

## **DanubeChance 2.0**

**Embracing failure to facilitate second-chance entrepreneurship in the Danube region**

# **Output 4.1**

**Second Chance Entrepreneurship**

**Community Strategy for the Danube region**

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## List of abbreviations

ASP	Associated strategic partner
BSO	Business support organisation
EU	European Union
EUSDR	European Union Strategy for the Danube Region
EWE	Early Warning Europe
NGO	Non-Governmental Organisation
PA	Priority Area
SME	Small- and medium-sized enterprise
SWOT	Strengths – Weaknesses – Opportunities – Threats
UKS	Union of Slovak Clusters

## 1. Introduction

DanubeChance2.0 brings together a multi-disciplinary quadruple-helix partnership of 12 partners and 5 associated strategic partners (ASPs) to create the Second-Chance Entrepreneurship Community Strategy for the Danube region. This strategy shall pave the way towards an improved and sustainable second-chance ecosystem 2.0 that sustains economic stability and drives growth in all Danube countries. This macro-regional strategy draws on the analyses of conditions and frameworks for failed and struggling entrepreneurs by partners of the DanubeChance2.0 Interreg project. It outlines a vision for a joint agenda and actions of Danube countries to build-up capacities at the policy level to unlock the potential of second-chance entrepreneurs as well as to adopt better support measures for entrepreneurs in crisis. A new generation of entrepreneurs shall be stimulated to manage “trial and error” by integrating second chance into accelerator practices.

In the focus of the strategy are policy niches identified during the project as suitable leverage points to establish a new culture of business that encourages entrepreneurial renaissance of honestly failed entrepreneurs and broadens perspectives and opportunities for re-starters in need of finance, networks and trust. In light of the COVID-19 crisis, which has impaired Europe’s economy, the need for exploring innovative policy measures for re-invigorating the economy becomes ever more urgent.<sup>1</sup>

**This strategy presents 15 recommendations for actions and measures to take in order to enable second chance entrepreneurs (also called re-starters) on the market.** In this way, the strategy, initially thought to be launched in a situation of brighter economic outlook, hopefully will also provide inspiration to policy makers across Europe (not only in the Danube region), which are looking for means to counteract the corona crisis’ economic effects. While second-chance entrepreneurship certainly has moved up the political agenda and triggered unprecedented support for entrepreneurs in need due to the crisis, resources for further investment are dwindling given the duration of the crisis. Instead of withdrawing into the national realm, it is now even more important, to rely on European cooperation for bundling resources and exploiting synergies. This is why it is of paramount relevance to create a common vision for the Danube region.

**This strategy provides a set or “package” of recommendations that build on and relate to each other.** The recommendations are categorised along **six fields of intervention**: 1) initiate a cultural change, 2) include second-chance policies in business support policies, 3) simplify and harmonise bankruptcy procedures, 4) install an early warning system, 5) create targeted measures for second-chance entrepreneurs and 6) create a sound database for second-chance entrepreneurship.

After a short presentation of the objectives and audience of the strategy (Section 2), the document will detail the methodology and framework used for the elaboration for the strategy (Section 3). Diving deeper into the content, Section 4 will highlight the challenges, weaknesses, needs and policy niches identified, drawing on the self-assessments of the partner countries. Section 5 will constitute the main bulk of the document with the elaboration of the common vision and the 15 recommendations. The last two sections will address the dissemination strategy and outlook for the strategy (Section 6) and draw conclusions (Section 7).

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<sup>1</sup> See for instance *Impact of the COVID-19 pandemic on EU industries* (March 2021): [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662903/IPOL\\_STU\(2021\)662903\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662903/IPOL_STU(2021)662903_EN.pdf)

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## 2. Objectives and audience of the strategy

The Second-Chance Community Strategy for the Danube region has a twofold objective, which is:

- 1) to **present a joint agenda, (policy) recommendations and possible actions to take** in order to pave the way towards an improved and sustainable second-chance ecosystem that provides better support measures for entrepreneurs in crisis and re-starters and thereby can unlock the potential of second-chance entrepreneurs for the entire Danube region; and
- 2) to **contribute to the implementation of the EU strategy for the Danube region (EUSDR).**

The strategy is addressing all relevant actors of the second-chance entrepreneurship ecosystem in the different Danube (partner) countries including:

- **Policymakers and government agencies**

Inherent to the character of this strategy, first addressees are policymakers and government agencies, who ought to take inspiration from the recommendations and measures presented in this document. Their evaluation and acknowledgement of proposed measures is furthermore fundamental for facilitating the implementation of the strategy since they have the means to provide necessary funding.

- **Business support organisations (BSOs) & accountants**

BSOs play an important role in delivering entrepreneurship policy. Often state-funded in the Danube region, BSOs are commissioned to implement programmes for supporting entrepreneurship and corresponding economic development in their region. For DanubeChance2.0, they are key partners for reviewing policy proposals suggested against their implementation in practice.

Accountants play a key role: They are often the first ones raising the alarm when identifying signs of economic distress, but they can also provide support and counselling in reorganising the business models of failing and distressed enterprises.

- **Representatives of legal system (e.g. judges, insolvency lawyers)**

Improving the legal system represents one of the major challenges and needs identified for the Danube region. Involving representatives of the legal system not only in the strategy drafting process but also in the implementation phase has been and remains crucial since their input is of major relevance for the soundness of proposals made to the policy level regarding the improvement of second-chance legal frameworks.

- **Academic actors (universities, colleges, schools)**

As some of the recommendations consider business management education in academia, their involvement in reviewing and implementing some of our recommendations/proposals is important as well. Furthermore, the comparison with results from other research projects on second-chance entrepreneurship is highly valuable for the review and enrichment of this strategy.

- **Priority Area (PA) coordinators**

Coordinators of the EUSDR priority areas (PA) are important as well as they build the bridge between this strategy and the superordinate EUSDR. Their acknowledgement and support of recommendations made herein is paramount for their transfer into actual action across the Danube region.

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- **Transnational network of DanubeChance2.0 experts**

A core group of committed policymakers and intermediaries, who are willing to harmonise their strategies and capacities for better functioning of second-chance entrepreneurship landscape in the Danube region.

- **Failed & distressed entrepreneurs & re-starters**

This group is in the focus of the strategy, although they are not the addressees, but rather beneficiaries of the measures presented here. Moreover, they are important stakeholders for reviewing the implementation of the strategy and assessing its practicality and effectiveness.

### 3. Methodology and framework of the strategy

This Second-Chance Entrepreneurship Community Strategy for the Danube region is based on primary and secondary sources. It is the result of a comprehensive inventory of the ongoing policy dialogue about second-chance entrepreneurship initiated by the project DanubeChance2.0.

Project partners initiated a **broad consultation process**, involving stakeholders from economy, administration, policy and academy who impact and shape the opportunities and chances of failing or failed business owners to regain their footing. The contributions of these actors gathered during **expert interviews** with business experts and re-starters (conducted within the second-chance entrepreneurship landscape screening process), **local dialogue events** (in the form of “business breakfasts” and “local policy focus groups”), **three transnational policy learning dialogue workshops** (which took place in March 2020 in Romania, in October 2020 and March 2021 online) and the **final conference** in November 2021 in Budapest built the basis for and fed this strategy, along with desk research conducted by DanubeChance2.0 partners.

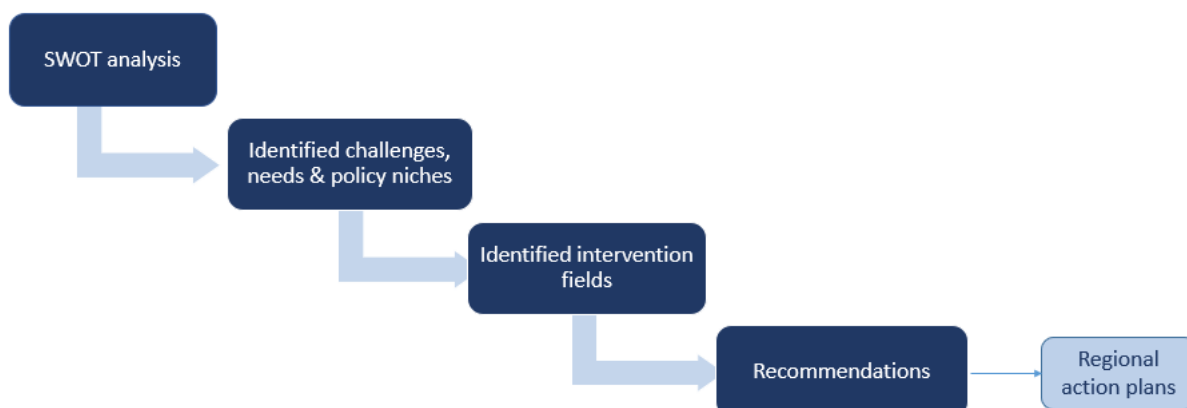
The strategy draws on the findings gathered in analyses conducted by DanubeChance2.0 partners on the cross-regional and national level.

This strategy is the result of a **participatory and iterative process**: The first draft devised in May 2020 was presented and discussed with stakeholders during the last two transnational policy dialogue events (October 2020 and March 2021). A revised version was presented in November 2021 at the final conference and the finalised strategy presented here integrates the feedback from the final conference.

**Furthermore, this strategy is supplemented by regional action plans.** While the strategy provides an overarching frame for the entire Danube region, the situations in the individual Danube countries vary a lot – be it in terms of the regulatory frameworks, cultural settings and mindset. Regional action plans contribute to the implementation of the strategy through specific actions that are tailored to the national situation and needs.

The graph below (Figure 1) depicts the framework and the different steps of the strategy drafting process.

Figure 1: Framework of the strategy drafting process



This strategy on second-chance entrepreneurship is strongly embedded in the wider European context. The importance of a well-functioning and efficient insolvency framework in creating a favourable business environment has gained in relevance since the 1990s. This does not only concern insolvency for entrepreneurs but also consumer insolvency. For a number of years now, the EU Commission has been pushing for an improved (i.e. simplified and harmonised) insolvency and bankruptcy framework in the EU member states. The Coronavirus crisis and its negative consequences for many European enterprises (wave of bankruptcies) reinforced the acuteness of the policy priority of second-chance entrepreneurship.

The DanubeChance2.0 consortium has developed strong links with the Early Warning Europe (EWE) network, which has been playing a key role in installing early warning mechanisms in several EU countries and providing assistance and support to distressed entrepreneurs.<sup>2</sup> Viable companies facing financial difficulties need early warning mechanisms and preventive restructuring frameworks to help them avoid bankruptcy. If a company can no longer be rescued, honest entrepreneurs who went bankrupt should still be offered a second chance. The recommendations presented here are building on the results and activities of EWE.

The DanubeChance2.0 consortium has been following with interest but also actively engaged policymakers for a quick and sound implementation of the EU Directive on preventing restructuring frameworks and second chance (EU Directive 2019/1023 from 2019) in the partner countries.<sup>3</sup> This Directive supports second chance policies by setting the discharge period to a maximum of three years.

Even though only 4-6% of bankruptcies are fraudulent, public opinion makes a strong link between business failure and fraud.<sup>4</sup> In Europe, as opposed to the United States of America, the moral component in bankruptcy is prevalent (see Niemi-Kiesiläinen, 1997: 135).

