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=356215>

<sup>31</sup> See more at: [https://gov.md/sites/default/files/document/attachments/government\\_of\\_republic\\_of\\_moldova\\_-\\_action\\_programme\\_of\\_the\\_government\\_of\\_republic\\_of\\_moldova\\_for\\_2016-2018.pdf](https://gov.md/sites/default/files/document/attachments/government_of_republic_of_moldova_-_action_programme_of_the_government_of_republic_of_moldova_for_2016-2018.pdf)

<sup>32</sup> Mushegh A. Tumasyan, Andreja Rosandic: Social Economy in Eastern Neighbourhood and in the Western Balkans 2018, Country report – Moldova, AETS, 2018

In regards to tax incentives, they are available for farmers, as well as enterprises engaged in software development (Starting 1 January 2017, a new law on IT parks entered into force). The law provides for certain tax incentives for the IT parks' residents, enterprises that increase the number of employees and those, who operate in free-economic zones

## 5.2. Promoting and boosting youth entrepreneurship in Moldova

As of 2015 there were about 498.000 SMEs in Moldova, representing 97% of total enterprises in Moldova. The percent of women entrepreneurs is 27.5 percent and is significant lower in rural areas (14.9 per cent). The share of young people among entrepreneurs remains relatively small: 2.4% were aged up to 24 years and 20.3% were aged 25-34 years. 65% of the total number of small and medium enterprises function in Chisinau the capital<sup>33</sup>.

Figure 6: **Entrepreneurs in Moldova (2015)**

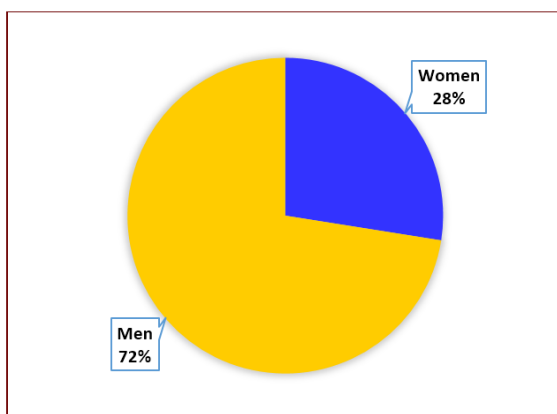
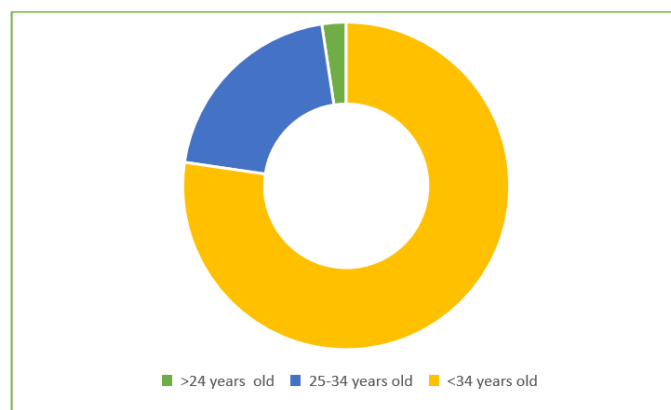


Figure 7: **Entrepreneurs' age distribution in Moldova**



Currently the education system provides entrepreneurial education through compulsory and optional subjects included in the curricula. Also there are various extracurricular activities on this matter. Junior Achievement Moldova is promoting entrepreneurship education in primary and secondary general education institutions. Since 1995 it has provided educational programs for 190.000 students. Entrepreneurship courses are introduced in all vocational education institutions, and for the subject “Basics of Entrepreneurship” 120 hours are allocated. As for the higher education institutions, entrepreneurship education depends on the study field, and hence is included in such domains like Business and Administration, Economics etc.

Social entrepreneurship has not been integrated into the formal education system, and there is no there is no higher educational institution that would include in the curriculum a course of Social Entrepreneurship. There are only non-formal initiatives and programmes.

The Republic of Moldova has approximately 130 public institutions, associations and foundations providing youth-friendly services (MOYS/Dacia, 2015).

The Organisation for Small and Medium-Sized Enterprises development (ODIMM) manages funding provided by the state, as well as from international assistance programs. It is one of the main bodies supporting the development of entrepreneurship among youth, females and in rural areas.

<sup>33</sup> Activity of Small and Medium Enterprises in the Republic of Moldova in 2016

The National Program for the Economic Empowerment of Young People (PNAET) approved by the Government of the Republic of Moldova and financed with the support of the EU ESRA Programme, is a programme for young people, aged 18-30, who want to develop entrepreneurial skills, launch or expand their own enterprises in rural areas, develop a business in agriculture, manufacturing or services. The programme includes trainings, as well as includes financing support. In the framework of this programme, more than 12,700 young people have been consulted (45% females), more than 5,000 trained (43% females), more than 1,800 projects financed (30% females). A total number of 240 investments projects were financed in rural areas.

“Efficient Business Management” is another programme for entrepreneurs (no age limit). It includes provision of training free of charge on entrepreneurship. During the implementation of the program 2009-2017, about 17700 entrepreneurs were trained throughout the country, including 35% of young entrepreneurs aged 18-35. Most of them are women.

“Programme for attracting remittances into the economy” (PARE 1+1) approved by Government, is a programme is intended for migrant workers and/or their immediate relatives who want to invest in launching and/or in developing their own business. It offers information support, trainings and consultations on entrepreneurial activities, financial support etc. In total more than 13.000 persons have been consulted, more than 1300 migrants trained (35% females).

Through the Rural Program of Inclusive Economic-Climate Resilience there is a credit and grant system for young entrepreneurs and females (up to 40 years old), whose enterprises are registered in the rural areas.

A Network of Business Incubators was established in Moldova in 2013 to support SMEs. At the moment there are 3 types of business incubators in the Republic of Moldova. They are being created and managed by either educational institutions, research and scientific institutions (8 incubators as such)<sup>34</sup>, or in partnership with institutions who support SME development. In the latter example, there are 11 incubators, which activate about 180 enterprises (89 enterprises by young people, 35% founded by females). These businesses have created over 800 jobs (73 percent females), including 344 for young people and 410 for women.<sup>35</sup>

In 2017, ODIMM's portfolio was complemented by two new entrepreneurship support programmes dedicated exclusively to women: the “National Women's Business Pilot Programme” and the “Business Academy for Women”, designed to boost the number of women's businesses. Through these programmes, more than 500 women across the country received consultative, educational and financial assistance.

In 2012, ODIMM founded the Women's National Platform, dedicated to entrepreneurship. The network is built on female focal points at the village level (870 women). The Platform, in partnership with the ODIMM, has launched its annual contest to reward the best women entrepreneurs in the Republic of Moldova.

One of the good examples of the organisation, which is promoting social entrepreneurship in Moldova is “EcoVisio” Association (1999), which is implementing various educational and empowerment programs for young people and women. Year after year it is organising IarmarEco, a fair of Ecological Opportunities and Social Entrepreneurship.

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<sup>34</sup> “General overview on business incubators in the Republic of Moldova” report (p. 71-74)

<sup>35</sup> See more at: [www.odimm.md](http://www.odimm.md) . Annual report. RIAM business incubator network.



## 6. Youth and entrepreneurship in Ukraine

### 6.1. Youth policy framework and entrepreneurial regulations in Ukraine

According to the Law of Ukraine "On Fostering Youth Socialisation and Development in Ukraine" young people are persons aged 14 to 35 years. The article 8 of the law is as following: "Support to Entrepreneurial Initiative and Entrepreneurship of Youth", which indicated that the State shall support the development of entrepreneurial initiatives of young people, as well as shall foster the establishment of youth business centers and business incubators"

Context and principles of the national youth policy in Ukraine for 2016-2020 are defined by the Concept State Target Social Programme "Youth of Ukraine" for 2016-2020. In the list of priorities is "Youth Entrepreneurship", with the purpose of promoting the development of youth entrepreneurship, self-employment and effective advancement of young people in entrepreneurial environment. And it is foreseeing development of youth entrepreneurship by improving the existing legal framework and streamlining preferences for young entrepreneurs, building young people's entrepreneurship skills.

Regarding social entrepreneurship, Ukrainian legislation does not provide a definition of social enterprise, doesn't recognise social enterprises, and does not include any specific normative acts regulating the activities of such enterprises. However, there are principles in different regulatory and legal sources that allow the creating of enterprises that by international standards can be classified as social ones<sup>36</sup>. There were attempts of laying down a legal framework for social enterprise in 2011 and 2015, but the laws were not passed.

