Grant Agreement No.: 764369
Project title: European Migrant Entrepreneurship Network Project acronym: EMEN

European Migrant Entrepreneurship Network

Deliverable 2.13

Discussion note on access to finance for migrant entrepreneurs,

with suggestions of information products for key stakeholders (migrant entrepreneurs, trainers/mentors, staff of public entities and financial intermediaries)

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Acknowledgment

This document is funded under the COSME project EMEN, Grant Agreement 764369.

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Preamble

Migrant and refugee entrepreneurs meet many useful people on their journeys towards a better life, and not just when they are writing or finalizing a business plan. It already begins when they are contemplating leaving their countries, and such encounters continue throughout. Enterprising individuals are always seeking contacts or meeting other people who will advise them, are willing to converse, may be available to counsel them, who will act as a coach or mentor, who can refer them to others, can share information and insights, or who may decide (or not) to invest in their new venture. There is a broad spectrum of stakeholders, direct and indirect contacts, for prospective and existing refugee or migrant entrepreneurs. Stakeholders whose roles and work will be effective when they understand the context in which the refugee or migrant entrepreneur operates and lives, and when they understand the varying financing needs during these journeys. When they understand this context, stakeholders will also be effective in creating access to finance, to the great number of financing possibilities and options – both traditional and emerging, innovative ones. Creating access to appropriate financing is more than just helping to write a business plan and related financing plans. To create real access to finance, all stakeholders including the entrepreneur him/herself need to be well informed and understand the specific financing needs for the different stages of the journey that the migrant or refugee takes. That is not one single financing solution; the options are manifold. Good matching is therefore key.

This manual will be helpful in understanding the varying financing needs that migrant/refugee entrepreneurs have over time.

The manual

i. presents a way of looking at the micro, small and medium enterprise (MSME) universe,
ii. describes the various stages of migration and relates this to business development,
iii. goes deeper into the financing needs along the business life cycle, especially for migrant/refugee entrepreneurs,
iv. discusses the many financing possibilities that exist for migrant/refugee entrepreneurs, and
v. comes with suggestions of which elements must be taken into account by public authorities, trainers, coaches, mentors and staff at financial institutions to ensure that migrant/refugee entrepreneurs have realistic access to (an ever more diverse) financing.

The manual contains suggestions for modifying training programmes for entrepreneurs if these are offered to migrant/refugee entrepreneurs, as well as suggestions on the elements or issues that should be included in information packages for staff of support organisations (financial intermediaries and business support organisations) and for social welfare staff and public authorities to better serve migrant and refugee entrepreneurs. [1] In the annexes, examples of interesting

[1] A selected number of information packages and training modules based on the ideas laid down in this report will be made available by March-April 2020.

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initiatives are given as well as a list of good practices in business development programmes, training, and pre- and post-loan consultancy services leading to improved understanding and use of financing.

This manual has been written by a team of specialists from The Hague University of Applied Sciences (THUAS), the lead partner of the Community of Practice 2, Access to Finance for migrant/refugee entrepreneurs (CoP2) of the European Migrant Entrepreneurship Network (EMEN) project. The content is based on the outcome of research, literature studies, a special survey carried out in 2018/2019 by THUAS, working papers prepared earlier[2], debates and discussions during the 2nd International EMEN event held in 2019 (The Hague, 20th June 2019) and interviews with key resource people.

February 2020

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[2] See also Annex E Further reading

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1 Do we know our markets, our players and financing issues?

Not all refugees and migrants are the same, neither are all enterprising migrants nor refugees the same. Arriving migrant and refugee entrepreneurs are endowed with different talents, have different resource/asset bases, and come with a variety of (previously acquired or latent) entrepreneurial capabilities. They may also have different aspirations and long-term visions of staying in the new country of residence. Different stakeholders are met on the journey, who all need to be aware of the different roles they will play and the various financial and financing-related issues that migrant/ refugee entrepreneurs will face.

1.1 The business life cycle is not enough

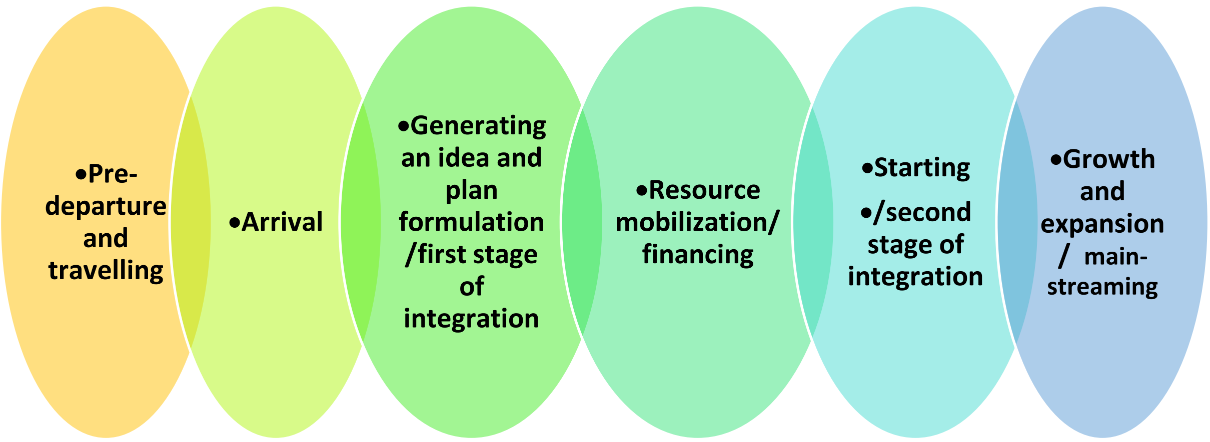
In business development, one tends to apply the business life cycle concept to identify key actions and define the appropriate forms of financing. However, when it comes to migrant and refugee entrepreneurs intending to start a new life in a new country, we need to look at it from a more holistic perspective. Their needs change over time and are directly related to progress made in the journeys of the migrant and refugee entrepreneur.

There are five distinct stages in that journey and, in each stage, the financial needs are quite different:

1. Pre-departure stage
2. Arrival stage and first integration
3. Preparation (business planning) stage
4. Resource mobilisation and starting stage – second stage of integration
5. Growth and expansion stage – mainstreaming stage.

See figure 1.