<sup>2</sup> <https://www.earlywarningeurope.eu/about/early-warning-europe-network/early-warning-europe>

<sup>3</sup> For the full text of the EU Directive on restructuring and insolvency (2019/1023), see <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L1023&from=EN>

<sup>4</sup> European Commission. *A second chance for entrepreneurs*. Final Report of the Expert Group (2011). <https://ec.europa.eu/docsroom/documents/10451?locale=en>



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The **Second-Chance Entrepreneurship Community Strategy** refers to the **EU Strategy for the Danube Region (EUSDR)**, which is the basis and framework for the transnational actions in DanubeChance2.0.<sup>5</sup> The EUSDR formulates a common vision for greater cooperation and growth in the Danube countries, aiming to create synergies and coordination between existing policies and initiatives taking place across the Danube region. It is therefore a central reference point for any cross-border policy initiative such as DanubeChance2.0, its priority areas and targets providing for a common horizon and guidance.

The EUSDR addresses a wide range of issues, which are divided among 4 pillars – strengthening the region, connecting the region, protecting the environment and building prosperity – and further differentiating the topics of the pillars, among 12 priority areas. DanubeChance2.0 works especially towards the targets listed under Priority Area 7: Knowledge Society, Priority Area 8: Competitiveness of Enterprises and Priority Area 9: People & Skills. The objectives of the above-mentioned Priority Areas, which are particularly relevant for this strategy, are listed in the box below.

### **Priority Area 7: Knowledge Society**

- ⇒ Objective 1: To support education, research and ICT in the Danube region by improvement of framework conditions for building a knowledge society

### **Priority Area 8: Competitiveness of enterprises**

- ⇒ Objective 3: To improve the digital skills of entrepreneurs

### **Priority Area 9: People & Skills**

- ⇒ Objective 1: Contribute to a higher employment rate in the Danube Region, especially through tackling youth and long-term unemployment

### **On Priority Area 7: Knowledge Society**

The strategy is supporting Objective 1 of PA7 which is to support education, research and ICT in the Danube region by improving the framework conditions for building a knowledge society. Indeed, some recommendations are addressing entrepreneurs' business skills and literacy and encourage strengthened cooperation between higher education institutions and support organisations.

Moreover, another thrust of the strategy is to further promote, implement and make use of the smart specialisation strategies in the whole Danube Region, as cited in Target 5 of Priority Area 7. RIS3 stands for Research, Innovation and Smart Specialisation Strategy. RIS3 are drafted and implemented by national and regional authorities in EU countries with the aim to facilitate the efficient use of European Structural Investment Funds (ESIF) and synergies between different EU, national and regional policies, as well as public and private investment. The RIS3 process is an important element in the EU's strategy to overcome economic divide, strengthen national/regional assets and boost research and innovation activities and corresponding infrastructures. Projects like DanubeChance2.0 have a key role in delivering inputs for national or regional RIS3, their development (in some EU accession countries RIS3 are still in the drafting process) and where they already exist, in contributing to their constant review and adaptation according to regional needs.

<sup>5</sup> See <https://danube-region.eu/wp-content/uploads/2020/04/EUSDR-ACTION-PLAN-SWD202059-final.pdf>

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### On Priority Area 8: Competitiveness of enterprises

Strengthening the competitiveness of enterprises and/or making them competitive again is in the DNA of DanubeChance2.0. And indeed, the main medium or instrument through which the project promotes enterprise competitiveness directly targeting entrepreneurs is education. Objective 3 of the PA8 aims at improving the digital skills of entrepreneurs. More generally, the objective of this Priority Area is to improve the entrepreneurship education in order to enhance the competitiveness of enterprises, especially SMEs through further development of the lifelong entrepreneurial learning system. To that extent, improving entrepreneurship education, especially regarding crisis resilience and re-start after failure, is a primary objective of DanubeChance2.0. Education was one of the categories of the SWOT analysis scrutinising the entrepreneurship ecosystems in the Danube countries (see Section 4). Hence, how to improve lifelong entrepreneurial learning and integrate competences addressing early warning (literacy in reading/identifying the signs of crisis), business management in crisis and in case of an entrepreneurial re-start, negotiation skills, business planning and more are important issues taken up by the present strategy. In doing so, this strategy is contributing to Action 3 that addresses the improvement of framework conditions, support programs and capacity building of stakeholders.

### Priority Area 9: People & Skills

Enabling more entrepreneurs to re-start business after failure, as it is the mission of DanubeChance2.0, contributes to both entrepreneurial skills development (see education above) and most importantly, to reducing unemployment in the Danube region. With more companies being able to overcome crises (be it through improved management or through better framework conditions, opening greater opportunities for financing, for example) or to start again after failure, more jobs can be saved. This contributes to a stable economy with established companies as their backbones, which may provide even for a growth of jobs in the long-term. Company insolvencies and bankruptcy always come with costs for business partners, suppliers and customers and depending on the size of the company, perhaps an entire sector, which may cause further job cuts. By supporting entrepreneurs in crisis and re-starters, DanubeChance2.0 can help tackle youth unemployment and prevent long-term unemployment, as envisaged in Objective 1 of Priority Area 9 of the EUSDR.

## 4. Challenges, weaknesses, needs and policy niches

This section focuses on the challenges identified and the necessary fields of action to support second-chance entrepreneurs. In a first step, analyses of national strengths and weaknesses were carried out within all DanubeChance2.0 countries, which provided information on the status quo and further need for action. Based on this preliminary work by all participating countries, five challenges and associated policy niches have been identified that need to be addressed.

### Self-Assessments of DanubeChance2.0 countries

No strategy can be drafted without scrutinising beforehand the status quo of existing action in the relevant field. A significant part and parcel of the work in DanubeChance2.0 has thus been dedicated to analysing the framework conditions for second-chance entrepreneurs and business operators in distress. The following paragraph presents in greater detail the results of the self-assessments of DanubeChance2.0 countries that helped identify cross-regional challenges and areas of need on which the recommendations are based. Partners also prepared SWOT analyses concerning the second-chance

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entrepreneurship ecosystem in place in their region, considering the results of the self-assessment questionnaire.

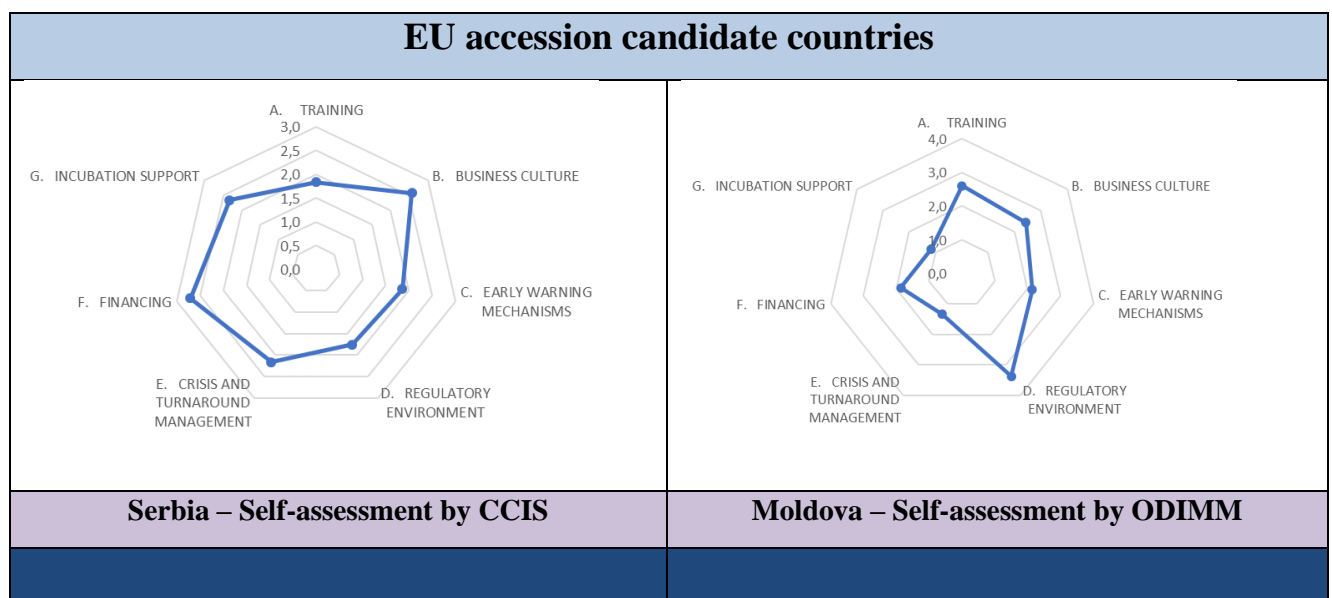
### Regional self-assessments of second-chance readiness levels – Detecting weaknesses and strengths

Partners conducted regional self-assessment quantitatively gauging the performance of the region in seven areas relevant to re-starters and entrepreneurs in crisis alike:

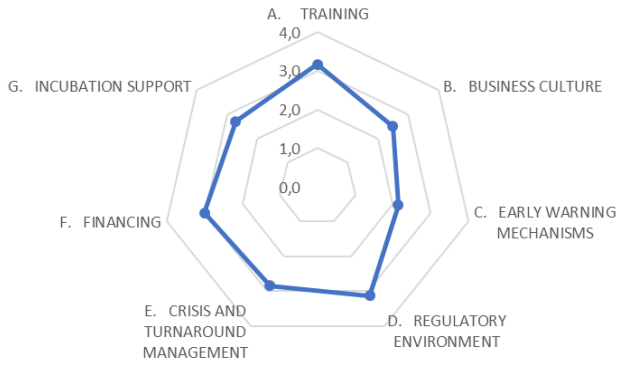
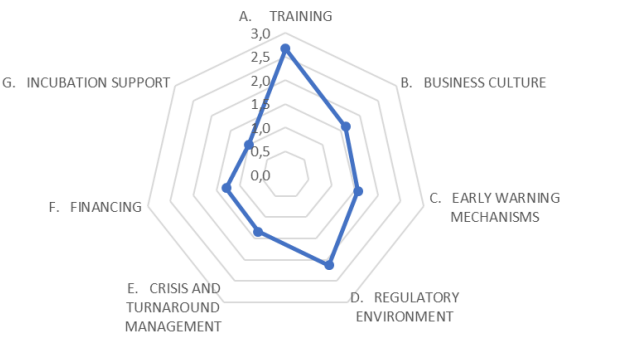
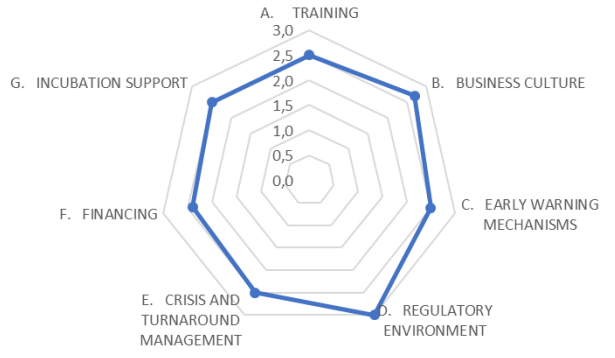
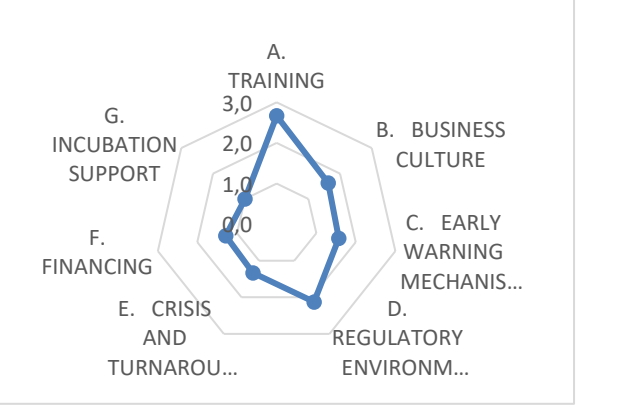
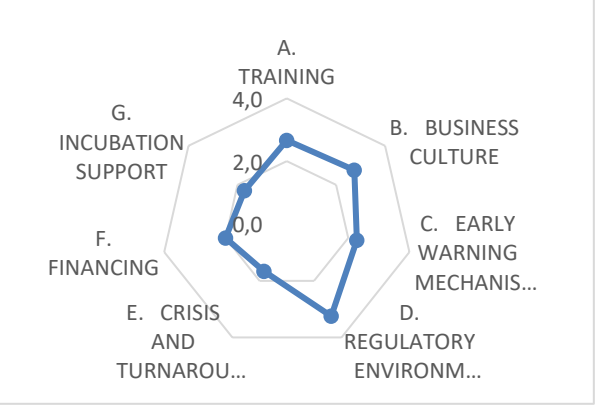
- A. Training,
- B. Business Culture,
- C. Early Warning Mechanisms,
- D. Regulatory Environment,
- E. Crisis and Turnaround Management,
- F. Financing,
- G. Incubation Support.<sup>6</sup>