In 2005 the law On Ensuring Equal Rights and Opportunities of Women and Men was adopted in Ukraine. This law also introduced the obligation of gender-related expertise for all draft legislative acts.

Starting from 2017 until 2021 "tax holidays" were introduced for taxpayers with annual income less than UAH 3 million, provided they meet several requirements (such as number of employees, types of activities, payroll amount). There is a simplified tax regime (with exemption from corporate income taxes) for business entities and private entrepreneurs (depending on the types of activities, the level of income, number of employees). One of them is the tax of 5% of turnover and easier reporting for small businesses.

Agricultural producers also have income incentives opportunities under certain requirements, e.g. that the 75% of total revenue of the year should be derived from their own agricultural products. The tax rate in this case can vary from 0.19-6.33 percent depending on the size and type of the agricultural land.

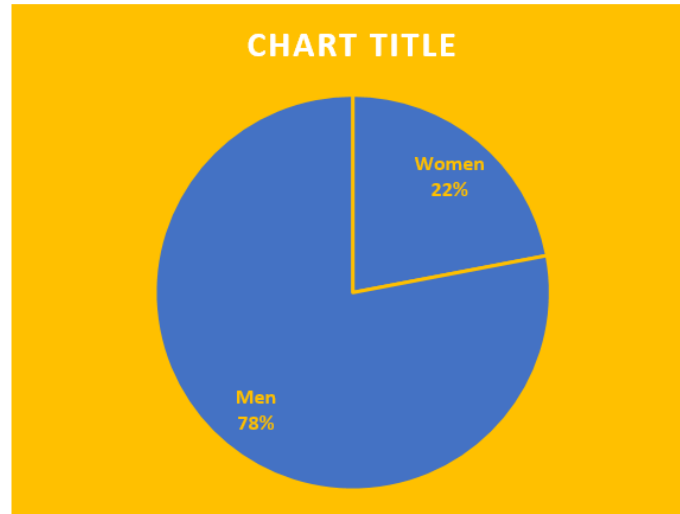
### 6.2. Promoting and boosting youth entrepreneurship in Ukraine

As at 31 December 2015, there were 58.776 businesses and 4.289 private entrepreneurs falling under the definition of SME. Ukrainian women own 20-22% of SMEs in the country (UN, 2014).

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<sup>36</sup> Smal V., Rosandic A.: Social Economy in Eastern Neighbourhood and in the Western Balkans 2018, Country: Ukraine, AETS, 2018

Figure 8: Ownership of small and medium sized enterprizes in Ukraine (2014)



In the higher education institutions there are various business programs, providing entrepreneurial education to young people. The list of such universities include Kiev National Economic University, International Institute of Business etc. One of the success stories is a project launched by the National Technical University of Ukraine "Kyiv Polytechnic Institute" (KPI). The university has established a successful school for start-ups, which provides two months of free business education focused on technology transfers and innovative entrepreneurship<sup>37</sup>.

Social entrepreneurship course has been included in the programme of master degree in various universities, such as Lviv Business School, Simon Kuznets Kharkiv National University of Economics etc. But yet social entrepreneurship is not yet integrated in the education system of Ukraine. It is being provided also through non-formal education in the framework of various projects funded through grant schemes. One of the examples of social entrepreneurship education is the School of Youth Social Entrepreneurship in Lviv, which is being implemented by the Municipal Institution of the City. An online learning course has been also developed in Ukraine on "Social Entrepreneurship"<sup>38</sup> education with the support of the Western NIS Enterprise Fund. A significant contribution to the promotion of social entrepreneurship in Ukraine was made also by the Social Enterprise Support Center (2010) and the Resource Centre "Social Initiative" (2012).

Lviv Business School has also developed an educational programme called "Women's Leadership and Change Management", which is aimed at women-leaders from business, public and non-profitable sectors.

With regard to the government support for entrepreneurs in Ukraine, there is a government body called "The State Committee of Ukraine for Regulatory Policy and State Support for Entrepreneurship", which is responsible for creating a favorable business climate. Employment and youth entrepreneurship state programmes are mainly coordinated by the Ministry of Labour and State Committee on private Enterprises.

<sup>37</sup> Valeriy Kokot, Valentyna Smal :Social entrepreneurship development in Ukraine" report, 2018

<sup>38</sup> See more at: <https://courses.prometheus.org.ua>



According to National SME Strategy 2020 the inclusive entrepreneurship will be financed as one of strategy priorities, and the target groups are young people and females, and in total 2000 beneficiaries will be supported. This process is also foreseeing of financing the most promising thirty ideas.

Some local authorities implement local SME support programmes, but there is no consolidated information on such support<sup>39</sup>.

There are several programmes supporting entrepreneurship development in Ukraine, with the main target group of females. One of the projects named “Women Entrepreneurs” is aiming at providing necessary competences, expertise support to women interested to become entrepreneurs. The programme is coordinated by iHub. The other project is “Women in Business”, which is implemented by EBRD (this project is described in the next chapter and is implemented in all EaP countries,).

Her Quality Rights and Autonomy (HERA) provides grants of 500 – 1500 EUR to purchase needed equipment for young women’s ventures and social enterprises that have begun operating or to scale up established women-owned businesses to create new jobs for young women. The application process is open for females from Ukraine as well, and the successful applicants are also getting online mentoring support. HERA has provided entrepreneurship training and professional mentoring to 360 women survivors of human trafficking, violence and exploitation. Through the International Grants Competition, HERA has awarded 132 grants to female-owned small businesses and creating employment for 500 young women at risk in Eastern Europe and the Caucasus.

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<sup>39</sup> Investing in SMEs in the Eastern Partnership: Ukraine, 2018

## PART 2: EU INSTRUMENTS AND PROGRAMMES PROMOTING YOUTH ENTREPRENEURSHIP IN EAP COUNTRIES

EU plays a pivotal role in various sectoral developments in EaP countries, resulting to a wider nation-wide impact. The sectors it is supporting include Economic development and market opportunities, Energy, Transport, Trade, Education, Agriculture, Business, Environment, Justice, E-Governance etc.

Relations between the European Union and EaP countries are based on bilateral agreements, such as the Association Agreements as well as the Association Agendas and the Partnership Priorities and the EaP 20 Deliverables for 2020 aligned along the four key priority areas.

The EU is the biggest export market for EaP countries (except in case of Belarus). The EU provides enterprises from EaP countries with funding, training, and export support to new markets through the EU4Business initiative.

Three Eastern Partnership countries (Ukraine, Armenia and Moldova) participate in the COSME (Competitiveness of Enterprises and Small and Medium-sized Enterprises) Programme. The programme supports specific groups who may find it difficult to reach their full potential, such as young people, women and senior entrepreneurs. The programme supports realisation of the projects on a wide range of topics that include but not limited to clustering, women entrepreneurship, the sustainable and competitive growth of tourism sector, entrepreneurship education and culture, exchange of experience of young entrepreneurs, etc.<sup>40</sup> The above mentioned EaP countries also benefit from their inclusion in the Enterprise Europe Network<sup>41</sup> (EEN), which helps SMEs to develop their internationalisation and innovation capacities, facilitating access to EU markets. The network serves as a “one-stop shop” for SMEs providing free of charge information and practical advice on market opportunities, European legislation and policies relevant to a company or sector.

All EaP countries has also joined Horizon 2020 to work with EU in research and innovation.

The EU supports youth priorities through individual projects implemented in every country of the Eastern Partnership, but also, crucially, through regional projects, implemented across the EaP, thus sharing experience between the EU and the eastern partner countries, while also bringing together youth workers from the eastern partners themselves.

**Erasmus+ programme:** Organisations from EaP countries can participate as partners in mobility projects for young people and youth workers. Three types of activities are supported under that Action:

- *Youth Exchanges.* Between 2014 and 2017, over 16 000 young people from the Eastern Partnership participated in youth projects in Europe while more than 12 000 participants were hosted in Eastern Partnership countries.
- *Mobility of youth workers.* Between 2014 and 2017, over 11 000 youth workers from the Eastern Partnership went to take part in youth projects in Europe, (including training, job shadowing) while a further 11 000 youth workers were hosted in Eastern Partnership countries.