Figure 1 The five stages from departure to full mainstreaming



Source: Author (2020)

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Enterprising refugees and migrants may have commenced with their business development process already during the first two stages. They do not just start thinking about self-employment as an option to generate income and create work after arrival. They also bring experience and expertise with them, and they might have already accumulated (business) assets, capital and know-how in the country of origin. By acknowledging this, business development support services, including financing, can be more effective and lead to fast launching of new businesses.

In assessing financing needs, the business life cycle approach is an effective tool to define what type of (external) financing is needed at different stages of evolution. Whether one wishes to engage in self-employment (without people employed) or in micro or small enterprises, all have varying financial needs at different stages of the realisation of their plans. Again, this must be related to their asset base at the different stages. The various categories of (migrant/refugee) entrepreneurs have different financing needs during the life cycle of their businesses (Berger, 1998): they will use their own funds (savings and borrowing from people in their immediate environment) at the start-up and early stages and gradually require external financing during the growth and expansion stages. A fully operational enterprise gradually needs more external financing, in the early stage mainly in the form of bank loans. Over time, entrepreneurs seek more comprehensive financing packages, without focusing on one single financial service provider, and making more use of internet and web-based facilities such as crowdfunding, peer-to-peer lending, business angels and informal investors, as well as locally operating savings and credit mechanisms. Migrant/refugee entrepreneurs will therefore seek more than just integration; they would like to be treated as any other entrepreneur. Mainstreaming is then the final, desired outcome.

1.2 Different options of self-employment

Each individual has their own drives, motivation and capacities when it comes to setting up a self-employment activity. These are also determined by the experience gained over time, especially the entrepreneurial track record. These factors all determine their eventual success as a self-employed, micro- or small entrepreneur in a new country.

The three categories are the following:

i. The migrants and refugees who *out of necessity seek ways to engage in self-employment:* these are mainly migrants who upon arrival do not have access to the formal labour market or face severe difficulties in accessing it. They mainly depend on social welfare programmes and might be told that self-employment could be an option to gain some income. Depending on social security benefits, they might even be reluctant to engage in income-generating activities to survive and thus become “entrepreneurs” to sustain their livelihood. In the country of origin, they were probably employed on low wages or just struggling to survive and certainly not engaged in gainful self-employment or businesses. They often have relatively limited educational backgrounds and limited business experience.
ii. *Opportunity-driven* migrant and *refugee entrepreneurs*: these are the migrant entrepreneurs with previous business experience, although not in modern or fast-growing ones. They may arrive with some, but still relatively limited, resources which they intend to deploy to become self-employed or to invest in a micro-enterprise once they see a market opportunity

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in the country of residence. They are receptive to assistance in developing a business plan and willing to pursue their ideas.

iii. *Growth-oriented* migrant and *refugee entrepreneurs:* these are enterprising people with a strong entrepreneurial background, with the skills needed and possibly even financial resources, which they might have already exported from the country of origin. People who deliberately decide to start and develop a business with relatively high capital accumulation or job-creation potential, often with great innovation capacity and clear market orientation. This is a category of people who quite often arrive on their own and stay away from the general social support programmes in the new countries.

For all three categories, migrants, refugees and their families might have to flee suddenly without having any opportunity to prepare for departure. In that case, there is little chance they could take preparatory action to ensure a relatively easy start in the reception country. They will therefore arrive without any significant assets or funds (nor are these already in their foreign accounts).

European societies are changing rapidly, and citizens are also reacting to the new social and work environments. People look more critically at options related to “life-long employment” and “life-long self-employment”. Today, men and women might seek new options to become economically active and develop new forms of entrepreneurship. These options may be either part-time or intermittent, leading to hybrid forms of entrepreneurship where an individual combines formal wage employment (or social welfare benefits) with self-employment (either as a freelancer or as a small or micro-entrepreneur) simultaneously. Such hybrid entrepreneurial forms might represent a new way to start a business. Indeed, refugees and migrants also opt for such forms, which are often more effective to start a new business.[3]

To understand better what type of enterprise a migrant or refugee entrepreneur may set up, it is relevant to segment the universe of self-employment activities. The classification presented visually in Figure 2 covers all types of economic self-employment activities, ranging from survival self-employment to the medium-sized entrepreneurial venture a migrant/refugee might be engaged in.

[3] See also (Molenaar, They are not yet seen... but...Hybrid Entrepreneurship emerging is changing society, 2016)

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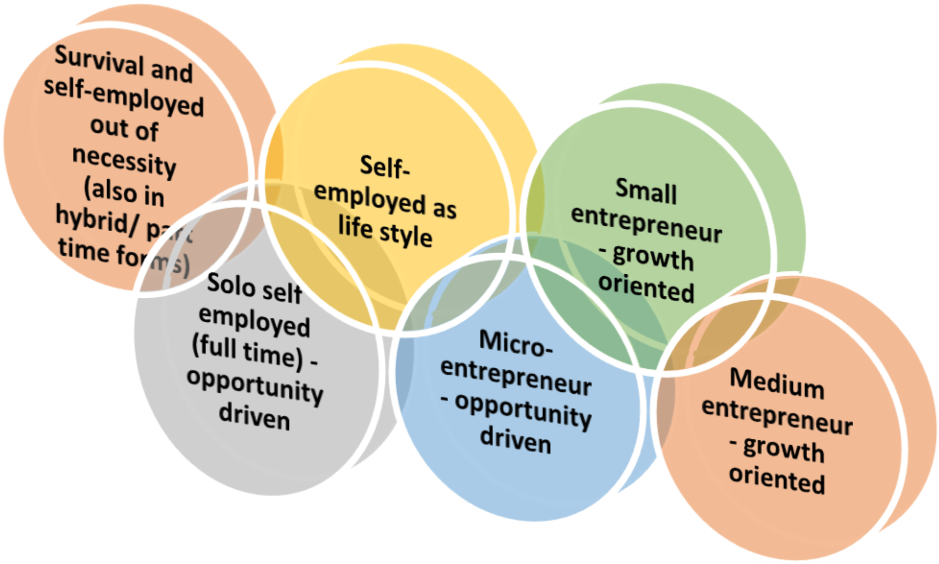
Figure 2 Classification of income-generating activities and types of businesses



Source: Based on the classification of Farman and Lessik (Gosses, 1989) *and further adapted by* (Molenaar, 2013)

Despite the above-mentioned differences among prospective migrant and refugee entrepreneurs, support organisations tend to treat them all in the same way, assuming they have similar needs and considering that becoming self-employed or micro-entrepreneurs would be appropriate for all. Effective support on access to finance depends on a clear understanding of such differences in entrepreneurial and human qualities and the distinct experiences or expertise and asset bases.