The questionnaire used for the self-assessment is provided in the Annex. The quantitative assessment results are shown in a spider diagram, revealing strengths and weak spots of the region at one glance. Below, these spider diagrams are presented. A score of 1 stands for a low performance, whereas a score of 4 indicates a high level of performance (respondents to the questionnaire had to indicate whether they agree or disagree with predefined statements). The self-assessment questionnaire was either filled-out by partners themselves, based on the feedback of stakeholders (business consultants, policy makers, etc.) received or by stakeholders themselves.

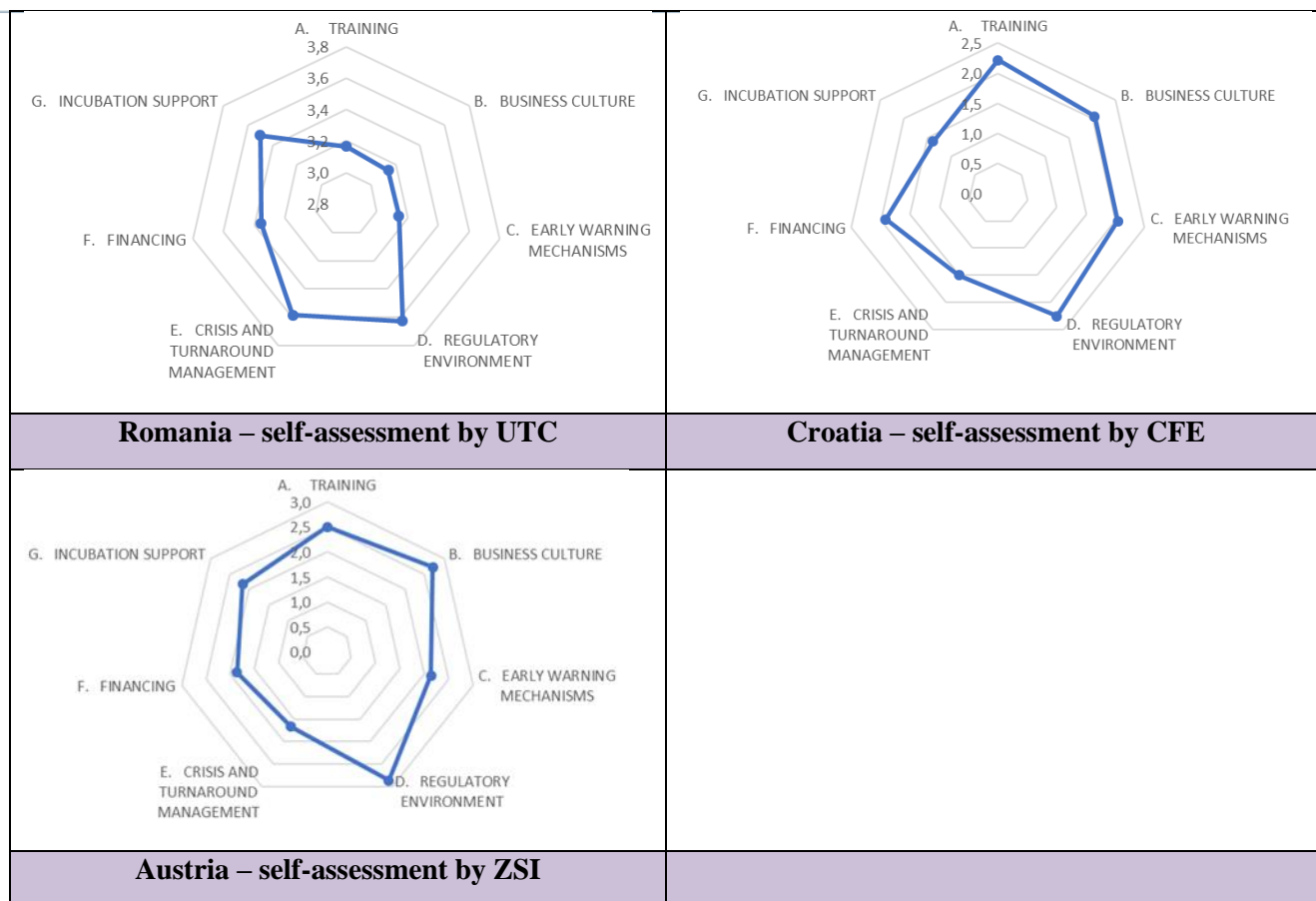
### Regional Self-Assessments – Overview



<sup>6</sup> The results provided the foundation for a qualitative assessment of Strengths, Weaknesses, Opportunities and Threats (SWOTs) to the second-chance entrepreneurship ecosystem in partner countries, which are presented in the regional action plans developed by partners.

	<p>The self-assessments conducted by EU accession candidate countries show the lowest points concerning G. incubation support (1 or 2 points), C. early warning mechanisms (2 points) and B. business culture (2 to 2,5 points).</p> <p>High points were given to F. Financing (2,5 to 3 points) and D. Regulatory Environment (1,7 to 3 points). Yet in all areas scores quite differ from country to country.</p>
<p><b>Bosnia-Herzegovina – Self-assessment by RARS</b></p>	
<p><b>EU Member countries</b></p>	
	
<p><b>Hungary – Self-assessment by IFKA and PBN</b></p>	<p><b>Germany – Self-assessment by S2i</b></p>
	
<p><b>Slovenia – Self-assessment by PTP</b></p>	<p><b>Slovakia – self-assessment by UKS</b></p>

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The results of the **EU member countries' self-assessment** provide for a **quite balanced picture**. A surprise are the high points for **D. regulatory environment** (the same for EU accession candidate countries). In each country, this was the category receiving the highest score points. Statements put up for evaluation here mostly assessed whether there was a strong legal system in place or not, leaving aside a more qualitative consideration of legal system's capacity to facilitate a rapid re-start of second-chance entrepreneurs. Otherwise, the range of scores given by partners is relatively balanced. For Romania, for example, all score points given range between 3.2 and 3.6. In average, country self-assessment scores are set in the medium range, ranging from 2 to 4 points.

### Overall assessment: all countries – Average scores per category

Category	Average score of all countries
A. Training	2.58
B. Business Culture	2.36
C. Early Warning Mechanism	2.18
D. Regulatory Environment	2.81
E. Crisis & Turnaround Management	2.08
F. Financing	2.25

In a global Danube-level consideration of results from the self-assessments, the low scores for **G. Incubation Support** stand out (the lowest average of scores, 2.00). The category evaluated the extent of re-starters and entrepreneurs in crisis benefiting of state-funded support. Here, the results of the self-assessment are congruent to the assessment drawn from the country profiles compiled earlier, which saw a great deficit of rescue and revitalisation measures targeting specifically second chance and failing (in crisis) entrepreneurs.

This assessment is reinforced by the category earning the second-lowest score on average, **E. Crisis & Turnaround Management** (score 2.08). Turnaround support is provided in a few countries (Germany, Austria) for entrepreneurs in crisis, however, if they are widely recognised and accessible by entrepreneurs is debatable.<sup>7</sup> And most of Danube countries do not offer any effective failure-avoidance measures before a company runs bankrupt. This issue is obviously related to the poor performance of **C. Early Warning Mechanism** (score 2.18) in the region, an assessment, which has its roots in poor competences of entrepreneurs to recognise the signs of failure early-on and of accountants to exert professional controlling as well as in structural issues, such as the lack of transparent and accessible data on a company's financial status.

Besides the **D. Regulatory Environment** earning the highest average score (2.81) (a fact that has already been discussed above), the category **A. Training** (2.58) has yielded a high average score, too. Evidently, the offer of business courses available in the Danube region is broad, be it in tertiary education at universities or in vocational and further training. It is however difficult to qualitatively assess the depth and comprehensiveness with which the topic business failure and re-start is treated in lessons and if education is practice oriented. To shed light on these issues would require a more qualitative study of training and education offers in the Danube region. The third in the ranking of highest average score categories makes **B. Business Culture** (2.36). In the self-assessment questionnaire, this was a particular broadly defined category, evaluating the overall business climate, including regulation of competition, the level of networking among companies as well as the strategic long-term focus of companies along more specific indicators of 'second-chance readiness' or capability of business life, considering the support offered by banks for turnaround and revitalisation, the registering process for insolvency and the rate of successful re-starts. While partners positively assessed the general business climate, the assessment regarding discrimination and support by banks of second-chance entrepreneurs were much more sober.

Hence, it can be concluded that the Danube region shows deficits in all categories assessed in the self-assessment questionnaire that correspond to the earlier evaluation of country profiles on second-chance entrepreneurship. A policy response for the entire region must act on the complexity of areas and factors constituting the 'second-chance ecosystem' in the Danube countries in order to unlock its full potential. However, global policy recommendations for the Danube region can only outline the path to a full-fledged second-chance ecosystem, which becomes an essential pillar of the economy in the region. From there it is up to European and cross-regional policy stakeholders, but first and foremost up to national policy makers to implement the recommendations and put them into real-life action. This Second-

<sup>7</sup> S2i discussed the results of the questionnaire with German second-chance experts from Team U (a consultancy from re-starters for re-starters), who pointed out the issue of trust surrounding crisis consultation. Entrepreneurs are reluctant to seek help from chambers of commerce, for instance, since they are often the first to exercise pressure, when companies are in distress.

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Chance Entrepreneurship Strategy does not stand on its own but is embedded into the greater Danube Regional Strategy (EUSDR) and draws on as well as feeds into country-individual Regional Action Plans, developed by Danube Chance partners.

### Challenges

Basically, the central challenge taken up by the here presented Second-chance Entrepreneurship Community Strategy is the question, also marking the beginnings of the European Union, on how to achieve and safeguard economic stability, prosperity and lasting growth along peaceful relations in Europe. Second-chance entrepreneurship might be only one piece of the puzzle, but with decisive impact on economic stability, especially in times of a global pandemic crisis that has been bringing along a wave of bankruptcies. This strategy aims to provide answers to this question, outlining possible measures to prevent and to overcome business failure under austere circumstances.