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<sup>40</sup> See more at: [https://ec.europa.eu/growth/smes/cosme\\_en](https://ec.europa.eu/growth/smes/cosme_en)

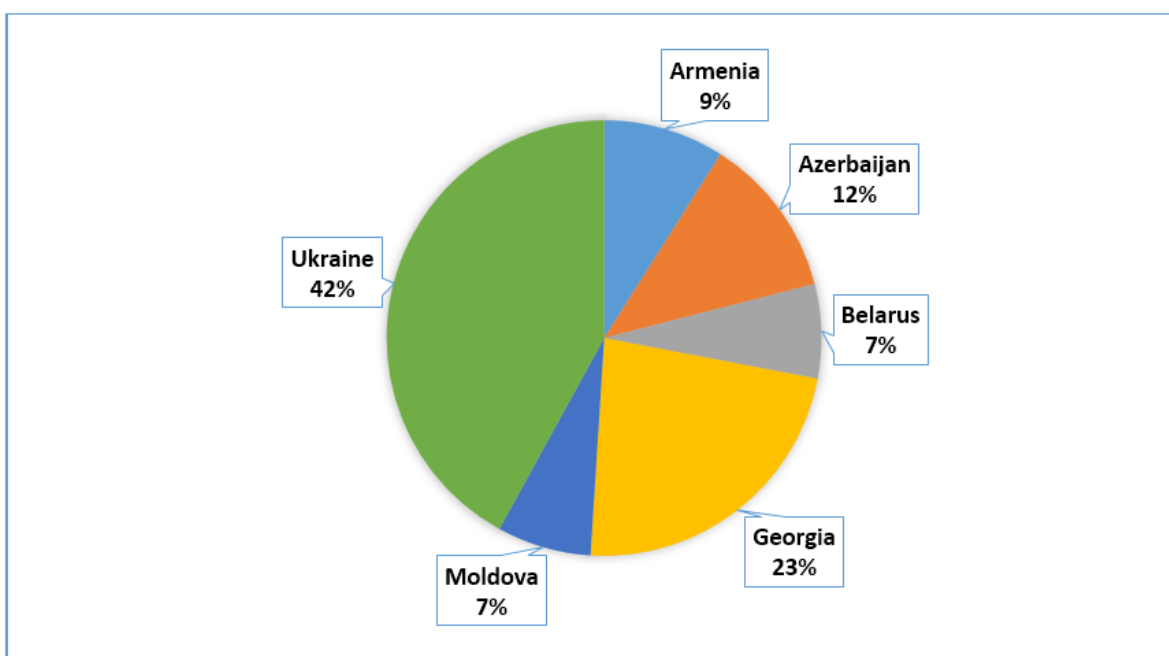
<sup>41</sup> See more at: <https://een.ec.europa.eu/>

- *Volunteering Projects (individual or groups)*. Between 2014 and 2017, almost 2.200 volunteers from Eastern Partnership countries carried out European Volunteering Service in Europe while some 1300 volunteers were hosted in the Eastern Partnership<sup>42</sup>

Additionally, in the period of 2014-2017, 694 young people from the EaP countries participated in the projects under “Youth dialogue with policy makers Erasmus+”, in the form of meetings, conferences, public consultations and thematic events, which are fostering debates around the major issues affecting youth.

The budget for Eastern Partnership makes up over 15% of the entire international mobility budget, providing opportunities for almost 17 000 students, researchers and staff.

Figure 9: The percentage of young people per country in comparison to the overall figure of youth participation from EaP countries (2014-2017)



In the framework of Erasmus Mundus project 285 scholarships have been provided for Master students in the period of 2014-2017 (from Armenia 30 students; from Azerbaijan 18; from Belarus 13; from Georgia 52; from Moldova 23; from Ukraine 149).

Regarding Erasmus+ programme, it is worth to mention, that if the eligible organisations from Eastern Partnership Countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Territory of Ukraine as recognised by international law) wish to implement mobility projects for young people and youth workers in their countries, they need to cooperate with organisations from Programme Countries eligible to receive Erasmus+ funding to work with them to deliver their projects. These EaP countries are referred to as participating countries.

<sup>42</sup> Data taken from Erasmus+ factsheets. Specific country details can be found through the following link: [http://ec.europa.eu/programmes/erasmus-plus/about/factsheets\\_en](http://ec.europa.eu/programmes/erasmus-plus/about/factsheets_en)

During some years the Education, Audiovisual and Culture Executive Agency (EACEA) announces calls for proposals in KA 2 "Capacity Building in the field of youth", where the Eastern Partnership Youth Window is located. The activities supported by the programme may include co-operation, networking and exchanges, conferences, workshops, meetings, large-scale youth events, trainings and support as well as mobility activities. The Window allows organisations from 6 Eastern Partnership countries to directly apply for grants, and in the recent two years of 2017 and 2018, the submission of proposals was available in March.

There are also National Erasmus+ Offices in EaP countries, which are providing advising, informing and assisting potential participants and organisations interested in Erasmus+ Programme, they are promoting and disseminating information (also through organised events) for contributing to the promotion and dissemination of the programme in EaP countries. The main direction of the National Erasmus+ Offices in EaP countries is limited within the international higher education dimension of the Erasmus+ Programme, and it does not involve support and advises on "mobility of youth workers" activities under KA1 and KA2 programmes (e.g. for youth workers).

**EU4Youth:** The aim of the programme is to increase the employability and the active participation of young people in society and economy by developing their skills and supporting them in becoming future leaders and entrepreneurs<sup>43</sup>.

Part of the EU4Youth initiative for Eastern Partnership region, is Eastern Partnership Youth Window (Erasmus+ youth capacity building projects) comprised of 2 parts "Civil Society Fellowships for youth", which is aiming at enhancing competencies of young leader and youth workers; and from "Partnership for Entrepreneurship", which promotes new forms of training and new approaches to youth entrepreneurship.

In 2017, 35 projects have been approved, and about 3.45 million EUR was foreseen for 2017. Eastern Partnership Youth Window has successfully addressed most of its planned objectives and has significantly contributed to addressing socio-economic needs of young people in the EaP region<sup>44</sup>.

Another component of EU4Youth programme is the grant scheme focusing on disadvantaged youth and youth entrepreneurship. The projects aim at increasing the educational and training opportunities for vulnerable and disadvantaged young people, supporting in maturing the entrepreneurial ideas by young people, focusing on economic sectors with higher appeal to youth, such as IT and innovation, creative industries, green economy, social entrepreneurship etc. E.g. in March 2018, the European Union launched four new projects under EU4Youth initiative in Armenia: "Fostering potential for greater employability"<sup>45</sup>, "Better skills for better future"<sup>46</sup>, "Employability and stability"<sup>47</sup>, "Say Yes – skills for jobs"<sup>48</sup>.

Information about projects funded in other EaP countries may be found in the websites of the Delegations of the European Union per EaP countries.

**Erasmus for Young Entrepreneurs<sup>49</sup>:** Young people from EaP countries also have an opportunity to benefit from the European exchange programme for Entrepreneurs "Erasmus for Young Entrepreneurs", a cross-border exchange programme which gives new or aspiring

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<sup>43</sup> See more at: <https://www.euneighbours.eu/en/east/stay-informed/projects/eu4youth>

<sup>44</sup> Behrooz Motamed-Afshari, Maksymilian Fras, Stephen Lewarne Webber: "Evaluation of the Eastern Partnership Youth in Action Window" final report, 2014 (EC Reference – 2014/343596)

<sup>45</sup> See more at: [https://eeas.europa.eu/delegations/armenia/41666/eu4youth-fostering-potential-greater-employability\\_en](https://eeas.europa.eu/delegations/armenia/41666/eu4youth-fostering-potential-greater-employability_en)

<sup>46</sup> See more at: [https://eeas.europa.eu/delegations/armenia/41664/eu4youth-better-skills-better-future\\_en](https://eeas.europa.eu/delegations/armenia/41664/eu4youth-better-skills-better-future_en)

<sup>47</sup> See more at: [https://eeas.europa.eu/delegations/armenia/41660/eu4youth-employability-and-stability\\_en](https://eeas.europa.eu/delegations/armenia/41660/eu4youth-employability-and-stability_en)

<sup>48</sup> See more at: <https://eeas.europa.eu/delegations/armenia/41662/eu4youth-%E2%80%93-say-...>

<sup>49</sup> See more at: <https://www.erasmus-entrepreneurs.eu/>

entrepreneurs the chance to learn from experienced entrepreneurs running small businesses in other Participating Countries.

There are local contact points in several EaP countries: SME DNC in Armenia, Chamber of Commerce and Industry in the Republic of Moldova, and the following organisations in Ukraine: Chernihiv Regional Chamber of Commerce and Industry, State organisation “Regional Fund for Entrepreneurship Support in Zaporizhzhya region”, Ukrainian Chamber of Commerce and Industry. The other EaP countries can register with a local contact point located in another EaP or European country with available contact points.