1.3 Different financing issues between local and refugee/migrant entrepreneurs[4]

To enhance the effectiveness of trainers, coaches, mentors and staff at financial institutions working with migrant/refugee entrepreneurs, it is important to be aware which financing and finance-related issues are key for newly arrived migrant/refugee entrepreneurs. See table 1.

[4] See also (Molenaar, Working paper with overview of lessons learned and good practices related to access to finance, 2019)

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Table 1 Differences in financing issues between autochthonous and migrant/refugee entrepreneurs

Stage in business development	Key financing-related issues for entrepreneurs in general	Specific financing-related issues for migrant/refugee entrepreneurs
Pre-departure		Setting aside cash/funds Visualising the future in the new country Documenting track records/properties
Arrival		Ensuring income to finance households Finding one's way in the financial support and financing world Learning about the market
Idea -> Plan	Knowing how much one can spend Setting goals and targets (income, sales) Visualising the future Defining investment plan Knowing own funds	Rules and regulations; norms, values, business ethics Knowing how long one can stay and visualising the future Knowing which financing can be transferred from abroad/home
Resource mobilisation	Preparing financing plan Exploring financing options Preparing presentation Mobilising own funds	Freeing/transferring own cash Knowing where to find financial support locally and abroad Relating to friends and relatives in country of residence for (additional) financing
First year (start)	Liquidity control Administration Credit control Prices/costs Separating personal from business finance	Breaking away from own group Mobilising diaspora funding Credit management (of sales to fellow migrants/refugees)
Growth	Liquidity control From Short- to mid-term financing From project to bank financing	Relating to mainstream financing entities
Diversification	Broadening financing Accessing new financing sources (virtual and digital ones)	Mixing diaspora funding with local and international funding

Source: Adapted from (Molenaar, Working paper with overview of lessons learned and good practices related to access to finance, 2019) *and* (Bauwin M and Molenaar, 2019)

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Effective access to finance for migrant/refugee entrepreneurs is determined by:

- How well-prepared prospective migrant/refugee entrepreneurs are to get started and whether they are informed about possibilities and opportunities in the new environment;
- Trainers' and coaches' level of preparation and how well they understand, or are familiar with, the differences between locally operating entrepreneurs and migrant/refugee entrepreneurs;
- The level of understanding of staff working at formal and informal financial institutions (FIs) and the degree to which internal evaluation and appraisal procedures do not automatically exclude this group as potential clients;

and

- The degree to which public authorities are genuinely interested in and allowed to support migrants/refugees in their efforts to become self-employed or start their own business (to generate sustainable income and create decent work).

1.4 Different supporters at different stages

On their journeys towards entrepreneurship (with gainful employment and sustained jobs), migrant and refugee entrepreneurs (prospective and existing ones) meet a variety of organisations and professionals willing to assist and advise. Each can extend special services and assistance to the prospective entrepreneurs or self-employed. The key stakeholders at service delivery and support level are met at different moments: some play a role at the departure stage, others at arrival, and there those who can be of support when the migrant/refugee entrepreneur is well underway to getting started.

A summary of the principle players/stakeholders in the support process is visualized in figure 3.

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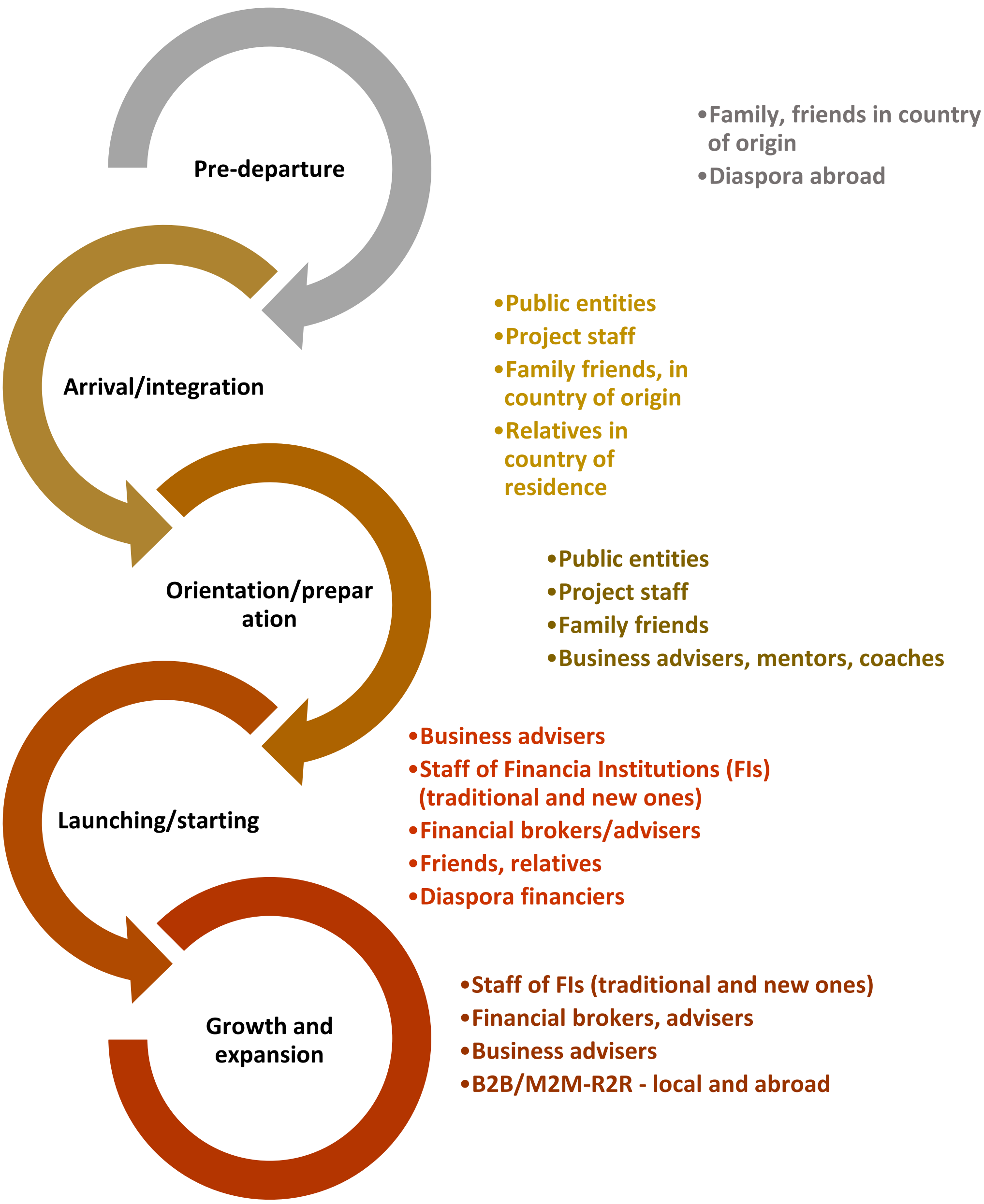
Figure 3 The key players assisting migrant/refugee entrepreneurs



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In the different stages, each key player will play his or her role. This also depends on the issues to be dealt with. At each stage and for each issue to be dealt with, the support will be extended in different forms. See table 2.

