



Start-Up Grant, Finland

What?

The Start-Up Grant is a welfare bridge scheme which supports business creation among unemployed people and those in employment, studies or domestic work wishing to move into self-employment. It aims to encourage business creation among the unemployed as a way of promoting growth and employment in the economy.

Why?

A nationwide system of start-up grants was initially launched in Finland in the 1980s. Grants were widely used during recessions to promote self-employment when job opportunities were scarce. Atypical forms of work have gained more prominence in recent years. Entrepreneurship and self-employment are now recognised a viable option to earn a living. However, one of the key barriers for unemployed people seeking business creation is a lack of finance to cover the initial living, working and investment costs.

Key activities

The Start-Up Grant has been an ongoing scheme since 1984. It initially targeted unemployed people registered as job-seekers with the TE Office (Employment and Economic Development Office). Since 2008, people in the process of moving from salaried employment, studies, or domestic work into full-time self-employment are also eligible. The eligibility criteria are: (i) seeking full-time self-employment; (ii) having sufficient skills and competences; (iii) demonstrating potential for a sustainable, profitable business; (iv) needing a source of income; and (v) starting a company only after the grant has been awarded. The basic grant is around EUR 33 per day, payable five days per week, or on days one works in the start-up company. An extra grant worth up to 60% of the basic grant can be awarded for ideas that are assessed to have high potential. The grant, administered by the TE Office, is usually provided for six months and up to a maximum of 18 months. The average grant in 2013 was EUR 800-850 per month for 9.5 months. The grant is paid on a monthly basis and is considered to be taxable income. The TE Office consults third-party experts during the evaluation of applicants. The role of these experts is to give general information and advice on business creation and to determine whether the business concept is viable and competitive. In its decision, the TE Office also considers the need for the intended business in a particular region and its potential competitiveness. Applicants lacking relevant competences can attend free training offered by the TE Office, including entrepreneurship courses organised by different

educational institutions. The scheme receives EUR 38 million annually from the national budget. An additional EUR 2 million per year were also received from the European Social Fund between 2010 and 2012.

Impact

The scheme is considered to have had a positive impact. Recent evaluations show that grants enabled entrepreneurs to accelerate the start-up process and nearly half of respondents considered the grant necessary for their subsistence. The greatest impact was reported among women and those with modest prior experience in entrepreneurship. Additionally, the grant has positive impact on the survival rates of supported businesses.

This case study was adapted from material published in: OECD/EU (2016), Inclusive Business Creation: Good Practice Compendium, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264251496-en> [1]

Source URL: <https://betterentrepreneurship.eu/en/content/start-grant-finland>

Links

[1] <http://dx.doi.org/10.1787/9789264251496-en>