After 8 years of existence, nearly 4,5203 exchanges (involving 9,040 new and experienced entrepreneurs) across the 28 EU Members States and 9 additional participating countries (including EaP countries) have taken place. One third of the participants were females. 61% of new entrepreneurs and 54% of the host entrepreneurs surveyed increased their turnover after participating in the programme. One third of the aspiring entrepreneurs who have participated in the programme (36.5%).<sup>50</sup>

**EU4Business<sup>51</sup>:** The European Union’s EU4Business initiative is an umbrella initiative that covers all EU activities supporting small and medium enterprises in the Eastern Partnership countries. It includes 43 projects in the EaP countries (with EU support of 320 million EUR). Among other indicators it is worth to mention that 11.000 people have received trainings.

It includes numerous projects, which also support youth entrepreneurship and female entrepreneurship development. Above will be presented some of the projects.

**Women in Business<sup>52</sup>:** The project is implemented by EBRD and is available in all EaP countries. The project started in 2016 and will last till 2022. The project includes promotion of female entrepreneurship and access to finance through credit lines to local banks, and alongside advice for women-led enterprises. From 2015 – 2017 more than 36 million EUR has been provided to six partner banks in the region. More than 576 women have also benefited from access to know-how, including through 246 advisory projects in the region.

**EBRD Credit Line<sup>53</sup>:** The project is implemented by EBRD and is available in Georgia, Moldova and Ukraine. The project started in 2016 and will last till 2026. The credit line provides with loans (up to 300.000 EUR for simple projects and up to 3 million EUR for complex ones), grant incentives of up to 15% on eligible loan amounts, as well as technical support provided by international experts.

**Eastern Partnership: Ready to Trade:** The project started in 2017 and is implemented by the International Trade Center. The project will last till 2020 and is available for all EaP countries. The main aim is supporting SMEs in integration into global value chains. The list of activities includes coaching, training, business advisory services for eligible SMEs, organisation of study tours, collaboration meetings, trade fair participation, identification of potential buyers in EU and other potential markets including EaP countries.

**EFSE (Neighbourhood Window of the European Fund For South East Europe)<sup>54</sup>:** This project coordinated by KfW and available for all EaP countries since 2009 till 2019. Within the project micro, small and medium enterprises have opportunity to receive loans and technical assistance. In 2017

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<sup>50</sup> Erasmus for Young Entrepreneurs, Latest statistics, January 2017

<sup>51</sup> See more at: <http://www.eu4business.eu/>

<sup>52</sup> See more at: <http://www.ebrdwomeninbusiness.com>

<sup>53</sup> See more at: <http://www.eu4business-ebdcreditline.com>

<sup>54</sup> See more at: <https://www.efse.lu>

loans in the amount of 271 million euro in total has been provided to SMEs in EaP countries, with the following actual distribution: Armenia – 22%, Azerbaijan – 4%, Belarus – 7%, Georgia – 54%, Moldova – 2% and Ukraine – 11%.

There are numerous other projects, which are promoting youth/female/rural entrepreneurship in EaP countries. Such as: “*SMEDA - Support to SME Development*” in Armenia (2016 - 2019) implemented by GIZ; “*Accelerating development of sustainable micro-entrepreneurship in rural regions of Azerbaijan*”<sup>55</sup> (2018 - 2020) implemented by Micro-finance Association; “*Local Economic Development*” in Belarus (2017 – 2020); “*SME Development and DCFTA*” in Georgia implemented by GIZ in Georgia; “*Support to SMEs in rural areas*” (2018-2021) implemented by ODIMM in Moldova; “*Advice for Small Businesses*” (2010 – 2018) implemented by EBRD in Ukraine.

There are also various calls being announced by EU for development of social entrepreneurship field. Some examples of ongoing projects are “*Social Entrepreneurship: Innovative Approach for Economic and Social Changes*: by JSC microfinance organisation in Georgia and “*Social Entrepreneurship Incubator*” implemented by the ODB Brussels in Belarus.

Many other projects implemented in EaP countries with the support of funding from EU can be found on the EU4Business website. Though most of the projects are supporting SMEs in general and not specifically concentrating on youth or female entrepreneurship, but those are examples of various possibilities that young people and women can take advantage of.

**Challenges of EU funding in EaP countries:** In many cases organisations from EaP countries are not eligible or able to directly apply for various EU programmes. This is resulting to various issues, when the project is implemented in the EaP country, but coordinated from another country.

There are various programmes that are funded by EU in the EaP region. Cooperation and synergies are of utmost importance between the ongoing and implemented programmes, in terms of finding cooperation schemes, optimisation of resource expenditures when similar fields of action were addressed, linking the beneficiaries in terms of cooperation and synergies, exchanging with lessons learnt, good practices, various materials developed etc. This relates also to cross-country synergies etc. At this moment such cooperation and synergy boosting systemic mechanism is not available.

Young people and organisations from rural areas are less informed about EU funding possibilities available for them. Accordingly, awareness raising initiatives are needed on this matter. And also as relatively small funding schemes are not being launched through EU Delegations, it is making difficult for many young people to apply for the programmes.

Regarding Erasmus+ youth mobility projects which are being implemented in EaP region by local organisations in cooperation with EU Programme Countries, have no little or no contact with the Funding National Agency<sup>56</sup>. This is resulting due to the fact that those projects are being applied and coordinated by organisations in EU Programme Countries but implemented in other partner countries, and various difficulties sometimes regarding coordination of the project are arising and is affecting also on the effectiveness of the implementation of projects.

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<sup>55</sup> See more at: [www.amfa.az](http://www.amfa.az)

<sup>56</sup> Behrooz Motamed-Afshari, Maksymilian Frasz, Stephen Lewarne Webber: “Evaluation of the Eastern Partnership Youth in Action Window” final report, 2014 (EC Reference – 2014/343596)



## PART 3: CONTEXT AND CHALLENGES OF YOUTH ENTREPRENEURSHIP IN EaP COUNTRIES: COMPARATIVE ANALYSIS

Youth is increasingly taking center stage in policy debates as a driver of the development in EaP countries. Many researches have been conducted in the EaP region in the last decade aiming to identify challenges that young people face. One of the most important and widely discussed topics in this regard is the issue of youth unemployment. This is the primary reason that is forcing too many young people from EAP countries to leave their countries for the search of “better life” (e.g. about 25% of young people aged 15-29 live abroad). This from its side disrupts the potential which could have been used for the development of their home countries. The governments of EaP countries by understanding this issue started to undertake several measures for preventing it.

The level of prioritisation of the development of youth entrepreneurship may differ per countries, yet the importance of the development of youth entrepreneurship is indicated in various state documents of EaP countries including laws on youth, implementation strategies of youth policies, governmental programmes, SME strategies etc. The only exception is the case of Georgia, where through this research the prioritisation of youth entrepreneurship and importance of relevant support mechanisms were not identified neither in the youth policy, nor in the SME development strategy.

But yet, a serious gap of national youth policy sphere in EaP countries remains the absence of the systematised and continuous evaluation of its effectiveness. Yet the EaP Countries do not have a common statistical framework with consistent data available every year for tracking youth and female entrepreneurship, hence there is also still no official overall statistics regarding youth and female entrepreneurship in EaP countries. Also state measures for consistently evaluating the effectiveness and sustainability of the support provided to young people and women, who want or are conducting entrepreneurial activities yet needs to be established.

The Governments of EaP countries also have recognised the importance of SMEs as a driving force for economic development, as well as for fighting youth unemployment, and have made a considerable progress in the development of SME sector in the recent years. It is important to mention that youth entrepreneurship is part of the SME strategies of most EaP countries. In general, comparing to previous years the entrepreneurship development policies, when the main concentration was put on quantitative increases of the enterprises, for the upcoming years the concentration is passed towards more qualitative aspects, such as promotion of innovation, entrepreneurial competences, raising the competitiveness, quality etc. Now several programmes have appeared in EaP countries including fiscal incentives, financial support and consulting. Nevertheless, compared with other EaP countries, the level of SME development in Azerbaijan is lower, but still it had made a substantial improvement. And also in Belarus, the economy is yet dominated by large enterprises owned by the state, the culture inherited from USSR.

In general, SMEs in EaP region represent between 83% and 99% of private enterprises, and account for 50% of all jobs according to the OECD in 2017, while in EU countries SMEs account for over two-thirds of employment of working population, and 85% of new employment.