Table 2 Stages of development, financing issues and key players

	Key financing-related issues for entrepreneurs in general	Specific financing issues for migrants/refugees	Key roles for	More likely form of support
Pre-departure		Setting aside cash/funds	Family, friends locally to advise and inform	General advice
		Visualising the future	The entrepreneur (through the internet)	Searching
		Documenting track records	The entrepreneur	Organising
Arrival		Ensuring income to finance households	Public authorities to have a proper support service in place	Information session
		Finding one's way	Local family, relatives and friends Local authorities	General advice Information sessions
		Learning about the market	Friends and local family The entrepreneur - through the internet	General advice Information sessions Searching
Idea -> Plan	Knowing how much one can spend	Rules and regulations	Support service (trainer, coaches, mentors)	Information sessions Training
	Setting goals and targets	Knowing how long one can stay	Public authorities	Information sessions Individual counselling
	Defining investment plan		Support service (trainer, coaches, mentors)	Training Consultancy services (coaching or mentoring)

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Table 2 Stages of development, financing issues and key players – cont.

	Key financing-related issues	Specific financing issues for migrants/refugees	Key roles for	More likely form of support
Resource mobilisation/start	Preparing financing plan	Freeing/transferring own cash	The entrepreneur Public authorities (with respect to rules/ regulations/ and consequences)	Searching Training Consultancy services (coaching or mentoring)
	Exploring financing options	Knowing where to find financial support locally and abroad	Existing institutions with proper information campaigns	Information Counselling
	Preparing presentation	Understanding how local financing entities operate	The entrepreneur by informing themselves Support services (trainer, coaches, mentors) Staff of financial intermediaries	Training Individual counselling and/or coaching
	Mobilising own funds		The entrepreneur Public authorities Support service (trainer, coaches, mentors)	Own initiative Counselling (by third parties) Public authorities to permit
First year	Liquidity control	Breaking away from own group	The entrepreneur Support service provider (trainer, coaches, mentors)	Training Consultancy services (coaching or mentoring)
	Administration		Support service provider (trainer, coaches, mentors)	Training Consultancy services (coaching or mentoring)
	Credit control		Support service provider (trainer, coaches, mentors)	Training Consultancy services (coaching or mentoring)
	Prices/costs		Support service provider (trainer, coaches, mentors)	Training Consultancy services (coaching or mentoring)

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Table 2 Stages of development, financing issues and key players – cont.

	Key financing-related issues	Specific financing issues for migrants/refugees	Key roles for	More likely form of support
Growth	Liquidity control	Opening markets	Support service provider (trainer, coaches, mentors)	Training Consultancy services (coaching or mentoring)
	From Short-to Mid-Term financing		Support service provider (trainer, coaches, mentors) Staff of financial intermediaries	Training Consultancy services (coaching or mentoring) Information sessions (by FIs)
	From project to bank financing		Coaches, mentors, consultants Staff of financial intermediaries	Consultancy services (coaching or mentoring as brokers) Information sessions (by FIs)
Diversification	Broadening financing	Mixing diaspora funding with traditional funding	The entrepreneur Information by	Searching
	Accessing new financing		Coaches/advisers Staff of financial intermediaries	Consultancy services (coaching or mentoring as brokers) Information sessions (by FIs)

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2 The many forms of SME financing – traditional and new ones

Over the past decades, we have gained more profound insight into the financial and financing needs of migrant and refugee entrepreneurs, as well as the specific barriers they may have to overcome during their journey towards setting up and running sustainable businesses. We have also become more appreciative of the growing number of new, alternative ways to meet those needs. Effective use of external finances will depend on the proper identification of a balanced mix of both traditional and new forms of financing and recognizing barriers (at both ends). This in turn might offer better chances for newcomers to make their dreams come true.

2.1 Migrant and refugee entrepreneurs need more than microfinance

There is a persistent belief that microfinance (read: microloans) is the only solution for migrant or refugee entrepreneurs to get started. Of course, there are many migrants excluded from regular society who are in need of such support and, by receiving small loans, they can regain self-confidence and feel empowered to start a small economic activity generating some additional income and become a more respected member of society. Plus, there are many migrants that have already found part-time jobs who also want to gain some extra income through additional self-employment. This type of hybrid migrant entrepreneur can indeed be supported with a relatively small microloan. However, this is not the reality for full-time migrant entrepreneurs. While some would be better off with a small grant to kick-start activities, others will need more complex financing.

But we overlook the fact that there are also migrants who are quite resourceful when they arrive in their new countries of residence, enterprising and with more ambitions and assets than we seem to understand or see. These are people who have completed their education and, as professionals, they wish to participate in the host society. They are people who have crossed borders and, by doing so, they have brought with them new insight and market intelligence which many of us lack: marketing insights with which they aspire to set up small and even medium enterprises that contribute to sustainable development in either the new host societies or the countries of origin. But many have limited or no access to formal financial services, as often they do not fit the mindset of bank staff or the evaluation schedules that banks use.

The more successful migrant entrepreneurs start businesses with their own financial resources and, of course, their knowledge, vision, drive and ambition. In the beginning – the start-up phase – besides their own savings, they tend to rely on loans from family or friends and credit provided by input suppliers. This is also applicable in the new country of residence.

The traditional services offered to SME entrepreneurs by banks and other formal financing entities have been enriched by alternative forms of financing through a broad range of product/service adaptations and by technological innovations. This has resulted in both a broader range of services offered by the formal, traditional channels and the emergence of new organizations (physical and virtual) applying FinTech-based methods and processes which offer all kinds of new products. Refugees, asylum seekers or migrants, they can all now make use of a broader range of options to access (external) finance. And they can create mechanisms in which they participate directly, such as diaspora funds, crowdfunding and peer-to-peer (P2P) lending platforms.