Taking it from this central challenge, the strategy, however, must also answer to another challenge, which is inherent to the ambitious task of drafting one vision for the entire Danube region. A common Second-Chance-Entrepreneurship Community Strategy must consider the diversity of rules and regulations about restart and the specific cultural settings in play in the different countries, while drawing on a joint vision of economic growth and revitalisation in the region. This strategy therefore also considers the regional self-assessments of the second-chance entrepreneurship ecosystem (described above), which defined for each country different priorities where action is needed. Possible country-level measures in response are articulated in the Regional Action Plans.

Furthermore, the consortium identified **five challenges or policy niches** shared by all Danube countries – though to various extent, form and precedence. These challenges, which require transnational policy action and coordination across the Danube region, are the following:

- 1. Second-chance entrepreneurship policy framework:** The country reports from the Danube region have shown that the topic of second-chance entrepreneurship is not established as indispensable part of enterprise support policies in most Danube regions. This assessment emphasises the need for a comprehensive Second-Chance Entrepreneurship Community Strategy that inspires policy makers across the Danube, helping them to implement second-chance policies in their national context as well.
- 2. Restructuring, bankruptcy and insolvency procedures:** According to the comparative assessment, there are solid legal frameworks in place in all Danube countries. Front-runners, who have especially efficient legal frameworks (concerning insolvency registration e.g.) are Austria, Germany and Slovenia. Slovakia, Hungary and Romania have made recent progress in simplifying legal procedures around insolvency, while other countries (the majority) just started this process. To initiate a further overhaul of legal frameworks for re-starters, involving the policy level is indispensable. Thus, the legal realm is an important area of this strategy and vector to promote lasting change in the Danube region but not only on a structural level. An even more important field, hence easier to exert influence on from a non-legal standpoint, is consultation and support for entrepreneurs encountering insolvency. In this regard, one mission of this strategy is to present ideas for improving insolvency consultation by business support organisations at the local and regional level in Danube countries.

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3. **Rescue measures and revitalisation tools:** Project partners found that there are almost no incentives or revitalisation measures in place that specifically target honest failed entrepreneurs. Despite rescue tools (e.g. restructuring procedures) being effective in most countries, once entrepreneurs have failed though, professional assistance for re-starting is practically non-existent. Most of the business support, in particular if state-funded, is offered during incubation and start-up phases and only in a few countries, re-starters can seek the support of private consulting initiatives. For increasing the rate of successful re-starters, the support infrastructure must be built up, encouraging existing business consultants to cater to the needs of re-starters as well as developing new re-start support initiatives. The policy level has significant leverage here, as most existing consultants directly or indirectly receive funding from government/regional authorities.
4. **Networks and stakeholder cooperation:** Another deficit of the Danube region is the lack of networking of second-chance stakeholders at all levels (local, national, international). Very few networks target the needs of second-chance entrepreneurs and connect them to relevant stakeholders (e.g. Early Warning Europe, Fuckup nights, Re-Starter Trainings & self-help groups Insolvents Anonymous by TEAM U in Germany). Thus, there is great potential for policy interventions that foster the formation of targeted networks and support groups taking up and organising the needs of second-chance entrepreneurs.
5. **Monitoring and assessment:** Last, but not least a stumbling stone for all policy initiatives targeted at catering to the needs of second chance and struggling entrepreneurs is the scarcity of data on the topic. Evidently, it is difficult to found, justify and monitor policy initiatives, when sound empirical data is lacking. A policy framework, like this strategy is intended to be, also must work to this end and enlarge the data basis available.

The 15 recommendations that will be elaborated in the next section address these five policy niches to promote a new culture of business behaviour for entrepreneurial renaissance and to open new opportunities for re-starters in need of finance, networks and trust.

## 5. Common vision, fields of intervention and recommendations

This strategy is underpinned by a **common vision for 2030**. This vision foresees a Danube region in which:

- an early warning mechanism is set up and fully operational in each country (#11, #13)
- self-assessment tools, insolvency consultations and support measures for entrepreneurs in crisis and re-starters are an integral part of business support organisations services (#12)
- second-chance entrepreneurship policies and programs are evidence-based and integrated into national and European frameworks, (#4, #5, #14, #15)
- failed, distressed and second-chance entrepreneurs know whom to contact for support and how to benefit from support programs (#8)
- failed, distressed and second-chance entrepreneurs have access to funding, financial products and services (#6, #7)
- second-chance entrepreneurs' networks and chains of cooperation are operational (#3)



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- the fear and stigmatisation of failure is being superseded by a (serial) entrepreneurial spirit (#1, #2)
- entrepreneurial spirit and skills are encouraged and developed throughout the life course (#1)
- the involvement of court-related mediators and out-of-court settlements are a regular option for entrepreneurs (and especially SMEs) (#10)
- the discharge is simplified and up to 3 years maximum (#9)
- Coherent and systematic data on second-chance entrepreneurs is available (#14, #15)

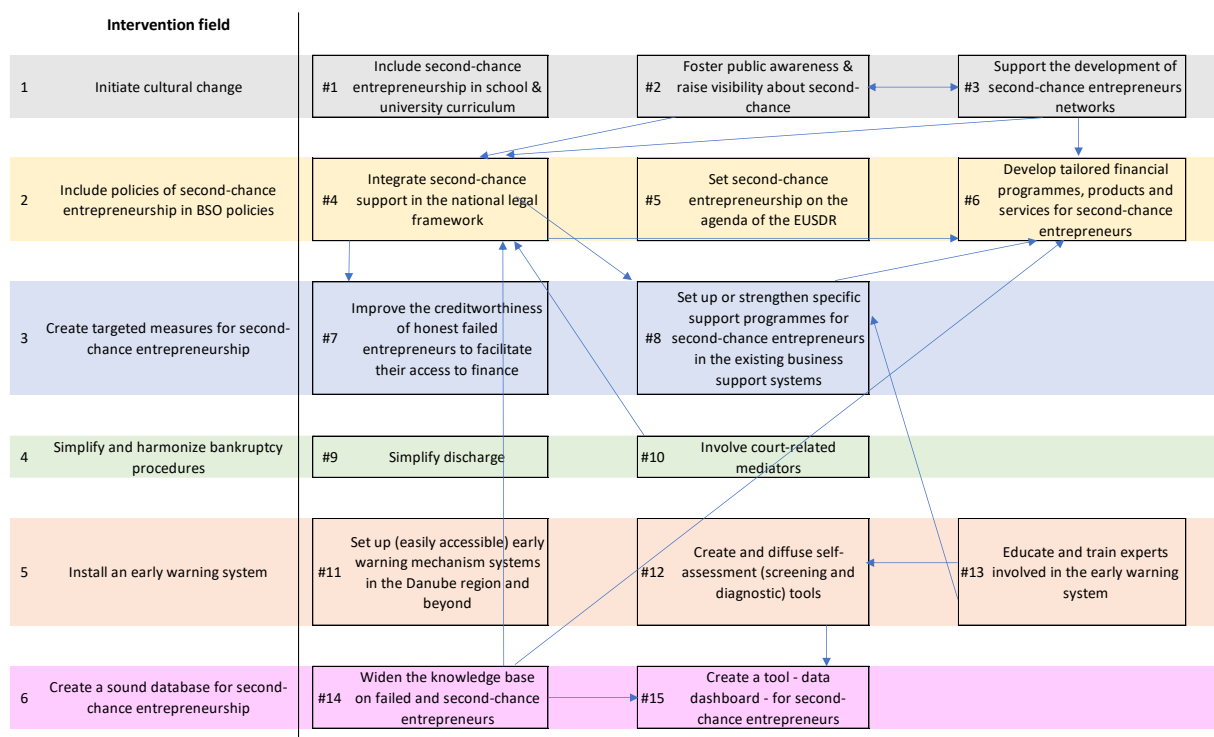
The strategy elaborates 15 recommendations whose implementation in the course of the next 10 years would lead to the development of an improved and sustainable second-chance ecosystem that unlocks the potential of second-chance entrepreneurs for the entire Danube region.

The 15 recommendations are classified along **six intervention fields**:

1. Initiate a cultural change
2. Include policies on second-chance entrepreneurship
3. Simplify and harmonise bankruptcy procedures
4. Create targeted measures for second-chance entrepreneurs
5. Install an early warning system
6. Create a sound database for second-chance entrepreneurship

The intervention fields reflect the afore-presented weaknesses and shortcomings of the Danube region in this realm and take account of the identified policy niches for concerted action. As the figure below (Figure 2) shows, each intervention field has 2-3 recommendations and each recommendation addresses at least one policy niche. In addition, the policy recommendations form a comprehensive package of measures that build on and relate to each other (within and across intervention fields).

Figure 2: Overview of the recommendations and their interlinkages



## Intervention field 1: Initiate a cultural change

### Objective: Re-shaping the perception of failure in society

In general, a big issue in all of the countries is the negative stance towards “business failure”, meaning that risk avoidance and penalties for failing companies dominate while encouragement for taking up second-chances is low. In some countries, the conditions might be more favourable regarding an entrepreneurial culture, whilst in others the negative cultural stance is accompanied by legal and institutional barriers that foster the aversions of risks in entrepreneurial endeavours.

Negative perceptions of business failure in society impede the success of re-starters. At the **individual level**, failed entrepreneurs must first emancipate themselves from a negative self-perception of being a failure/loser (which stems from incorporated societal attitudes towards failure) and move on to a factual view of the business that failed. The **message** to bring across for changing cultural attitudes towards re-starters is to **take responsibility but not stop at past mistakes**.

For promoting a more positive, self-empowering view of failure in business, it is clear that it is not enough to only address the individuals’ dealing with failure. Involving the individual environment, ergo the **societal level**, is paramount when aiming for a lasting cultural change.

### Recommendation #1: Include second-chance entrepreneurship in school and university curriculum

**Relevance and background:** In order to inspire a (positive) entrepreneurial spirit, it is crucial to familiarise and educate the next generation(s). Curricula should include modules devoted to business skills (as a way to increase managerial literacy and thereby prevent future crises related to poor managerial skills) and second-chance topics (e.g. failure management, failure de-stigmatisation, re-starter). Enhancing business skills and a positive attitude towards failure would contribute to strengthen the entrepreneurial spirit, i.e. starting a business in the first place and not fearing failure or to restart after a failure. Failure should not be seen as something wrong but as something natural.

To do so, partnerships with support organisations and academic actors would be important not only in the preparation of the modules (content) but also in the execution (invitation of mentors, experts and re-starters to share their experience with pupils/students would for instance be opportune). In this regard, we can mention the RESC-EWE project that developed a training toolkit.<sup>8</sup> A further suggestion is to integrate a focus on entrepreneurship and restart in existing local events like vocational skill weeks in schools or at job fairs, which already invite a lot of different experts.

**Associated policy niches:** 1) second-chance entrepreneurship framework; 4) network & stakeholder cooperation

#### Audience:

- **implementers:** policymakers (in education), academic actors, support organisations
- **beneficiaries:** pupils, students, second-chance entrepreneurs

**Implementation level:** local-national

**Monitoring indicator / milestone:**

<sup>8</sup> <https://www.earlywarningeurope.eu/rescewe> The trainings tools are open source and therefore available for use.