In the EaP countries the legal & regulatory framework has for a long time been cumbersome and vague, which combined with various stereotypes, as well as lack of necessary knowledge (such as accounting, reporting to the tax service agencies etc.) have resulted to lack of incentives by the young people and females. But recent developments and positive transformations have made processes in many EaP countries easier and more favorable for starting business.

For example, Armenia made starting a business easier by establishing a one-stop shop that merged the procedures for name reservation, business registration and obtaining a tax identification number and by allowing for online company registration, as well as it has streamlining post registration

procedures. Azerbaijan made starting a business easier by introducing free online registration services and eliminating preregistration formalities, as well as it also has introduced one-stop shop for registration. Moldova made starting a business easier by eliminating an inspection by the Territorial State Fiscal Inspectorate, as well as by abolishing the minimum capital requirement, which has also done Ukraine. Belarus expanded the geographic coverage of online registration and improving online services, as well as eliminating the requirement for an initial capital deposit at a bank before registration<sup>57</sup>.

Table 1: **The ranking of doing business in Eastern Partnership Countries on the global level (2018)**

Eastern Partnership Countries	Rank (out of 190 countries)
Georgia	9
Belarus	38
Moldova	44
Armenia	47
Azerbaijan	57
Ukraine	76

Source: *Doing Business 2018, The World Bank*

It is worth noting that the legal systems of all EaP Countries allow any individual to register as individual entrepreneur without the need to create a separate legal entity. This does not imply that they create a separate enterprise, but still they can hire employees. This form can be also easier mechanism for beginner entrepreneurs, but it needs to be mentioned, that the individual entrepreneurs are liable with their personal belongings (such as house, car, equipment etc.).

In the recent years in EaP countries various tax incentive mechanisms have been integrated in the tax codes of the countries, which can be favorable for beginner youth and female entrepreneurs, including persons from rural areas and near border communities. For example, there are tax exemptions in agricultural production (AM, AZ, MD, UA); IT sector (AM, AZ, MD); entrepreneurial activities in specific communities like rural or borderland (AM, BY) and number of fields of activities (AM, AZ, BY). There is a mechanism for simplified taxation in various EaP countries (AM, AZ, UA). In Georgia there is a mechanism for receiving tax credits from developing job creation, building child care facilities at the enterprise etc. In Azerbaijan and Belarus there is a tax incentive for employing disabled persons (the number of disabled persons of minimum 50% of all employees in the enterprise).

In Armenia there is a good example of tax incentive for family entrepreneurship, which can be very favorable for young people and females, especially for those who are beginner entrepreneurs and do not have high amount of turnover during the year (specific limit in the legislation). Through this framework the enterprise or individual entrepreneur can be exempt from almost all taxes.

There have no tax exemptions been identified for female entrepreneurship in EaP countries during this research.

In general, there are various possibilities and opportunities available for young people and females, also from rural areas, and based on the available information thousands of target groups are being trained, consulted, provided with financial supports, but through the research almost no evaluation of the sustainability and effectiveness of those processes on the long-term perspective has been identified, and through the desk research it was not possible to identify the broad picture of how the social and economic situation of young people and females have been altered on the long run in the framework of support programmes presented in the previous chapters.

<sup>57</sup> World Bank: Information from the "Business Reforms", years of 2008-2018



**Social Entrepreneurship:** Following the current EU integration agenda, the governments of EaP region try to gradually harmonise their policies for supporting youth entrepreneurship and development of SMEs with the EU practice. European Commission data indicate that one in four enterprises in the European Union is a social enterprise<sup>58</sup>.

Social entrepreneurship is also subject of discussion in EaP countries. Nevertheless, the governments are lacking a strategic approach and respectfully structured support mechanisms, as well as there is no clear understanding and general approach on social entrepreneurship in the EaP countries.

The research has identified many similarities, as well as differences within the EaP countries on this regard. There are currently no laws on social entrepreneurship, legal definitions of the notions "social entrepreneurship", "social enterprise" and "social entrepreneur", and accordingly no separate legal form or status for social enterprises in the EaP countries. Though the "Law on Entrepreneurship and Enterprise" of Moldova includes a chapter on social entrepreneurship, but yet Moldova also does not have a clear mechanism for assigning the status of social enterprise. In Belarus there is a legal regulation on enterprises providing employment to people with disabilities.

In Armenia a State Concept Paper on Social Entrepreneurship is in the progress of discussions at state level. In case of Georgia and Ukraine there were few attempts of developing legal frame for social entrepreneurship, but the laws did not pass due to lack of unified approach.

The main drivers of social entrepreneurship in the country are non-governmental organisations. In the case of Armenia and Azerbaijan, CSOs can directly provide paid services (with the main limitations that the activity has to correspond to the goals and mission of the organisation, and that the income/profit has to be directed to the organisation for implementation of its statutory goals), while in other EaP countries the only possibility of entrepreneurial activities by CSOs is through establishment of a separate business entity.

In many of EaP countries there is the approach on social entrepreneurship as an organisation employing people from vulnerable groups. If the definition of social entrepreneurship will be concentrated only on this aspect, it will make much limitations for the development and recognition of social enterprises aiming at solving other issues. The majority of "social enterprises" in Belarus are aiming at providing employment for people with disabilities. In the case of Armenia and Moldova the definition is taken more wider, and not necessarily limited with only this social issue. Moldova also differentiates the terms "social enterprises" and "social inclusion enterprises" in the Law on Entrepreneurship.

There is a reluctance from the state authorities in EaP region for provision of fiscal and tax incentives, as they consider this to be risky from the perspective of tax avoidance and exploitation of such mechanisms by traditional business entities. There are very limited privileges for the enterprises that have social impact in EaP countries, and mainly they are functioning in the same legal and taxation environment as regular businesses.

**Female Entrepreneurship:** EaP countries, as transactional economies have been facing various obstacles and challenges in the terms of running an entrepreneurial activity. The discussion around female entrepreneurship has been raised in the recent years in EaP countries and various activities undertaken towards promotion of it in various EaP countries.

On the policy level there are acts (laws) in some of EaP countries (Armenia, Azerbaijan) that specifically aim to promote gender equality and assure equal rights opportunities for men and women.

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<sup>58</sup> European Parliament Resolution of November 20, 2012 on the Social Entrepreneurship Initiative

In the strategies of the development of small and medium enterprises of some EaP countries there are paragraphs targeting the development of female entrepreneurship, except in the case of Azerbaijan. The Gender equality is mentioned in the National Action Plan and other state documents, but they do not include specifications for female entrepreneurship promotion. Through the research it was identified that there are no tax exemptions for female entrepreneurship in EaP countries.

Many studies are referring to various challenges, which are acting as disturbing circumstances for female entrepreneurship in EaP countries. Obstacles which particularly women are facing are of contextual nature: insufficient education, traditional views and stereotypes about women, lack of seed capital and difficult access to finance, limited access to business networks, lack of business training and entrepreneurial skills and shortage of female role models/ambassadors<sup>59</sup>. This is resulting in total to the lack of confidence by women to start entrepreneurial activities and they perceive that they lack entrepreneurial skills.

Obtaining data on women's entrepreneurship remains a significant challenge in most EaP countries.

### Box 1: *Female entrepreneurship development plan*, France<sup>60</sup>

#### *Plan Entrepreneuriat des femmes, France*

**Target group:** Women entrepreneurs; some measures target specific groups such as women entrepreneurs in rural areas.

**Intervention type:** There are 3 main pillars of support: 1) Improve information dissemination to women entrepreneurs on available public support; 2) Providing individual supports to entrepreneurs (e.g. mentoring, networking); 3) Improving access to finance.

**Description:** The Women's Entrepreneurship Plan was launched in August 2013 by the Ministries of Women's Rights; National Education, Higher Education and Research; and the Delegate Ministry for SMEs, Innovation and the Digital Economy. It aims to increase the proportion of women in new business start-ups from 30% (in 2012) to 40% in 2017.

Two of the three pillars of the action plan focus on skills development. The first pillar aims improve communication about entrepreneurship by strengthening entrepreneurship in the education system, supporting promotional events such as the Entrepreneurship Awareness Week and the launch of a new website ([www.ellesentreprennent.fr/](http://www.ellesentreprennent.fr/)), which provides information and links to available support programmes (e.g. training, mentoring).

The second pillar boosts individual supports for women entrepreneurs with the creation of 14 regional support networks that provide mentoring to women entrepreneurs. Some of these networks offer general support, while others offer tailored support for specific groups such as innovative women entrepreneurs or older women entrepreneurs. One of the main objectives of these networks is to strengthen support for women entrepreneurs in rural areas.