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2.2 Traditional financing

MSMEs in general and therefore migrant entrepreneurs can make use of a variety of financing services to either increase capital or attract external debts. The traditional instruments offered are:

- Grants and (income) subsidies for kick-off and starting periods
- Loans (Shor-Term, Long-Term) with collateral
- Loan guarantees
- Participations.

Grants and income subsidies have often been used by governments to stimulate excluded segments in society (long-term unemployed, migrants, women and, of late, young people) to participate and start a business to generate income and create one's own job.

Loans (with or without collateral) and participations have been the traditional external funding mechanisms for entrepreneurs running and developing SMEs. Of late, microlending has also emerged as a tool to reach out to enterprising people who face problems in accessing formal financing.

Loan guarantee systems are reliable and receiving more attention as an instrument to create access to financing for specific groups.

Grants and subsidies

Grants, either in the form of one-shot donations or in regular form as income subsidies, are capital transfers whereby the ownership over money is transferred from one party to another. Legally, the receiving party becomes the sole owner of the money transferred and the party giving away ownership cannot exercise any rights over the money anymore.

Public authorities and development organisations often use these systems to assist excluded groups to start an income-generating activity by providing kick-off funds easing the actual start or by income subsidies to guide the new entrepreneur through the first years of operation.

Many donating organisations often think they can still exercise rights over the party receiving the grants. If there was an obligation to return the money to the donating party once one or more conditions were not met, one cannot talk about grants anymore. This issue is very often overlooked by parties.

Loans and guarantees

Credit stems from the Latin word "*credere*" = having trust in somebody. Lending money is easy and nothing other than allowing a second party to use someone else's money, often against a payment (interest).

There are many ways in which loans can be extended to people in support of their (planned or existing) income-generating activity and business ventures. In all cases, the lender expects the borrower to return the money loaned out/given in temporary use. This can be very short or over longer periods, but also with special conditions such as repayment after others have repaid (subordination). It can be to acquire assets (investment loans, leasing), to keep a business running

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(working capital), to pay for purchases (trade credit), to introduce changes in the business (innovation credit, loans for research), or to overcome special problems stemming from others not paying on time (factoring).In all cases, the repayment periods will differ, as will the related risks and costs.

In essence, it is in the interest of the lender that the borrower keeps paying the interest (as long as that is greater than the costs for the lender), so repeat lending and continuous lending is no exception in many cases (as in many microfinance programmes).

Since businesses go through different stages, there are different financing needs as well. The right service for both parties depends on the proper matching of needs and the lending product.

All SMEs may benefit from special loans as long as the right product is offered, and it is in line with the need. Potentially successful enterprising migrant and refugee entrepreneurs experience the same problems as any other SME in accessing lending. On top of that, there might be more intangible barriers that limit access (see also (Molenaar, 2019)).

Guarantee funds could play an important role to ensure that available funds are channelled to investments promoted by well-prepared entrepreneurs who may otherwise not be supported, in particular start-up SMEs. Worldwide, entrepreneurship is on the rise. However, most people lack the capital base needed, so they seek a loan to finance part of their investment. Regrettably, the capital accumulation capacity in society is limited: not everybody owns life insurance policies, buildings, land, houses or other assets which could be offered as collateral. Successful guarantee funds have acknowledged this, and a closer look into the history of functioning guarantee funds will reveal so.

Loan guarantees are gradually being “rehabilitated” as an instrument to create better and more access to financing for SMEs in general and for specific target groups. For this reason, it will be discussed in detail under emerging tools (next paragraph).

Participations

Own equity for small and microenterprises is traditionally built up in two major components: own capital (read: savings) invested in the new venture, in some cases complemented with capital from relatives and friends. The latter is normally in relatively smaller amounts since the founder tends to keep full control over his/her business. This can only be achieved with the owner providing for the larger part or buying in as the majority shareholder (in more formally registered constructions). The past years’ additional capital (in particular for growing SMEs) is made available formally *by venture capital companies and private investment funds*.

In some countries, special investment vehicles have been set up to boost the creation and growth of small enterprises with specific objectives, such as innovation funds for technology-related investments (sometimes linked to universities) or regional development funds to boost local and regional economies in destitute areas.

Investing in companies and becoming a shareholder/partner is gaining ground with a growing number of private investors entering this market.

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Other traditional financing instruments

Other options for starting enterprises to finance (part of the) working capital in an indirect way (e.g. without entering into a direct relationship with a third party to request special financing) are:

- *Overdraft on credit card facilities*, with credit cards being obtained rather easily in Europe; and
- Using credit facilities with *company cards* of large department stores for purchasing items for the business.

For existing businesses, other debt-financing sources include trade credit, accounts receivable factoring, finance companies, leasing companies, mutual savings banks, savings and loan associations, and insurance companies (mainly used by small and medium enterprises).

- *Trade credit* is accounted for when suppliers sell goods on credit terms. This credit is reflected on the entrepreneur's balance sheet as accounts payable and, in most cases, it must be paid in 30 to 90 days. Many small, new businesses make use of this facility. Suppliers typically offer this credit as a way of attracting new customers.
- *Accounts receivable financing* is short-term financing by banks whereby invoices are pledged as collateral for a loan. Accounts receivable loans are made by commercial banks, whereas factoring is done primarily by commercial finance companies and factoring concerns. Accounts receivable bank loans are made on a discounted value of the receivables pledged.
- *Factoring* is the sale of accounts receivable. Under the arrangement, the receivables are sold, at a discounted value, to a factoring company. Some commercial finance companies also do factoring. Under a standard arrangement, the factor will buy the client's receivables outright, without recourse, as soon as the client creates them by its shipment of goods to customers.

Other financial resources are:

- *Angel investors:* "similar to venture capitalists in that they offer financial support in exchange for some ownership in your company. However, they are different in that their reason for investment isn't primarily focused on the profits they might receive. Rather, they may want to help a start-up get built for reasons such as being interested in the product or service, the individuals managing the company or the potential of economic growth in the community. This form of financing is more realistic for this Group than the Venture Capitalists, which is intended for attracting large amounts."
- *Business incubators*: "small business incubators have become more popular. These organizations provide support in the form of coaching, expert knowledge, networking and free or cheap office space. They commonly offer training programs for entrepreneurs as well. Many business incubators also offer financing in the forms of loans, investors and grants**,** although amounts and conditions vary widely. *For example, one incubator might*

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give you a Euro 1,000 grant if you finish a business course, while another might give a short-term loan for a few months to pay for your start-up expenses."