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- Existence of educational modules on second-chance entrepreneurship and on business skills
- Partnerships between support organisations and educational institutions

### Concrete examples from the regional action plans:

- Austria – Action 1: Advance entrepreneurship education in schools
- Croatia – Action 1: Introduce entrepreneurship at all levels of education
- Romania – Action 1: Transform entrepreneurship education into a mainstream topic (at all education levels) by facilitating curriculum development; Familiarise children and students with failure and restarting attitudes through awareness campaigns; De-stigmatise failure and present it as a normal part of the entrepreneurial process in the classroom
- Slovakia – Action 2: Integrate entrepreneurship education and basic business training into the curricula of high schools and universities

### Recommendation #2: Foster public awareness and raise visibility about second-chance

**Relevance and background:** In parallel to the effort towards the future generations, it is necessary to raise the awareness among the general population *hic et nunc*, that is to promote second chance entrepreneurship, eliminate stigmatisation so that failure is also seen as a chance, and kick-off a social debate through public events and media campaign. Event series such as Fuckup nights or Fear and Fail events are examples of formats where people come and share their stories of professional failure.<sup>9</sup> If talking about failure or bankruptcy is not very fashionable, it is also possible to approach these topics through a positive wording.

Raising the visibility of successful re-starters (entrepreneurs who also have had problems, overcame crises and are now renown leaders) in the public through the existing support structure (chambers of commerce, business centres, EWE, etc.) would help deconstruct the myth of failure. Public events should also serve to raise the visibility of second-chance networks (see recommendation #3).

Furthermore, it would be important to develop formats in which failed, distressed entrepreneurs and restarters meet and exchange with policymakers. Including policymakers in the debate would be crucial to secure policy (as well as financial) support.

**Associated policy niche:** 4) network and stakeholder cooperation

#### Audience:

- **Implementers:** support organisations, Early Warning Europe
- **Beneficiaries:** second-chance entrepreneurs, civil society

**Implementation level:** local-national and regional

#### Monitoring indicator / milestone:

- Organisation of public events/talks facilitating the sharing of stories of failure and experience on second-chance (e.g. Fuckup nights, Fear and fail events, interviews, lectures, stakeholder forum)
- Cooperation between Early Warning Europe and local business networks for topic promotion

<sup>9</sup> See <https://www.fuckupnights.com/>

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(i.e. on Early Warning, second chance and bankruptcy) and for implementing new second-chance talk formats

- Production and broadcasting of documentaries including the testimonies of successful restarters, human resource experts and other established actors

### Concrete example from the regional action plans:

- Croatia – Action 1: Organisation of roundtables and conferences to support second-chance entrepreneurship
- Moldova – Action 1: Design and Implement an awareness raising campaign promoting “Failure as a motor of innovation”
- Slovakia – Action 1: Have second-change entrepreneurs talk about their experience and how they learnt from it as a role model
- Slovenia – Action 1: Change the business culture and perception of public opinion on second-chance, business failure, business crisis

### Recommendation #3: Support the development of second-chance entrepreneurs networks

**Relevance and background:** Self-organisation or networking efforts of honest failed entrepreneurs have been very limited so far. With some notable exceptions (e.g. the so called “Fuck up nights”) there is no network of second-chance entrepreneurs actively promoting their experiences with failure and how to learn from it. Building up such networks, if private or supported by public institutions and/or business support organisations, would be an additional measure to build up the capacities of honest failed entrepreneurs and prepare them better for re-entering the market.

It is crucial to establish effective chains of cooperation, foster community building at all levels (local, national and European) and facilitate the exchange of knowledge and good practices. Forming targeted networks and support groups taking up and organising the needs of second-chance entrepreneurs would be a key step. Mentor networks would also help restarting companies. Stakeholder cooperation is crucial for various reasons notably to ensure coherent and united communication, to increase public visibility of second-chance and to be in a strong position to lobby.

Generally, only few institutions apart from political and administrative bodies are active in the field of revitalisation of second-chance entrepreneurs. Banks and other private initiatives as additional stakeholders would help to diversify the network and the possibilities to restart a business. The absence of formalised and established chains of cooperation between entrepreneurs and stakeholders (entrepreneurship funds, regional chambers of commerce, education, science, local self-government bodies) are a barrier for second chance entrepreneurs. Non-governmental organisations (NGOs) can close this gap and be the first contact point for distressed entrepreneurs. Yet, even though private NGOs or SMEs helping start-ups or second-chance entrepreneurs exist, they cannot have a broad outreach due to the lack of financial and administrative capacities.

**Associated policy niche:** 4) networks and stakeholder cooperation

#### Audience

- **Implementers:** support organisations, EWE
- **Beneficiaries:** second-chance entrepreneurs

**Implementation level:** local-national and regional

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### Monitoring indicator / milestone:

- Existence of a second-chance entrepreneur /mentor network in each Danube country
- At least one organisation in each Danube region country member of Early Warning Europe<sup>10</sup>

### Concrete example from the regional action plans:

- Hungary – Action 1: Elaborate the model of early warning and crisis management network (creation of a network of 15 pro bono mentors in different company consultancy fields)
- Germany – Action 1: Re-Starter Training Baden-Württemberg and self-help groups for entrepreneurs (offered by TEAM U – Restart gGmbH)

## Intervention field 2: Include policies on second-chance entrepreneurship

### Objective: Open-up opportunities for re-starters to become successful again

The topic of second-chance entrepreneurship is not structurally anchored as part of enterprise support policies in most Danube region countries. As regards general structural conditions, it is notable that there are almost no national strategic policy documents available that recognise the issues related to second-chance entrepreneurship. While some countries plan or are about to implement specific initiatives targeting second-chance entrepreneurs on national or regional level (Austria, Bosnia-Herzegovina, Romania), most countries do not have specific programmes for second-chance entrepreneurs. This shows that although the EU Commission put the topic forward with its Directive on preventive restructuring frameworks, second-chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures, the member states and associated countries of the Danube region have not taken up the issues on the level of national policy agenda setting.

In terms of operational support structures for second-chance entrepreneurs, the systemic view is quite similar. Even though some countries (Austria, Germany, Slovakia, Slovenia) have very well-established measures for different forms of business support (e.g. SME, start-ups, etc.), the specific issues of second-chance entrepreneurship has not been taken up and integrated systematically. The only facet of second-chance entrepreneurship that is present in this operational support framework is related to mediation and restructuring activities.

Following the trend detected in the other two dimensions, capacities regarding second-chance support are quite low, as this issue is not seen as a policy priority and therefore no programmes are available to implement a strategic and coherent system of experts and trainers that focus on second-chance entrepreneurs. However, in some countries there are private initiatives that specifically focus on the topic of second-chance entrepreneurship (Austria, Germany, Romania).

A general change of culture is nothing that is easily achieved, but through aligning legal and political frameworks and investing in educational campaigns, transformations can be nudged that lead to a more favourable environment for business (re)starters. This leads to the conclusion that specific strategies explicitly mentioning and targeting second-chance entrepreneurs and their specific needs are required

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<sup>10</sup> As of December 2021, only Croatia, Germany, Hungary, Serbia, and Slovenia have member organisations in the EWE. The Danube region however comprises 14 countries: Austria, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Moldova, Montenegro, Romania, Serbia, Slovakia, Slovenia, Ukraine.

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on a policy level to facilitate re-entering the market and to shape a framework that supports second-chance entrepreneurs on all levels.

### Recommendation #4: Integrate second-chance support in the national legal framework

**Relevance and background:** An improved legal framework is the condition *sine qua non* for creating better conditions for second chance entrepreneurship. The EU Directive on Restructuring and Insolvency of 20 June 2019 (EUR 2019/1023) – which is currently in the process of being implemented – translates the recognition of the importance of second-chance entrepreneurship by the EU Commission. The EU Directive will contribute to improve, harmonise and simplify legislation pertaining to bankruptcy and insolvency systems in the member states. However, so far this priority setting has not been translated into national priorities. Most EU countries postponed the implementation of the Directive and asked for an extension period.

Policymakers need to become acquainted with/aware of the added value and relevance of a revised policy framework that is favourable to second-chance entrepreneurs. This should/could be achieved through their inclusion and participation in awareness raising events (see recommendation #2), through the advocacy work of second-chance entrepreneurs networks (see recommendation #3) and through the provision of empirical data on second-chance entrepreneurship (see recommendation #14),

**Associated policy niche:** 1) second-chance entrepreneurship framework

**Audience:**

- **Implementers:** policymakers, second-chance entrepreneurs networks
- **Beneficiaries:** second-chance entrepreneurs

**Implementation level:** local-national

**Monitoring indicator / milestone:**

- EU Directive implemented in each country
- Legal framework for securement of potential loss
- Tax reduction for re-starters
- Strategic policy framework integrating policies on second-chance entrepreneurship

**Concrete example from the regional action plans:**

- Bosnia-Herzegovina – Action 2: Set up the Program for second chance entrepreneurship in the Republic of Srpska.<sup>11</sup>
- Moldova – Action 2: Introduce second-chance entrepreneurs as a distinct target group in the SME National Strategy for 2021-2025 and design support measures.
- Romania – Action 2: Initiate a wide consultation process that includes political actors and specialists to develop the most impactful measures to include in the national legislation.

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<sup>11</sup> The Ministry of Economy and Entrepreneurship of the Republic of Srpska drafted a program for second chance entrepreneurship as part of the new Strategy for SME development in the Republic of Srpska for the period 2021-2027, which was adopted on the 116<sup>th</sup> session of the Government of the Republic of Srpska held on April 8, 2021.

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### Recommendation #5: Set second-chance entrepreneurship on the agenda of the EUSDR

**Relevance and background:** Despite the recognition of second-chance entrepreneurship as a policy priority by the EU Commission, this priority setting has not been translated into national priorities so far. Danube countries can take up a leading role in setting support measures for second-chance entrepreneurs as a priority issue in national policies. Furthermore, the Danube Region macro-regional Strategy (EUSDR) should provide Danube region states with a superordinate framework to align these policies.

**Associated policy niche:** 1) second chance entrepreneurship framework; 4) network & stakeholder cooperation

**Audience:**

- **Implementers:** Priority Area coordinators (PA7, PA8, PA9), policymakers
- **Beneficiaries:** second-chance entrepreneurs

**Implementation level:** regional

**Monitoring indicator / milestone:**

- Roundtables with PA coordinators and relevant stakeholders
- Revision of objectives, targets and actions (PA7, PA8, PA9) to include second-chance entrepreneurship in EUSDR

**Concrete example from the regional action plans:** none

### Recommendation #6: Develop tailored financial programmes, products and services for second-chance entrepreneurs

**Relevance and background:**

Access to finance has proven to be tremendously difficult for entrepreneurs in or after a crisis. Financial support for start-ups is in some countries (for example Germany, Austria, Romania, Moldova) well established but second chance entrepreneurs do not have access to them. It is therefore of primary importance to find alternative funding opportunities (including crowdfunding, private capital, or collective capital) that acknowledge liquidity constraints due to incidents that cannot be put down to a personal fault, like the corona crisis.

After going through bankruptcy, it would be important to help entrepreneurs to re-start, by giving them funds. The conditions are very tough at the moment and should be simplified; entrepreneurs should be encouraged to start again and not be banned from trying to do business. If an entrepreneur becomes insolvent, he is stigmatised at the bank and no longer receives any loans. As the banks have a strong interest in keeping the risk weighing as low as possible, they are reluctant to guarantee financing to second-chance entrepreneurs. A counterexample is a branch of the Austrian Erste Bank called *Zweite Bank*, which gives out loans and credits to people who would not be otherwise creditworthy. However, they are not yet specialised on second chance entrepreneurship.