The third pillar improves access to finance for women entrepreneurs. The approach built a partnership with the *Caisse des Dépôts et Consignations*, two banks (BPCE and BNP Paribas) and financial networks (*France Active* and *Initiative France*), which organize breakfast meetings and networking events for entrepreneurs and financial institutions. In addition, the government facilitates loans for women entrepreneurs through the loan guarantee *Fonds de garantie à l'initiative des femmes* (FGIF). As of September 2015, the ceiling for the guarantees was EUR 45 000.

**Results achieved:** In 2013, the initiative mobilized a network of 130 women entrepreneurs and they reached 2 600 young women who were interested in becoming entrepreneurs. There were 400 promotional events in 2015, which was double the number in 2014. The guarantee fund (FGIF) assisted 2 075 women in starting their business in 2015 and helped create 3.095 jobs.

**Lessons for other initiatives:** The key to the success of this initiative is that it is an integrated approach that touches pre start-up, start-up and business development activities. Thus the 3 pillars reinforce each other because people can move through the different stages of support as their business project develops.

For more information, please see: <http://www.gouvernement.fr/action/l-entrepreneuriat> (in French).

<sup>59</sup> EU support to SMEs in the Eastern Partnership countries 2014-2020

<sup>60</sup> EU, OECD: "Policy Brief on Women's Entrepreneurship", 2017

Figure 11: **Proportion of women members of registered enterprises (2015)**<sup>61</sup>



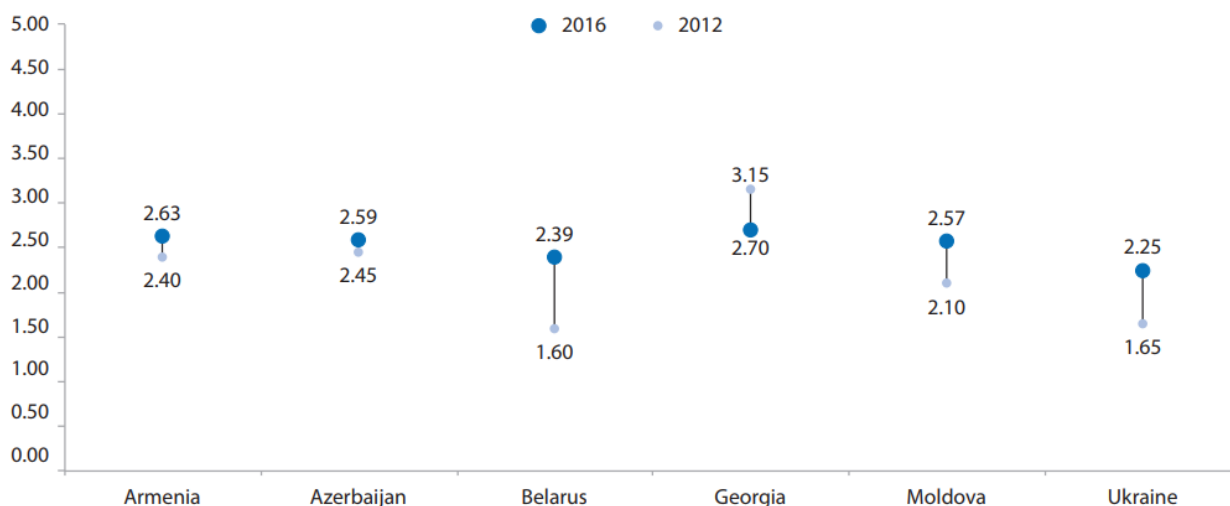
**Entrepreneurship/Social entrepreneurship education:** In the higher education systems of EaP countries entrepreneurship education is provided by several public and private universities, who offer undergraduate and graduate degrees (it is mainly integrated in the management, business and law programs). As for social entrepreneurship education, it is integrated in several courses at educational institutions (AM, AZ, GE, UA). In Belarus and Moldova through this research such examples were not identified. Besides the abovementioned example social entrepreneurship education is mainly provided by various CSOs in EaP countries within the projects with international funding. Also it is worth to note that a pilot project will be launched during autumn 2018 – beginning 2019 on introduction of social entrepreneurship education and/or laboratories at several selected schools, VETs and HEIs, coordinated by the Association of Social Enterprises of Armenia.

In some of the universities of Armenia and Belarus Entrepreneurship centers have been established. In Armenia and Ukraine Online learning courses on social entrepreneurship have been developed. As well, business incubators have been launched in various EaP countries with the state support (being also integrated in institutions responsible for supporting SME development in country). In Azerbaijan and Moldova there are business incubators integrated in HEIs. In Moldova business incubators are also linked with research and scientific institutions.

Regarding primary education, in 2017 “entrepreneurship education” compulsive subject was introduced in schools of Armenia integrated in the subject “technology”. In Armenia and Georgia according to national strategies for financial education financial literacy topics are integrated in the national curriculum in schools. In Moldova entrepreneurial topics have also been included in the curricula through compulsory and optional subjects. Also in Moldova Entrepreneurship courses are introduced in all vocational education institutions, and for the subject “Basics of Entrepreneurship” 120 hours are allocated.

<sup>61</sup> KANTOR: Women in Power and Decision-Making in The Eastern Partnership Countries, 2015

Figure 12: Progress in entrepreneurial learning and women's entrepreneurship<sup>62</sup>



Most of the EaP countries have strengthened policy partnerships for entrepreneurial learning since the 2012, resulting in a modest improvement in scores across the region, with government departments, business and civic interest groups increasingly mobilising behind entrepreneurial learning. Entrepreneurship promotion in vocational education and training is well developed across the region, although entrepreneurship career guidance is still weak.<sup>63</sup>

One of the main challenges that needs to be improved in order to achieve an effective process of entrepreneurship education is the strengthening of links between learners and employers. The current challenge is that the educational programmes on entrepreneurship mainly provide theoretical base for students, learners do not have practical skills, abilities and attitudes needed for entrepreneurial activities and professional activities. The links with private sector is low, and there is huge potential not used, which could transfer the educational programmes to another level.

**Challenges of youth entrepreneurship in rural areas of EaP countries:** Young people from rural areas are usually lacking first-hand exchange of experience, know-how, knowledge, as well as financial resources, the reasons of which are firstly the physical distance, especially in the case of communities, which are far from the capital and other communities and borderland communities (in several EaP countries), where peace is not permanently deployed due to various issues between nations. This in its side is resulting to a large number of migration, and young people leave their communities and move to capital or bigger urban areas locally or abroad, where the infrastructure is more developed and supportive for entrepreneurial activities, as well as the market size is bigger. In EaP countries there are good examples of enterprises, that are being implemented in the communities, driving their development, creating employment opportunities, attracting large numbers of tourists and visitors, but still this examples do not present the holistic picture. Most of the young people from rural areas are aiming at agricultural production, which most of the time is not representing innovative ideas, require comparatively high amount of investments and is considered as a risky investment for many financial institutions and donor organisations in regards to seasonality and changeable/unfavorable weather conditions.

<sup>62</sup> Source: SME Policy Index, EBRD, ETF, EU, OECD

<sup>63</sup> OECD/European Union/EBRD/ETF (2015), SME Policy Index: Eastern Partner Countries 2016: Assessing the Implementation of the Small Business Act for Europe, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264246249-en>

Another issue is connected with the lack of knowledge, both professional (such as financial literacy, sales and marketing, business development etc.), as well as about various opportunities of financial and other support available for them, which is resulting whether to not applying for funding or various projects, or not being able to compete with the experienced ones, active in the field. And the latter can be a huge demotivating factor for young people and females to start entrepreneurial activities, as they face larger spectrum of difficulties that the experienced entrepreneurs.

Some of other main issues for young entrepreneurs remain: the access to cheap and easily accessible financial resources; insufficient mentoring assistance necessary for young people, especially at the start of the business; poor cooperation with local public agencies etc.<sup>64</sup>.

### Box2: **Conditions for success**<sup>65</sup>

**Organizations wanting to deliver entrepreneurship support in rural and remote areas should firstly consider whether they can meet the conditions for success, as evidenced through existing research and good practice.** The list below is not exhaustive and its precise composition will vary in different contexts; this should be considered as part of the initial feasibility assessment and market research.

Organizations should also be mindful of the fact that meeting these conditions will require sufficient funding; the delivery of an effective programme in rural or remote areas may be costlier than in urban areas. It is recommended to openly discuss such cost issues with donors who seek to reach out into rural and remote areas in order to set realistic expectations.