- *Finance companies* are asset-based lenders that lend money against assets such as receivables, inventory and equipment. The advantage of dealing with a commercial finance company is that often it will provide loans that banks will not. The interest rate varies and is often a few points above the rates charged by a bank. New ventures which are unable to raise money from banks and factors often turn to finance companies.
- *Leasing*: a form of renting equipment, machinery or premises. It makes it possible to acquire such assets without a large claim on the available liquidity. This may be in the form of a financial lease (the risks are with the lessee and after a period the asset can be acquired at residual value) or operational lease (risk ownership stays with the lease company).

2.3 New forms of financing[5]

Structural changes take place in our society which create new avenues for financing of economic activities in general and thus for refugees and migrants as well.

Internet and social media (crowdfunding, cell phone-based remittances)

ICT, the Internet, communications systems and travelling facilities have made the world smaller and created access to new sources of financing, physical and virtual. The market trends in Dakar (Senegal) or Accra (Ghana) are directly passed on to an entrepreneur living in Middelburg (the Netherlands); political changes are known the moment they take place; new technological applications are shared by people on the Web who are no longer halted at physical borders.

The Internet and the World Wide Web in combination with social media offer new opportunities to enter into financing arrangements across physical borders: new opportunities to reach large numbers of potential investors who are willing to become lenders or even investors (partners in businesses) with relatively small amounts. Small amounts represent small risks and allow people to be connected financially without the risk of losing large sums. The first initiatives were still structured and organized by third parties, such as the Kiva or MYC4 platforms linking micro-entrepreneurs, micro-investors and microfinance institutions and the cell phone-based money transfer systems (of MoneyGram for instance). This already demonstrated that the Internet offers new opportunities to invest across borders. In recent years more individualized and informal systems have emerged, many of which have a crowdfunding character. The interesting point is that there is no longer any physical boundary between investees and investors: a small or microentrepreneur in Kampala can be supported by lenders from the UK, France, Indonesia or Tanzania.

New (informal) investors and peer-to-peer lending

All over the EU, the post-war generation is in the process of retiring. Many have acquired considerable wealth in terms of capital and money. This accumulation of wealth finds its origins in inheritances from a generation that worked hard to reconstruct society and saved significantly over previous decades. Next to that, they invested in real estate and industries, investments with high returns, which they can now pass on to the post-war generation. Many have been privileged over the years in having attractive salaries as well.

[5] See also (Molenaar, Financiering voor het MKB en de ZZper is meer dan lenen van een bank, 2017) – in Dutch and (OECD, 2013)

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These are the new informal investors: still active, interested to invest part of their wealth and capital in new, innovative businesses, and socially committed. They are not willing to donate money but would prefer to invest their talent, experience and money in new ventures. They do not like to entrust their funds to the hands of investment funds but would be at the forefront. They organize themselves informally, making use of modern communication techniques. Such new informal investors or business angels offer new chances for innovative and growth-oriented small and medium enterprises. And the technological innovations offer new opportunities for these informal investors. They do not feel restricted to investing close to home and let their funds cross borders without any intermediation by banks.

Faith-based financing

Faith- and culture-based systems have come up with new working methods. This can be in a rather informal way, through charities and/or associations with the aim of contributing to economic development, but also in a more structured way.

The charities sometimes take over the role of the state which withdraws more and more. They now provide grants as seed capital or income subsidies in support of people who want to break away from total exclusion

New lending mechanisms managed and developed by culture- or faith-based organisations are emerging. There are informal ways for Chinese restaurant owners to obtain finance from fellow countrymen and there are more structural changes: banks from abroad open agencies, and even branches, and later bring their own financing mechanisms and products with other terms. Contrary to previous changes (e.g. peer lending, crowdfunding), this brings a completely new look at financing and the conditions under which money is made available, and often covers a wider range of financing from microloans to large investments, as is being demonstrated now particularly with Islamic financing. Besides the fact that this financing is offered to members of the same religion as a token of solidarity (like other faith-based systems), this type of financing brings new concepts to the financial arena. Some of these concepts can even be used in a general way (as is being experimented with in some microfinance programmes). Islamic groups which felt left aside and not understood properly so far by third parties are now given a chance to develop their businesses with a sharia-compliant service, albeit still at a marginal scale.

Back to the community

Regaining control over one's own money is gaining ground all over Europe. People facing barriers in accessing formal, external financing have again started organizing informal savings and credit groups and begun lending amongst themselves. The self-employed facing problems in obtaining proper insurance (as the available insurance products have been designed for full-time employees or entrepreneurs, or they are too costly or not appropriate) are organizing themselves in mutual insurance schemes. The diaspora experiencing difficulties in accessing mainstream financing are setting up their own funds.

> **Informal savings and lending groups** emerge below the radar of the formal system, often made possible since many migrants and minority groups brought such experience with them from their countries of origin. We also see new structured initiatives such as the autonomous self-financing groups (in some countries known labelled Autonomous Financing Groups- groups – [CAF]) which are received positively. Informal savings and credit groups are extremely effective in reaching out to

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highly excluded people and thus also to migrant entrepreneurs who are given the chance to start with very small amounts of money. For larger financing, these schemes are less effective.

The basic approach is: individuals come together at regular intervals (mainly monthly, and in some cases even weekly) and deposit a (fixed) amount in a common fund. Members of the group are entitled to apply for a loan from this common fund. Together, the members will decide whether an application is approved. Other systems allow each member to receive monthly (or weekly) the entire amount saved, assuming that each member continues attending meetings and making contributions regularly. The idea is that members retain control over their own funds and feel committed together on their actual use. This type of common saving and lending system functions best at community/local level, with minimal (physical) distance between members and strong feelings of belonging. It is very much in line with cooperative principles and commonly known in many countries as a first step towards financial inclusion. In many countries of origin of migrants, it has already functioned for centuries as a way of accessing financing for those excluded from the formal financial system[6]. For migrants, it is therefore a well-known and attractive option to raise small amounts from fellow migrants to finance the (kick-) start of a self-employment activity or meet unexpected costs.