There is a need to mitigate risks for banks and financial institutions to provide funding to re-starters and thus enable re-starters to receive financing more easily. Financial institutions would consider developing specialised financial products and services adjusted to the needs of second-chance entrepreneurs, if other circumstances are in place, such as a legal framework for securement of potential loss. In addition,

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entrepreneurs should get advice on how to spend the money – for instance by mentors – so as to avoid situations and decisions that led to financial distress in the first place. Hence, a suggestion is that entrepreneurs who did a Re-Starter training should get better access to loans and state funded money after they have proved that they have learned from the past and have been supported to develop a future plan for their re-start.

A further idea consists in setting up an “Enterprise solidarity state guarantee fund” that shall, backed through regional state banks, provide private banks with additional securities, if they hand out loans to re-starters.

Finally, it would be helpful to strengthen opportunities for second-chance entrepreneurs to mingle and meet with private investors to discuss financing. This could be done for instance in “venture café” formats. However, even though there are already opportunities, entrepreneurs usually do not have the capacity timewise to invest in such formats, which is why it is important to provide a financial support that is easily accessible.

This recommendation builds on recommendation #4 (improve the legal framework for second-chance entrepreneurship) since changes in the legal framework are a prerequisite for a change of attitude from financial institutions. It also relates to recommendation #3 (support the development of second-chance entrepreneurs networks) given that networks of re-starters would raise the visibility about their needs and could thereby contribute to the co-development of tailored financial products. Finally, this recommendation can also be linked to recommendation #14 (gather data about failed and second-chance entrepreneurs)

**Associated policy niche:** 1) second-chance entrepreneurship framework

**Audience.**

- **Implementers:** financial institutions (i.e. private investors, banks, state banks), networks of second-chance entrepreneurs, regional development agencies, chambers of commerce, business support organisations
- **Beneficiaries:** second-chance entrepreneurs

**Implementation level:** local-national

**Monitoring indicator / milestone:**

- Existence of dedicated financial programmes for second chance entrepreneurs
- Establishment of an “enterprise solidarity state guarantee fund”
- Organisation of “venture café” events for re-starters

**Concrete examples from the regional action plans:**

- Germany – Action 2: Implement a financial programme for entrepreneurs in distress because of the COVID crisis: Start-Up-Pre-Seed/Pro-Tect
- Romania – Action 2: Put in place dedicated programmes and financing options for second chance-entrepreneurs and companies in distress, which are not combined with the first chance-entrepreneurs
- Serbia – Action 6: Propose a programme of nonfinancial and/or financial support



## Intervention field 3: Create targeted measures for second-chance entrepreneurship

### Objective: Enabling re-starters to become successful again

Currently, second-chance entrepreneurs are not sufficiently considered and supported to be able to start a new business again. Once they have failed for the first time, it is very difficult for them to find their way back into business life and start a new endeavour. There are hardly any support measures specifically tailored to their needs, which if they exist, are not yet centralised and laid down in national legislation. While access to funding is the first vital step for any business, entrepreneurs who have already failed are usually denied access. Here, neither the reason for failure (own misconduct or external circumstances) nor the entrepreneur's honesty are examined. In addition, there is also a lack of concrete support measures in other areas. This includes, for example, personal and tailored counselling and coaching on topics such as personal development, crisis management and resilience. These non-financial support measures should be particularly considered and offered by business support organisations, who could integrate these into their general support services for entrepreneurs.

### Recommendation #7: Improve the creditworthiness of honest failed entrepreneurs to facilitate their access to finance

**Relevance and background:** As banks and financial institutions are very strict on giving out loans to entrepreneurs who already failed, getting access on further loans is hard to achieve for second chance entrepreneurs. A key bottleneck for re-starters is therefore to obtain financing for their new endeavour. To do so, certain measures could be implemented such as a certification system for second-chance entrepreneurs or special credit score systems. Both measures would contribute to increase the creditworthiness of honest failed entrepreneurs and ease their access to finance.

The call for a certification system, which accrues from the negative attitude towards business failure, should distinct honest from fraudulent entrepreneurs. There are currently no identified measures or procedures that help differentiating between fraudulent and non-fraudulent failed entrepreneurs. This would be necessary to help honest second-chance entrepreneurs in the process of applying for financial support. Stakeholders from most partner countries uttered their wish to have certifications for honest second-chance entrepreneurs as the mistrust regarding the use of money in some countries is significant. Labels or certifications might speed up the bureaucratic procedure, as well. A precondition of such a certification system is the need for specific data of enterprises.

Moreover, a new credit score system, exclusively for second-chance entrepreneurs, that might relate to support and monitoring mechanisms, can help re-starters to increase their creditworthiness and restart a business. Negative records in credit agencies due to bankruptcy are the main reason why banks do not grant loans to formerly failed entrepreneurs. A new credit score system for second-chance entrepreneurs could balance and put into context bad track records at official credit agencies. Re-starters could obtain scores at the new system when they can prove to have received professional consultation on their new business idea, for example.

**Associated policy niche:** 3) Rescue measures and revitalisation tools

**Audience:**

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- **Implementers:** financial institutions, finance experts, accelerators, incubators, policy makers (regional/national ministries for economy and finance), chambers of commerce
- **Beneficiaries:** Second-chance entrepreneurs

**Implementation level:** local-national

**Monitoring indicator / milestone:**

- Procedure to distinguish fraudulent from non-fraudulent failed entrepreneurs
- Establishment of a new credit score system for re-starters
- Existence of a certification system

**Concrete example from the regional action plans:**

- Croatia – Action 3: Continuous evaluation of administrative barriers to entry and exit from entrepreneurial activity; define and implement indicator that will be transparent and effective when distinguishing honest entrepreneurs from others
- Slovakia – Action 4: Find indicators to distinguish between fraudulent and non-fraudulent failed entrepreneurs

### Recommendation #8: Set up or strengthen specific support programmes for second-chance entrepreneurs in the existing business support systems

**Relevance and background:**

While a general structure of support organisations is in place in most Danube countries, specific services targeted to second-chance entrepreneurs is not existent or limited to private initiatives. Together with stakeholders from the business support ecosystem (e.g. chambers of commerce, business agencies, etc.) policy makers should therefore set incentives to develop support measures specifically targeted at the needs of second-chance entrepreneurs.

Second-chance entrepreneurs often lack adequate professional support and consulting, before embarking on a new entrepreneurial endeavour. They often miss reflecting and learning from their own (psychological) history of failure, although this is key to properly prepare for a new and successful business start. Besides promoting special service offers for second-chance entrepreneurship in the scope of operational business support organisations, strategies of countering crises and failure should be more prominently represented in business trainings. Training material should include both best and worst practice cases as well as online and offline material in order to secure a maximisation of target group involvement. The implementation of specific non-financial support activities, like training and mentoring for second-chance entrepreneurs, is therefore crucial to enable a successful re-start. During the DanubeChance2.0 project, project partners implemented so-called incubation programmes that provided second-chance entrepreneurs with dedicated training and mentoring by selected experts and coaches. As already mentioned, entrepreneurs need to reflect and learn about their past. A protected setting in a peer group provides a propitious environment for entrepreneurs to learn, which is why it is advisable that trainings be delivered by independent (non-profit) support organisations.

**Associated policy niche:** 3) Rescue measures and revitalisation tools

**Audience:**

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- **Implementers:** Policymakers, business support organisations, business incubators, technology parks, chambers of commerce, finance experts
- **Beneficiaries:** second-chance entrepreneurs, SMEs

**Implementation level:** local-national

**Monitoring indicator / milestone:**

- Incubation programmes implemented on a regular basis in each Danube country
- Training material

**Concrete examples from the regional action plans:**

- Bosnia-Herzegovina – Action 4: programme for assisting entrepreneurs in crisis and re-starters consisting of training and mentoring support, to be implemented each year in cooperation with local development agencies.
- Germany – Action 1: Re-Starter Training BW: training sessions for re-starters guided by professional consultants, who have made their own experience with business failure, share about and learn from each other's story of failure in order to prepare a sound (business) plan for any future (business) endeavour.
- Serbia – Action 6: Propose a programme of non-financial and/or financial support.
- Slovenia – Action 2: Proposal to Ministry of Economic Development and Technology to include re-start/second-chance in public business system, establish public support framework and measures dedicated to second-chance entrepreneurs.

## Intervention field 4: Simplify and harmonise insolvency and bankruptcy procedures

**Objective: Facilitating rapid re-start across the Danube region**

Pursuing the guidelines set out by the EU Commission, Danube region states should strive to harmonise insolvency and bankruptcy laws and regulations. Reforms of the legal framework concerning insolvency and bankruptcy should follow regional best practice examples that have proven efficient in processing the exit of enterprises within the EU. While it is clear that these regulations are a matter of national competence, the interexchange and mutual learning process on best practices is a crucial contribution to implementing these reforms adapted to national peculiarities.

In terms of the legal framework, there is a solid basis in most Danube countries concerning insolvency, bankruptcy laws and procedures. Besides, efforts to make insolvency procedures more efficient and to reduce legal barriers for re-entering the market are observable. Although the success of these efforts varies in countries and not all legal frameworks in place can be regarded as efficient, there is a basis for developing and harmonising the procedures across the Danube region. However, some countries like Croatia, Bosnia, Slovakia or Hungary are explicitly struggling with putting together a sound legal framework for second-chance entrepreneurship, be it due to high penalties for bankruptcy, frequent legal changes and therefore unclear and unstable situations or missing legal framework for pre-insolvency restructuring negotiations. The effective operational implementation of insolvency and bankruptcy procedures varies in the different countries depending on the general framework set out by the

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regulations. In this regard institutions like Chambers of Commerce, juridical courts, external experts and administrators play an important role. Not surprisingly, the role of banks is significant in the process of restructuring and in the preservation of creditor interests. One major barrier to second-chance results from listing failed entrepreneurs as such after insolvency (as is the case e.g. in Germany) and by doing so excluding them from bank loans due to negative assessments. Additionally, in some counties (e.g. Slovenia) having a failed business can lead to exclusion from public procurement or even founding a new enterprise in general.

Enterprises which are bankrupt or are undergoing insolvency procedures face severe stigmatisation. Instead of assuming that every failed entrepreneur is fraudulent, it is advisable to assume that every entrepreneur is honest and then identify and prosecute the ones which are dishonest. There are huge differences between partner countries regarding the time of resolving insolvency, the recovery rate and the costs.

A measure which can be adopted before insolvency is the strict vigilance against payment delays by public bodies, especially during periods of financial distress to prevent companies falling into insolvency. There is no "one size fits all" solution and a range of attractive formal "non bankruptcy" alternatives and informal work out plans should be available to satisfy the largest number of cases possible. Adjudicating insolvency to specialist judges and/or specialised training for these proceedings can help to distinguish honest and fraudulent entrepreneurs more easily and to speed up insolvency for the former.

Support mechanisms (e.g. legal advice) for entrepreneurs in insolvency procedures need to be strengthened and developed by local development agencies, business support organisation, chambers of commerce and other public authorities in order to ensure a smooth handling of insolvency as well as bankruptcy procedures. Additionally, the effort to produce and offer further support mechanisms should also focus more explicitly on preventive restructuring measures and early warning mechanisms that allow tailoring the support needs for the entrepreneurs in crises to the actual needs and on time.