- **Ability to deliver trainings and meetings in accessible locations** (i.e. directly in the communities where young entrepreneurs live, or in rural and remote centres close by). This is vital in order to respond to the challenges around lack of transport options and high transport costs. This can be achieved by working through local partners (see following point), opening offices in peri-urban, rural and remote locations, or having mobile staff. Another option is to subsidize the transport costs of young entrepreneurs from rural and remote areas to attend training and meetings in urban areas.
- **Availability of quality, local delivery partners** (organizations or key individuals) to help develop an understanding of the local context, aid delivery, and facilitate more contacts and buy-in. In rural and remote areas, practitioners rely more on co-delivery with local partners to overcome challenges around geographical distance from head offices (often based in urban centres) and the cost of transport.
- **Capacity for operating effective systems of distance-support**, to provide entrepreneurs with access to ad-hoc advice and information after the completion of their business training (such as sector-specific information, guidance on business registration, advice on financial matters, etc.) Successful delivery organizations rely heavily on distance-support via text messaging, email and/or video chat in rural and remote areas, in addition to providing more traditional face-to-face engagement.
- **Availability of quality local mentors.** Such individuals offer a constant source of ad-hoc advice and information, which is crucial in rural and remote areas where young entrepreneurs generally have lower levels of education and less access to other sources of information through the internet and media. Local mentors are also able to provide face-to-face support which reportedly decreases the feeling of isolation and makes young entrepreneurs feel more accountable than distance-support.
- **Capacity to facilitate peer or group mentoring approaches.** This can complement one-to-one mentoring and help to build the young entrepreneur's network of support. In cases where a suitable local mentor cannot be found in a rural or remote area, face-to-face support from peers may be vital for increasing confidence and accountability.
- **Ability to tailor interest rates and loan repayment schedules to individuals.** This is particularly important for rural and remote-based entrepreneurs, given that they face tougher market conditions and therefore, in some cases, have been found to be more likely to default on their loan repayments.

<sup>64</sup> Aurelia Braguta, Angela Solcan, Ludmila Stihl: "Social entrepreneurship - A way to involve youth in developing process", Eastern European Journal of Regional Studies Volume 4/ Issue 1/ June 2018

<sup>65</sup> Youth Business International and BG Group: "Youth Entrepreneurship in Rural and Remote Areas: A study of the challenges and possible solutions", 2016



**Case study 1: *The Catalan government, Department of Education, Spain.*** The ‘Catalonia, School of Entrepreneurs’ plan approved in 2011 aims to *reform the education system in order to incorporate entrepreneurship into the curriculum of all levels of education*. The following skills are expected to be gained by children and youth: initiative, innovation, risk-taking, planning, organisation goals, teamwork, networking support, and creativity. The overall scope of the initiative is to foster an entrepreneurial culture among young people. Main activities include: training of teachers, training of students, networking, summer schools, prizes, compilation of good practices, ‘bank of ideas’, and business incubators in schools. The approach of such reform is as practical as possible. *Different inputs from different stakeholders are coordinated and integrated, including those from private institutions* such as CaixaBank (financial operator) and PIMEC (employer’s organisation) which collaborate with funding and in kind.

**Case study 2: *Welsh Assembly Government, the United Kingdom.*** The ‘Youth Entrepreneurship Strategy’ (YES) is based on the vision “to develop and nurture self-sufficient, entrepreneurial young people in all communities across Wales, who will contribute positively to economic and social success”. It is implemented through Action Plans (2004-09 & 2010-2015), the last of which outlined three main intervention areas: *engaging* (e.g. campaigns), *empowering* (e.g. learning opportunities), and *equipping* (e.g. support services). The strategy is addressed to young people, is funded by the Welsh Government and involves a wide range of local stakeholders, from youth organisations to businesses and schools or HEIs.

**Case study 3: *Local Action Groups in Västra Götaland, Sweden.*** ‘Youth coach and micro funding’ is a LEADER initiative implemented by two Local Action Groups (LAGs) in the rural areas of Västra Götaland. LEADER is financed through the EAFRD and is a territory-based and bottom-up intervention. The two LAGs appointed youth coaches with the aim of increasing the number of young people applying to LEADER *micro funding* (up to EUR 2,500 per project) to test their ideas. The youth coaches provided support, networking and advice. As a result, over 300 different projects were led by young people.

**Case study 4: *Andalusian Government, Spain, through a foundation.*** ‘MiniEmpresa Educativa’ is a programme within the “Plan for the promotion of entrepreneurial culture” in the Andalusian public educational system. The programme targets students of all stages of the educational systems, including those attending vocational training. The *entrepreneurial education is achieved through the creation of mini-educational enterprises*. These mini-companies have a didactic scope and their types change according to the education level of the student. In primary school, for example, the enterprise is a ‘school cooperative’. The students constitute the statutes of the mini-company, decide its name, create the logo, define a catalogue of products, carry out the business plan, seek financing, manage orders and finally put the products on sale at fairs. In 2014-2015, a total of 20,450 students from 409 schools participated in the programme, creating 818 mini-companies. In the 2015/2016 edition, participating students were 25,664 from 441 public educational institutions. The 2016/2017 is the 11th edition of the programme.

**Case study 5: *Municipality of Bologna, Italy.*** ‘Incrediboll’ is an initiative promoted by the Municipality of Bologna and co-funded by the Emilia-Romagna Region. It is meant to *support cultural and creative enterprises managed by young people* aged less than 40 years. The project relies on a network of public and private partners (established since 2010) which sustain creative young individuals or firms by means of orientation services, mentoring, coaching, training, provision of advice, financial contribution in the form of a grant (up to EUR 10,000 per applicant), provision of working spaces, and marketing activities. Support is given to start-ups as well as professionals or associations established for less than four years and located in the region. More than 100 projects were supported.

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#### Sources used for the case studies

<sup>66</sup> Rossella Soldi, Simona Cavallini : “Youth initiative: a framework for youth entrepreneurship” report, Progress Consulting S.r.l., Fondazione FORMIT, 2017

<sup>67</sup> OECD: Shooting for the Moon: Good Practices in Local Youth Entrepreneurship Support, 2009

**Case study 6: Flanders' Chamber of Commerce and Industry, Belgium.** Supported by the Flemish regional government. 'Bryo' (Bright and Young) is a project to support pre-starter and starter initiatives of young entrepreneurs under three main programmes: Bryo StandUp, Bryo StartUp and Bryo ScaleUp. It provides: individual coaching, training, assessments, motivation, events and access to a network of service providers including financial and commercial ones. The project has been initiated as a collaborative effort by regional actors. It relies on partnerships with business experts and also recruits entrepreneurs to act as **role models** and to share experiences. It emphasises the need to provide young entrepreneurs with tailored support and inspiring positive examples from their immediate surroundings. Since 2010, the project has supported 500 young people and produced 250 start-ups, which in turn created 600 jobs.

**Case study 7: Cascais, Portugal.** The 'Invest Programme Young' is addressed to young people aged 18-30 and registered as unemployed in the IEFP (Instituto do Emprego e Formação Profissional). It provides financial support for investment and for self-employment. Support is given to prepare a business plan for applying to the programme. For investments: financing is up to 75% of the total investment; at least 10% shall be ensured by the applicant in equity; support is in the form of **interests-free loans**; and loans may be repaid in 54 months. For self-employment: financial support is in the form of non-repayable aid.

**Case study 8: Gothenburg municipality, Västra Götaland County, Sweden.** The 'Företagsamma: Entrepreneurship for all!' project was an initiative of the Municipality of Gothenburg to **turn one of its districts into a hub for entrepreneurship**. The project did not only focus on the young generation but opted for a comprehensive approach articulated around three main components: 1) entrepreneurship support, from start-ups to already established companies. In this strand support was provided in terms of office space, networking, services, and nurturing through the set-up of an incubator; 2) piloting the early integration of immigrants from Syria through entrepreneurship; and 3) encouraging an entrepreneurship culture among students aged 6-16. In this strand some 10 schools and around 3,500 students were involved. During the project life-time, 1,116 new businesses were created in the area and 100 more new companies emerged as a direct result of the activities of the project.

**Case study 9: The University of Wismar, Germany.** The University of Wismar started in 2009 with its turn towards becoming an "**Entrepreneurial University**". The main objective is to spread an entrepreneurial spirit across the campus by integrating the set of entrepreneurial skills into study programmes to impact students who might have not considered an entrepreneurial career path. In 2009, the University of Wismar was the main partner of the Global Entrepreneurship Week in Germany. More than 200 partners organised more than 250 events in this week and demonstrated their willingness to foster young entrepreneurship.