Self-employed mutual insurance schemes. For the (solo or hybrid) self-employed, access to insurance to cover loss of income due to accidents or long-term health problems is difficult. The same is true when it comes to building up a pension. The prevailing monthly or annual premiums are prohibitive, and many will decide not to invest in such insurance or pensions. Often, they prefer to run the risk, even subconsciously. In some countries, we see mutual insurance schemes emerging where the self-employed deposit a fixed amount monthly to cover the aforementioned risks. Together, they decide on the level of monthly payments for those losing the capacity to earn their living due to disability or accident (see for instance the *Broodfonds* set up by groups of self-employed in the Netherlands[7]).

Migrant entrepreneurs engaging in self-employment can also opt for this form of mutual insurance and thus avoid paying relatively high premiums for regular insurance.

SME credit unions. Owners of small- and medium-sized enterprises denied access to formal financing will seek ways to bypass such institutions eventually. One way is to extend loans to each other without a formal financial intermediary (bank). Based on cooperative principles, they (can) form a credit union. Members are expected to deposit a (fixed) amount in a central account or be willing to join in combined financing. A participating member is in theory then subsequently eligible for a loan from this account (up to a certain maximum, often not more than three times the member's deposits/savings[8]), but the actual decision to grant such a loan is in the hands of fellow

[6] Under a variety of names such as Susu (Ghana), Stokvel (South Africa), and often brought under the general heading of Rotating Credit and Savings Associations (ROSCAs), Accumulating Savings and Credit Associations (ASCAs), Self Help Groups (SHGs) or Savings Groups like Village Savings & Loan Associations (VSLA).
[7] http://www.broodfonds.nl/
[8] This is the formal way credit unions operate; per credit union there might be deviations from this basis rule.

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members. Once an application is approved, the lending members will normally also be willing to assist the borrower with technical and professional advice.[9]

Successful migrant entrepreneurs can also set up such SME credit unions to assist newcomers. With Internet banking expanding fast, it might be expected that such SME credit unions will eventually be set up in a virtual way as well.

Diaspora funding

Structural changes take place in our society which create new avenues for financing of economic activities in general and thus for refugees and migrants as well.

Unfortunately, migrant entrepreneurs are not yet seen as interesting parties for and by the formal financial sector. Generally, they tend to rely on financial help from friends and family, cash flow from revenues generated and external parties to raise the necessary funds for their businesses. As many businesses are not capable of generating sufficient revenues in their infancy, friends and family tend to be the first port of call for external finance. But financing from friends and family is often an insufficient source of funds and, in order to achieve scale, larger sources of risk capital are often required.

The traditional sources for financing (business angels and venture capitalists) have increasingly been moving their investment activities upstream in recent years, preferring larger investments in more developed companies rather than the start-ups or smaller enterprises which are so often the stepping stone for diaspora entrepreneurs in their efforts to set up businesses.

A considerable number of diaspora members have been successful in businesses and careers in Europe and are willing to and interested in investing (part of their) capital in other SMEs set up by fellow countrymen/-women. This new brand of diaspora member, with disposable funds, interested in investing money, and with experience in and know-how of new ventures, is surfacing: the diaspora peer investor. Operating through investment funds is an attractive option for them as well.

Since members of the diaspora are inclined to invest relatively small amounts of funds in new ventures, crowdfunding mechanisms – and especially with a peer-to-peer character – are attractive solutions.

[9] See also https://www.dekredietunie.nl/ and https://www.samenwerkendekredietunies.nl/

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3 Financing needs change during the journey

Migrant entrepreneurs have a broad range of financial needs. We normally tend to look only at the differences in financial needs related to the business life cycle and the ways those can be met. However, when it comes to migrant and refugee entrepreneurs intending to start a new life in a new country, we need to look at it from a more holistic perspective. Their needs change over time and are directly related to progress made in the journeys of the migrant and refugee entrepreneur.

As discussed before, there are five distinct stages in that journey and the financial needs are quite different in each stage. To assess the varying needs, we make a distinction between the following interrelated stages:

1. *Pre-departure stage*
2. *Arrival stage and first integration*
3. *Preparation (business planning) stage*
4. *Resource mobilisation and starting stage – second stage of integration*
5. *Growth and expansion stage – mainstreaming stage.*

To set up effective financial education programmes, a proper understanding of the varying financing needs per stage is required.

3.1 Pre-departure stage, setting aside funds to leave[10]

Most departures do not take place unplanned. Even fleeing a country might have been expected. The lead time thus allows for preparation. The asset base of people leaving may of course differ. Those fleeing for political or social reasons will often have to leave many things behind, without much to show or invest upon arrival later. They just need finances to pay for their trip and to overcome the first period of migration.

There is a group of people who will prepare their departure before migrating or fleeing the country. This group can be divided into three sub-groups:

(i) Those without many assets who decide to leave as migrants in search of greener pastures and more opportunities in life. They will leave with few assets and little capital (to invest later), and often without the intrinsic desire to engage in self-employment in the new destination countries (and hence will not prepare for that either). Again, this is a group which just needs finances to pay for their trip and to overcome the first period of migration.

(ii) Those running a business successfully but knowing that their situation might not be sustainable for social, political or economic reasons. They will plan their departure in a deliberate way.

(iii) Those who are gainfully unemployed but without any entrepreneurial aspirations. They are often in a position to plan their departure.

The latter two will set aside savings or borrow from relatives and will select and safeguard personal belongings (including key documents such as passports and diplomas or certificates) that they wish to take with them.

[10] See also (Molenaar, Working paper with overview of lessons learned and good practices related to access to finance, 2019)

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In particular, the opportunity-driven and growth-oriented entrepreneurs will prepare their departure in advance. Their intrinsic motivation and desire to leave will determine the time needed for preparation. When the need to leave is for economic reasons, the preparation time might be longer than when they consider their personal safety in the country of origin to be at risk. People already in business will use their time and creativity to set aside funds, seek ways to transfer them into external, foreign bank accounts, pool some cash and look for ways to dispose of and sell assets quietly to free up funds. They will not depart without any planning. They will seek ways to keep documents which prove ownership of assets. At the same time, they will need to do so without notifying others of this.

With the present Internet facilities, transferring funds and cash is not overly difficult. Gathering documents is also possible, such as sending scanned copies by mail.

But proving their entrepreneurial record and capabilities, in other words their entrepreneurial identity, will be much more difficult. This would be to demonstrate they are reliable customers or suppliers of services and products or presenting track records as reliable bank customers (either as borrowers, depositors or users of other banking services). This is particularly true for those who have only operated at local or national level, without any international contacts who could later vouch for them. Digital record-keeping and sending these abroad in advance are then a way out.