An insolvency proceeding – personal bankruptcy proceeding that would facilitate second chance includes the following elements:<sup>12</sup>

- the sale of property and the repayment of creditors up to a certain percentage (bankruptcy procedure)
- the discharge of remaining obligations (debt) to honest entrepreneurs (according to honesty criteria)

Once the discharge is completed:

- Invitation for in court-related mediation for those entrepreneurs who would like to get a second chance.
- Examination by the mediator of the bankruptcy file (acquaintance with the causes and course of the bankruptcy).
- Interview of the failed entrepreneur by the mediator who identifies the kind of support (s)he needs to avoid the causes that led to the bankruptcy and suggests involvement of business

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<sup>12</sup> This is based on the discussion with Andreja Zupan, an insolvency judge in the Court of Celje, Slovenia, during the first policy dialogue workshop in Cluj-Napoca, Romania in March 2020. Ms. Zupan shared her experience with insolvency procedures and drafted together with the workshop participants a model bankruptcy procedure that set facilitating a second chance as priority goal.

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consultants: a. Economic consulting; B. Marketing, sales; C. Overcoming fears and other psychological barriers; D. Other.

- Development of a counselling programme (can be individual but can also be a group lecture if there are enough candidates).
- Regular monitoring and validation of the results (after three months, half a year, first year) with reports comprising suggestions regarding what should be corrected.

### Recommendation #9: Simplify discharge

**Relevance and background:** The EU Directive on preventing restructuring frameworks and second chance highlights the importance of giving a second chance to entrepreneurs, for instance in emphasising the need for honest insolvent or over-indebted entrepreneurs to benefit from a full discharge after a reasonable period of time, thereby allowing them a second chance. Although the EU Directive does not include any binding rules on consumer over-indebtedness, entrepreneurs would not effectively benefit from a second chance if they had to go through separate business and consumer insolvency procedures, with different access conditions and discharge periods, to discharge their business debts and other debts incurred outside their business. Thus, the EU Directive advises countries that the guidance regarding discharge of remaining obligations applies also to consumer debts.

**Associated policy niche:** 2) restructuring bankruptcy and insolvency procedures

#### Audience:

- **Implementers:** judges, insolvency lawyers, court-related mediators, chambers of commerce, support organisations & accountants
- **Beneficiaries:** failed entrepreneurs, second-chance entrepreneurs

#### Monitoring indicator / milestone:

- Discharge period specified by the law and limited to 3 years maximum
- Discharge period between private insolvency and corporate insolvency is synchronised
- Consumer debts are integrated in the insolvency procedure

**Implementation level:** local-national

#### Concrete examples from the regional action plans:

- Romania – Action 3: Foster the acknowledgement of the need to synchronise bankruptcy law in Romania, especially the timelines, with similar legislation in the European Union and the Danube Region; Introduce digitalisation in the public sector to speed up and simplify the bureaucratic processes associated with bankruptcy procedures and litigations
- Croatia – Action 3: Simplify and harmonise bankruptcy procedures

### Recommendation #10: Involve court-related mediators

**Relevance and background:** As the model of bankruptcy procedure shows, the involvement of court-related mediators is important. There is a need to establish in the Danube countries a framework where court-related mediators are involved. Before the bankruptcy, mediation should be done by independent certified business support institutions.

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Mediators involved in court should be professionally trained to listen, hear and detect critical points but also to advise honest bankrupted and discharged entrepreneurs on specific support measures. Mediators should work hand in hand with judges, lawyers on the one hand side and business support organisations/business consultants on the other hand.

**Associated policy niche:** 2) Restructuring, bankruptcy and insolvency procedures

**Audience:**

- **Implementers:** court-related mediators, lawyers, judges together with business consultants of different profiles
- **Beneficiaries:** honest bankrupted and discharged entrepreneurs

**Implementation level:** local-national

**Monitoring indicator / milestone:**

- Definition of requirements for court-related mediators
- Procedure in place involves court-related mediators
- Specific training for court-related mediators

**Concrete example from the regional action plans:** none

## Intervention field 5: Install an early warning system

### Objective: Preventing business from failing

Revitalisation options should cover pre-insolvency as well as post-insolvency measures. Actions and support should be provided to entrepreneurs facing the first signs of financial crisis. In combination with a well-established system of early warning tools, these rescue and revitalisation options would contribute to reducing the number of business failures as well as the rate of successful re-starters. If a continuous support and early warning systems would be easily accessible and at low costs, a number of business failures could be avoided. Inexpensive and simple procedures for restructuring are important. Even though many consultancy services do exist (especially in Croatia, Austria, Romania, and Slovakia), most of them are not free of charge. This presents a high barrier for entrepreneurs that are already bankrupt.

### Recommendation #11: Set up (easily accessible) early warning systems in the Danube region and beyond

**Relevance and background:** The accessibility of the rescue measures is an indicator of the effectivity of a restructuring system. Only in Austria and Germany rescue support services can be accessed easily and strong support for early restructuring measures is available. This situation translates the need to offer support before failure, which includes an early warning system. The motion for early warning is not an exclusive plea of DanubeChance2.0. The installation of an early warning system is specifically being pursued by the Early Warning Europe (EWE) network. Currently, the economic performance of companies is normally analysed by banks in which companies are applying for business loans. There is however no central early warning system that may help entrepreneurs to evaluate the situation of their

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business. An ‘early warning agency’ on state level would be needed to operate the system in each of the Danube region countries. The definition of a proper process for early warning that is designed to effectively prevent businesses from failing, detecting and communicating signs of distress early-on must be elaborated to this end. In addition to national early warning systems, a centralised early warning system that covers not only the Danube countries, but the entire EU (and their associated neighbours) may be pertinent to strive for.

**Associated policy niche:** 3) Rescue measures and revitalisation tools

**Audience:**

- **Implementers:** Policymakers, chambers of commerce, business support organisations
- **Beneficiaries:** Companies and businesses in difficulty needing an independent external opinion

**Implementation level:** local-national and regional

**Monitoring indicator / milestone:**

- Suitable institutions that have the competency to act as “early-warning agencies” identified in each Danube region country (where no early warning agency already exists)
- Institutional structure and operation of the “early-warning agencies” clarified (need to ensure easy access by distressed entrepreneurs)
- One institution commissioned as “central early warning agency” to operate the central early warning system in Europe

**Concrete examples from the regional action plans:**

- Hungary – Action 1: Elaborate the institutional operation of an early warning system
- Serbia – Action 3: Set up an early warning system
- Moldova – Action 3: Develop a national programme “SMEs Second Chance” addressing companies in difficulty, based on the Early Warning Mechanism.<sup>13</sup>

### Recommendation #12: Create and diffuse self-assessment (screening and diagnostic) tools

**Relevance and background:** A key element of the early warning mechanism is an appropriate self-assessment tool using machine learning technology (based on mandatory financial reports) that will enable entrepreneurs to detect problems early. The self-assessment tool is a major element of a screening and diagnostic system. The self-perception of failing/failed entrepreneurs is crucial. Online self-assessment tools can only be effective if entrepreneurs admit their faults and are willing to reduce them. The provision (by public authorities) of free diagnostic tools for enterprises in crisis would help to identify the reasons of failure and could help to direct entrepreneurs to institutions offering support measures. However, entrepreneurs should also be supported and advised – by mentors for instance – how to read the results, assess the diagnostic and decide about the next steps (see recommendation #13).

Furthermore, entrepreneurs need to be empowered to assess their own abilities and readiness to (re-) enter the market. Creating self-assessment tools that allow the entrepreneurs to check if they have the necessary skills to re-enter the market is a possible measure. In combination with the services offered

<sup>13</sup> In the frame of DanubeChance2.0, Moldovan partner ODIMM designed, tested and launched the Early Warning Mechanism in Moldova, The Mechanism is integrated into the national SMEs Second Chance Programme.

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by the business support organisations, self-assessment tools could be a valuable contribution to build capacities on the micro level.

In the frame of DanubeChance2.0, two partners developed distinct screening and diagnostic tools. The Slovak partner Union of Slovak Clusters (UKS) together with all project partners has been working on a tool analysing the financial data for entrepreneurs. This tool analyses financial indicators of SMEs based on algorithms and provides a financial model assessment. The tool, which is currently in the testing phase, may be introduced to other relevant institutions outside the consortium. In addition, the DanubeChance2.0 Lead Partner IFKA developed and launched in June 2021 a screening and diagnostic system for Hungary.

**Associated policy niche:** 3) Rescue measures and revitalisation tools

**Audience:**

- **Implementers:** Financial experts, IT developers, chambers of commerce, support organisations
- **Beneficiaries:** SMEs, distressed entrepreneurs, second-chance entrepreneurs

**Implementation level:** local-national

**Monitoring indicator / milestone:**

- Self-assessment tools for entrepreneurs (screening and diagnostic of the financial situation) available and free of charge
- Self-assessment tools for re-starters available and free of charge

**Concrete example from the regional action plans:**

- Hungary – Action 2: Establish a screening system of the crisis (with the use of data-driven system which can predict the probability of bankruptcy)
- Croatia – Action 2: Provide an appropriate (software) tool based on machine learning technology
- Slovakia – Action 5: Support the creation of solid indicators for early warning systems, algorithm for analysing financial indicators of the SMEs, which can show so-called ‘red flags’ and predict the expected financial situation of the SME

### Recommendation #13: Educate and train experts involved in the early warning system

**Relevance and background:** The training of mentors, experts and supporting institutions involved in the second-chance ecosystem is important in order to be able to successfully implement the early warning mechanism. Special knowledge in crisis and change management, process management and psychology is necessary. Furthermore, experts need to be trained in the use and analysis of the screening & diagnostic tools (see recommendation #12). Early warning systems should include a pool of skilled mentors/experts so as to be able to match the skill with the need of the entrepreneurs.

Testimonials from mentors and mentees that took part in the mentoring programmes carried out in the frame of DanubeChance2.0 project insist on the importance of the credibility of the mentor as well as trust, chemistry and communication as key factors for a fruitful cooperation between mentors and entrepreneurs (mentees).



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Another aspect is that the trainings should include and be based on the exchange of good practices in order to provide the best possible assistance to the entrepreneurs (not only at the national but also European level).

**Associated policy niche:** 3) Rescue measures and revitalisation tools

**Audience:**

- **Implementers:** Institutions identified/acting as ‘early-warning agency’
- **Beneficiaries:** Mentors, experts, consultants, business support organisations involved

**Implementation level:** local-national and regional

**Monitoring indicator / milestone:**

- Organisation of regular trainings (covering i.e. soft and hard skills, knowledge and command of the tools) for mentor and experts
- Organisation of best practice exchange opportunities

**Concrete examples from the regional action plans:**

- Hungary – Actions 3 and 4: Finding experts (consultants, mentors, special experts, corporate contacts); training and integrating them into the system
- Croatia – Action 2: Further strengthen business support institutions with the knowledge needed to help entrepreneurs in difficulty
- Moldova – Action 3: Develop a national programme “SMEs Second Chance” addressing companies in difficulty, based on the Early Earning Mechanism that includes the training of 10 mentors

## Intervention field 6: Create a sound database for second-chance entrepreneurship

### Objective: Ensuring second-chance entrepreneurship remains a key factor of business policies

Specific data on second-chance entrepreneurship is hardly available on a coherent level in the Danube region and the EU in general. Collecting specific data on second-chance entrepreneurship is crucial not only to convince policy makers of the necessity of introducing second-chance policies but also to help them design adequate policy measures. Collection and making available data to the public cannot only be organised at national level if the data shall work towards consolidating policies at a European level.