The following are core activities:

- Integration of entrepreneurship education into all study programmes and existing courses
- Involving professors (e.g. Start-Up Night)
- 'Idea Camp' events, assisting in R&D teambuilding and outside the university.
- 'Meet the Entrepreneurs' evenings

All entrepreneurship activities are organised in 4 strategic pillars:

- Sensibilisation: Curricula integration of entrepreneurial thinking development.
- Research: Research and entrepreneurship education.
- Entrepreneurship support: free premises for incubation and mentoring.
- Institutional development: Entrepreneurship friendly administration and a comprehensive support infrastructure.

**Case study 10: FlyingStart, National Council for Graduate Entrepreneurship, United Kingdom.** It is an online community. Members have access to a **database of all available funding and grants in the UK**, can network with over 10 000 graduate entrepreneurs, and can ask hundreds of experts in accounting, tax, law, sales, marketing, PR, business support, planning, etc. for **advice**. Members can set a profile page and a 'marketplace', and can choose a (online) **mentor and a support team**. Furthermore, FlyingStart regularly published features of successful FlyingStart-ers. FlyingStart is offered free to universities. FlyingStart manages a number of **national programmes**, which have the sole aim of having graduates trading or growing businesses within 12 months. Programmes have up to 30 participants and provide mentoring, support and **training** needed to turn 'every idea into a business'. It starts with a 3 day residential followed by 12 months' support and is free. It has a network of 13.000+ students/graduates, over 25 000 members online, 442 active mentors.

## CONCLUSIONS AND RECOMMENDATIONS

### a. CONCLUSIONS

Young people are the driving force that can push the development of economies in EaP countries into a new level, drive the innovation and even make systemic changes. They can not only fight their own unemployment through entrepreneurial measures, but also counteract unemployment in EaP countries in general, by providing employability for a large sector of vulnerable groups, and not only for young people and women, but also for those, who bear most the burden of economic and social transition. Supporting the development of youth and female entrepreneurship will contribute not only to the national and local socio-economic development in a sustainable way, but will also reinforce demand for democratic change, as a large part of the society will be empowered to self-realise themselves and serve both for their own benefit and public welfare.

Youth is increasingly taking center stage in policy debates as a driver of the development in EaP countries. But still one of the most important and widely discussed topics is the issue of youth unemployment, which is resulting in high rates of migration, especially from rural areas, and in ever-increasing brain drain.

Though the level of prioritisation of the development of youth entrepreneurship may differ in EaP countries, the recent developments in various EaP countries have made a push in the development of entrepreneurship ecosystem. There are various support measures available also for young people and females, but the serious gap remains the lack of common statistical framework on youth and female entrepreneurship, as well as effective assessment measures of the state programmes targeting youth entrepreneurship.

Nevertheless, there are various programmes on entrepreneurship education (recently also some measures on social entrepreneurship education appear in EaP countries), but supporting the development of practical entrepreneurial competences, as well as entrepreneurial mindset of young people remains an issue.

Social entrepreneurship is also a subject of discussion in EaP countries. Nevertheless, there is no general approach in none of the EaP countries, as well as the governments are lacking a strategic approach and structured support mechanisms for the development of these field, especially in the context of using social entrepreneurship as a tool for dealing with youth unemployment and numerous challenges in rural areas.

Though the number of female entrepreneurs is increasing in EaP countries, there are still serious obstacles remaining for the development of these field. Besides that, young people from rural areas have a number of challenges in accessing the support programmes possibly available for them.

There are numerous programmes with state and international funding available in EaP countries, though there is a huge need for more visibility and special measures to increase the awareness among young people, especially from rural areas.

Nevertheless, in all EaP countries progress has been registered towards all of the questions raised above, and there are various good examples in each EaP country, which can be replicated in other countries.



## b. RECOMMENDATIONS

### TO EU INSTITUTIONS

- Provide more incentives for EaP countries to directly apply to funding projects promoting youth and female entrepreneurship.
- Introduce funding mechanisms (including non-grant) specifically tailored to support young and female entrepreneurs, especially from rural areas.
- Make the EU funding and educational possibilities on entrepreneurship more visible for young people from rural areas of EaP countries.
- Develop a mechanism (e.g. online platform) for synergies (including cross-country) between projects funded by EU for supporting entrepreneurship. Consolidate educational and other materials developed within the framework of projects on entrepreneurship with EU funding in the platform.

### TO NATIONAL GOVERNMENTS OF EaP COUNTRIES

- Set priorities with respect to entrepreneurship by young people and females in national policies and action plans.
- Define national benchmarks and targets related to youth entrepreneurship and female entrepreneurship, including in rural areas.
- Activate structured and consistent measures for evaluation and assessment of the effectiveness and sustainability of the state support provided to young people and females.
- Activate structured and consistent common statistical framework for tracking the data regarding youth and female entrepreneurship every year.
- Provide tax incentives for youth entrepreneurship and female entrepreneurship.
- Develop special state programmes (financial, professional, etc.) aimed at youth and female entrepreneurship development.
- Raise awareness of governmental programmes envisaged for youth and women. Carry out awareness campaign in rural areas.
- Integrate entrepreneurial education (including social entrepreneurship) at all levels of education (including VET) for providing young people with necessary entrepreneur competences.
- Revise legal framework and develop favorable state policies, strategies and action plans towards social entrepreneurship field. Integrate development of social entrepreneurship as a priority for regional and rural development in respective policies (including youth policies).
- Establish support programmes on social entrepreneurship (trainings and other educational activities, financial mechanisms for seed funding, mentoring, role modelling, awareness raising, social impact awards internships, etc.) for young people and females.
- Develop an online platform with database of all available state and international funding and other support in the country. Integrate mentorship programmes and professional consultancies from experts in the platform (through online measures and creating network).

## TO LOCAL GOVERNMENTAL BODIES AND AUTHORITIES of EaP COUNTRIES

- Identify support to young and female entrepreneurship in the policies.
- Mobilise public and private partners for providing young entrepreneurs and females with mentoring, coaching, training, consultancies and other types of support for entrepreneurial activities.
- Provide micro funding opportunities for young and female beginner entrepreneurs.
- Cooperate with financial institutions for financing youth and female entrepreneurship activities.
- Promote youth entrepreneurship through mobilising regional actors in entrepreneurship to act as role models and success stories, to provide experience exchange and support young people.
- Turn an appropriate local governmental space into hub for entrepreneurship, including provision of co-working spaces.
- Develop networks and cooperation schemes between various programmes functioning in the region on a national level for promoting synergies and exchange of experience and knowledge.

## TO EDUCATIONAL INSTITUTIONS of EaP COUNTRIES

- Develop entrepreneurial culture in the institution and integrate entrepreneurship education in relevant educational programmes and courses.
- Integrate social entrepreneurship in relevant educational programmes and courses.
- Strengthen links and partnerships with enterprises for providing young people with support programmes, including mentoring, internships, financial support and knowledge exchange. Invite entrepreneurs as guest speakers. Promote knowledge exchange between entrepreneurs and lecturers.
- Involve SMEs in the process of developing and updating educational programmes.
- Implement a training of teachers/lecturers providing entrepreneurship education.
- Implement incubator mechanisms for stimulating entrepreneurship and providing respective support. Make use of the resources of existing incubators, training centers, etc.
- Support students with incubation, mentoring and financial incentives for developing mini-enterprises.
- Integrate social entrepreneurship and entrepreneurship in research programmes in close cooperation with SMEs.

- Make the educational materials, toolkits and other outputs (mostly educational) developed within the framework of various projects for HEIs, governmental bodies and other stakeholders available and visible.
- Support the modernisation of entrepreneurship education with experience exchange and expert support.
- Identify and develop synergies with other organisations/programmes supporting youth entrepreneurship development.
- Organise entrepreneurship competitions (e.g. social impact awards, startup weekend, etc.) in cooperation with public and educational institutions.

### **TO CSOs in EaP COUNTRIES**

### **TO SMEs AND OTHER ACTORS IN BUSINESS SECTOR IN EaP COUNTRIES**

- Provide internship and mentorship opportunities in close cooperation with HEIs and local governmental bodies.
- Provide financial and other types of support (mentoring, coaching) to entrepreneurial and social entrepreneurial initiatives of young people as part of their corporate social responsibility.
- Provide training programmes and consultancies to young and female entrepreneurs through mobilisation of their employees.
- Support the modernisation of entrepreneurship education with experience exchange and expert support.

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