### Recommendation #14: Widen the knowledge base on failed and second-chance entrepreneurs

**Relevance and background:** Data that would allow a clear view on the second-chance landscape and related processes in the Danube region countries is hardly available on a coherent level in the Danube region and the EU in general. We need to address the lack of data available on both failed enterprises and second-chance entrepreneurs in order to better identify the number of concerned entrepreneurs, their

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issues and needs, which is necessary to be able to improve the legal framework (see recommendation #4) and to develop tailored financial products and services (see recommendation #6).

Some information is now being collected in the frame of the implementation of the EU Directive including:

- number of procedures applied for, opened, pending or closed
- average length of procedures from submission/opening to closures
- number of applications for restructuring procedures that were declared inadmissible, rejected or withdrawn
- number of other procedures broken down by types of outcomes

Furthermore, in order to measure the success of second-chance policies, it would be most insightful to have data on the number of companies in distress/bankruptcy applying for support measures and the corresponding rescue rate due to these measures.

Finally, to deeper investigate the reasons for failure and therefore tailor better support instruments, a profiling of companies based on a pre-defined set of indicators, e.g. sector, region and field of activity, could lead to interesting results.

**Associated policy niche:** 5) monitoring and assessment

**Audience:**

- **Implementers:** policy makers, second-chance entrepreneurs networks, Euclid network
- **Beneficiaries:** policy makers, second-chance entrepreneurs

**Implementation level:** local-national and regional

**Monitoring indicator / milestone:**

- Creation of a *Second-Chance Entrepreneurship Monitor* (at national and European level) (model of the German Social Entrepreneurship Monitor / European Social Entrepreneurship Monitor)
- Existence of a centralised database

**Concrete example from the regional action plans:**

- Croatia – Action 6: Create a database of failed enterprises and a database of entrepreneurs who have failed but want to start an entrepreneurial venture again

### Recommendation #15: Create a tool (data dashboard) for second-chance entrepreneurs

**Relevance and background:**

While the EU Small Business Act fact sheets that exist for EU countries already include some key information on second-chance entrepreneurship and related policies and legislation, a more aligned EU wide “second-chance dashboard” (including indicators on issues such as insolvency procedures, business- re-starting, discharge procedures, costs of bankruptcy procedures, etc.) could help promoting second-chance efforts and market re-entry for honest failed entrepreneurs. A special focus should hereby be put on SMEs, as one reason for bankruptcy is that reorganisation can be extremely costly for micro and small companies to the extent that some of them may not be able to afford it and only have

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bankruptcy as a viable option. Support in this reorganisation phase might prevent bankruptcy of SMEs. This is one reason why SMEs should be an extra target group.

The second-chance tool or data dashboard should merge all collected data (nationally and EU-wide). A concept of the tool needs to be developed first defining its requirements, structure, features, design and options in consultation with experts, policymakers, data scientists and data sharing experts. Political leverage for such a common EU Data Dashboard could be given by the Early Warning Europe network.

**Associated policy niche:** 5) monitoring and assessment

**Audience:**

- **Implementers:** policy makers, data scientists, experts, Early Warning Europe
- **Beneficiaries:** policy makers, support organisations

**Implementation level:** local-national and regional

**Monitoring indicator / milestone:**

- Concept for data dashboard
- Existence of a data dashboard of
  - failed entrepreneurs
  - failed entrepreneurs who want to start an entrepreneurial venture again
  - second-chance entrepreneurs

**Concrete example from the regional action plans:**

- Croatia - Action 6: Creating a database of failed enterprises and a database of entrepreneurs who have failed but want to start an entrepreneurial venture again.

## 6. Dissemination strategy and outlook

This Second-Chance Entrepreneurship Community Strategy will be promoted by all project partners, and made available to other organisations, regions/countries outside of the current partnership and programme area. Project partners are committed to circulate the strategy to their regional/national policymakers and to lobby to take the recommendations into account in the implementation of the EU Directive and in the planning of the upcoming regional and national operational programmes. The strategy will be also disseminated to other regions through the ASPs EURADA (covering Europe) and CEI (covering Adriatic Ionic Macro-region) but also through the Early Warning Europe Network with whom the DanubeChance2.0 consortium developed strong links.

The strategy will be widely disseminated through the following channels and means: It will be

- uploaded and accessible on the [project website](#),
- communicated in the project newsletter,
- mailed to all local stakeholders listed in the project databank,
- presented at events in which project partners are participating,
- circulated to relevant government agencies, policymakers and public authorities,
- circulated to EUSDR PA coordinators.

In view of supporting the implementation and sustainability of the strategy, the DanubeChance2.0 consortium will strive to gather prominent support and patronage of the members of Transnational

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Network of Experts, continue the collaboration with the Early Warning Europe network and the implementation of the regional action plans.

Finally, the consortium will work on identifying opportunities to

- build on and exploit the activities and results of the Danube Chance 2.0 project,
- monitor the implementation of the strategy and regional action plans
- institutionalise the Transnational Expert Network on Second-Chance (which could act as “executive arm” of the strategy) e.g. under the umbrella of EUSDR.

## 7. Conclusion

With the implementation of the EU Directive on Restructuring and Insolvency (EUR 2019/1023) that is under way and the COVID-19 crisis, the topic of second-chance entrepreneurship has gained momentum. The EU Directive represents an important step forward though an extension period has been requested by many EU member states. DanubeChance2.0 has the unique opportunity to deliver the insights on re-start gathered in this project and advice policy makers that look for new policy ideas. Indeed, the sanitary crisis has already and will continue to provide for extensive state support programmes for the economy, especially for small and medium sized enterprises. It is now important to keep the dynamic and ensure that the topic of second chance is and remains on the political agenda. By providing a framework with concrete recommendations, this strategy aims at supporting this effort.

Policy action needs to support the deconstruction of the negative image of a failed entrepreneur (or an entrepreneur in distress) and help to destigmatise failure and promote a positive attitude in society towards giving entrepreneurs a fresh start. This is crucial to increase the willingness of entrepreneurs in a (financial) crisis to accept help and take the necessary actions in time. Entrepreneurs facing difficulties often resolve to ask for support when the problems have become almost unmanageable. The crux that faces support organisations is therefore how to reach and get in contact with companies at an early stage when their crisis is still relatively manageable, which underlines the importance of early warning mechanisms. It is necessary to install such early mechanisms in all European countries beyond the Danube region. Furthermore, support measures and programmes for entrepreneurs in distress and re-starters need not only to be strengthened but also to gain more visibility and outreach. Given the burden both in terms of time and money that a restructuring procedure represents for a company – especially for SMEs - greater efforts must be made to communicate the existence and benefits of out-of-court settlements amongst entrepreneurs. Finally, investing in second-chance projects and early warning will also save government and creditors’ money. As an Early Warning Europe Survey shows, every euro invested will pay back five times (Early Warning Denmark).<sup>14</sup>

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<sup>14</sup> This figure on return of investment is based on a calculation from a Dutch EWE partner that the average direct and indirect cost of a bankruptcy in a micro-company is 200.000 euros in year 1 (corporate and personal taxes lost, public welfare until the owner and employees find new jobs, court costs, uncovered debt, even health costs when people need medical or psychiatric help, etc.). Their idea is that if they receive for example 1 million euros of financing for running their EW operation, they only need to help five companies per year to be a good investment for the taxpayers. But they help about 2.500 companies per year.

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## 9. Annex: Self-Assessment questionnaire

<b>Contact information</b>
Name:
Organization:
Country:
Email:

<b>The marks are from 1 to 4 where:</b>
1 - totally disagree
2 - partially disagree
3 - partially agree
4 - totally agree

Self-Assessment Questionnaire for Second-chance entrepreneurship ecosystem			
Questionnaire	score self evaluation	please include comments and justification supporting your score	please name the current / possible responsible organizations in your country
<b>A. TRAINING</b>			
Entrepreneurial knowledge is part of primary and secondary education			
Universities provide practice-oriented entrepreneurship / leadership skills			
Entrepreneurial / leadership training is available through the adult education system			
Entrepreneurial / leadership training is publicly supported in adult education			
Crisis managers are trained in the adult education system			
The principle of public education encourages cooperation, co-creation and collaboration			

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<b>B. BUSINESS CULTURE</b>			
Liquidated businesses are NOT stigmatized at all by the (business) community			
General business competition is clear and well regulated			
The networking and cooperation of the companies are on high level			
Companies plan for the long term and develop strategies			
Registering insolvency processes takes place directly when becoming insolvent.			
Banks offer support for turnaround and restructuring measures rather than directly liquidating companies.			
Permeability of entrepreneurs to become entrepreneurs (again) rather than employees is high.			
Failed entrepreneurs are respected by other entrepreneurs, such as suppliers, strategic partners etc.			
<b>C. EARLY WARNING MECHANISMS</b>			
Entrepreneurs can clearly judge the situation of their businesses			
Entrepreneurs have the appropriate financial knowledge and can detect the signs of crisis in time			
Accountants help entrepreneurs discover the early (warning) signs			
The annual profit and loss account and balance sheet is freely available in public databases			
There is a 'central' early warning system based on the company information database			
The early warning system is supported at state level			
There are regular monitoring meetings with banks and creditors to review the company's balance sheets			
<b>D. REGULATORY ENVIRONMENT</b>			
There is a separate bankruptcy law			
Bankruptcy procedures and related moratorial work effectively in practice.			
Legislation distinguishes fraud and unfraud behaviour during liquidation proceedings penalizing only fraud			
Bankruptcy law adapts EU recommendations quickly and efficiently			

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Starting and re-starting a business is easy and not costly			
There is an effective and efficient out-of-court agreement system			
Insolvency law protects companies in restructuring and turn-around situations from banks and other creditors			
Insolvency administrators are empowered to restructure and reorganize businesses for a turnaround.			
<b>E. CRISIS AND TURNAROUND MANAGEMENT</b>			
Effective 'Crisis & Turnaround' management services are available			
Entrepreneurs can easily access and be aware of these 'Crisis & Turnaround' management services			
'Crisis & Turnaround' management services are offered by several institutions and direct the entrepreneur there			
'Crisis & Turnaround' management services are supported at the state level			
Information and statistics on bankruptcy, liquidation and liquidation proceedings are freely available			
Failed (self-employed) entrepreneurs are eligible for unemployment benefits for a minimum of 9 months			
<b>F. FINANCING</b>			
There is a financing institution that specifically finances firms in difficulty and helps them reorganize			
There are business players who help companies in difficulty with capital investments			
Companies in difficulty are supported by several means by the state			
Restarters are supported by state financial instruments (support, tax and debt relief, restructuring, etc.)			
Low scores in Credit Reference Agency ratings are not hindering a failed entrepreneur from starting over			
Restarters are able to open bank-accounts for starting a new business.			
Restarters are not facing difficulties to rent an office, get access to telephone and internet contracts etc.			



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<b>G. INCUBATION SUPPORT</b>			
Entrepreneurs in crisis are assisted by state-funded consultants to move forward			
Entrepreneurs in crisis are assisted by state-funded mentors in reintegration and growth			
Restarter entrepreneurs are supported by state-funded consultants to continue their business			
Restarter entrepreneurs are assisted by state-funded mentors to restructure and grow			
A spiritual support program and service available for companies in crisis and restarters			
Public funding programmes are open for restarters without explicitly excluding them			
Public health systems provides psychological support for failed entrepreneurs to recover from stress and trauma.			