For individuals and families who must flee unexpectedly, trying to save their lives, such planning is less clear. Therefore, they will have severe difficulties later on to prove anything. Nevertheless, their mainly non-physical assets will be no different to others upon arrival in the new countries of residence.

In the departure stage, the individual takes the necessary actions to be ready to leave. Just closing his or her business, liquidating the assets and taking the cash are not a realistic option. It might generate suspicion. One still needs to find ways to free up and export funds and ensure that these are accessible again on arrival in a new country. And all this must be done without informing third parties so as not to generate social resistance or legal or physical blockages. There is also the need to ensure that one 's identity, track records and experience can be proved (see previous chapter). New technological innovations offer new chances, as shown in table 3.

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Table 3 Financing-related needs and solutions – *Pre-departure stage (preparing to leave)*

Need	Traditional solutions	New (FinTech/Internet/Web-based) solutions
Setting cash aside	Keeping it physically at home or with oneself	Converting cash into virtual currencies (such as Bitcoin)
Transferring funds	Bank transfers Transfer agencies Sending it through individuals	Internet transfers Virtual currency transfer or safekeeping in the cloud Internet accounts
Liquidating assets	Selling to third parties and receiving cash or bank transfers	Selling with payments in virtual currencies (such as Bitcoin)
Safekeeping property documents	Photocopying, scanning	Digital safes in the cloud[11]
Track record with banks	Printing records, copying	Digital safe Internet statements
Proof of identity (passports/ identity cards)	Photocopying	Digital safes
Entrepreneurial track record	References from clients/suppliers on paper and tape	Statement from clients/suppliers by webcam, digital data
Settling financial obligations		Agreeing to postpone and making payments through Internet

3.2 Arrival and preparation (business planning): depending on social welfare or doing it on your own?

Once arrived, any refugee, asylum seeker or migrant will first and foremost dedicate time and energy to apply for permission to stay, find shelter and protection, and find out how one can become an active member of the new society. This is a period where the individual needs to become accustomed to a new situation and has limited time to prepare the start of a new enterprise or to engage in self-employment. Moreover, depending on the conditions on arrival, the newcomer is either taken up in social protection programmes and related social welfare systems, or will need time to recover.

In the first scenario, where the newcomer is taken up by social welfare and protection services, (s)he will receive social welfare allowances to meet regular costs. But this will often be in combination with a comprehensive set of actions leading to presumed integration: language courses, orientation programmes, cultural information sessions aimed at mastering a new language, becoming accustomed to new ways of doing things in the host society, and finding a place to settle more permanently. Finding paid work in the labour market is then seen as the better or preferred way to integrate, and promoting the creation of one's

[11] See for instance The Promise of Blockchain and Safe Identity Storage for Refugees by Monique J. Morrow, President and Co-Founder, The Humanized Internet a.o. – https://www.unhcr.org/blogs/wp-content/uploads/sites/48/2018/04/fs.pdf

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own business is considered a second, less preferred alternative, for which prevailing regulations can even be most prohibitive: in some countries, the law does not allow newcomers to engage in gainful self-employment for a number of years upon arrival; in others, the prospective self-employed individual loses social welfare benefits from the moment the business has been registered, not allowing them a gradual start.

A second group is composed of people who have arrived in a rather formal way in the new countries, often on a tourist visa. They may not be refugees but are potential newcomers seeking protection in the new country as well. One will find here many individuals who had owned or run their own businesses and decided to leave. This can be split into two distinct sub-groups, each following a process leading to acceptance and active participation in a new environment as a self-employed business owner:

(i) Firstly, there are those who might present themselves upon arrival as refugee/asylum seekers and opt first to obtain the status and related permission to stay. Not depending on any social welfare or other public support programme, they decide to plan the launch of their new business after having obtained that official status.

(ii) In the second group, we find individuals (with or without their family) who first try to find out whether starting a new business is feasible. They may decide to prepare for this even before obtaining or being granted an official status. Gradually, they follow a path that leads to this status. [12].

The last two subgroups will thus depend fully on their own resources and funds to meet daily costs: a situation that requires careful financial planning, since those savings and resources will also be needed at a later stage when the migrants start their new businesses.

The time needed to obtain legal status, allowing them to become active, is of course critical. In the case of those who first opt to obtain a status, a long period might mean they use up too much of their own funds to meet (or complement) daily costs. They might then lose the motivation to start a business and seek support from social welfare when their own resources are depleting, and little remains to prepare for starting a new business. The second category might plan and prepare a start rather quickly, but it will depend on the time taken and criteria to be met for obtaining the status sought. Again, this step is critical: if it takes too long, they might lose the motivation to get started and decide to move on to greener pastures, e.g. depart for countries with more possibilities.

It is at this stage that migrants and refugees contemplating becoming self-employed or starting their own business do not differ so much from other general entrepreneurs who are starting out, except of course when it comes to knowing and understanding their new environment and the new markets they have entered. Both categories are facing the same challenge: freeing up their savings to make a start and finding external funders. For this stage, they need to have well-thought-out business plans, they need to know what their real financing needs are, they should be well informed about the various channels through which they

[12] There might even be special arrangements allowing for an approach such as the Start UP programme in The Netherlands.

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can raise external funds (loan funds as well as capital) and they need to have the right contacts and skills to get others on board, e.g. to persuade them to (co)-finance their new business ventures.

At the market exploration stage ideas are considered feasible, plans are beginning to take shape and costs increase. But knowing the market in the new country will take more time. It is a new environment and the entrepreneur needs to wander through the streets and visit other new cities and places to get a real feeling of what the new market looks like. (S)he needs to know where potential suppliers are located, what kind of business outlets exist, how logistics and distribution work and, lastly, how potential consumers might react to the new business. Understanding markets and business practices cannot be taught by mentors or coaches. The latter may explain the importance of being open to new ways of working, thinking and doing business. They may stimulate the migrant and refugee to go out, walk, talk and absorb. But the actual understanding is a process that takes time. For local (starting) entrepreneurs, this is often implicit knowledge and does not require more study than a mere market scanning. But for newcomers with a different cultural background it will take more time. This is a stage where one's own funds (savings, even if they are scarce) will have to be used, and those savings will gradually decrease, leaving less for the actual start.

In most cases, a refugee/newcomer entrepreneur cannot prepare for the start while staying in his or her job. (S)he needs time to arrange the various permits, look for housing, arrange schooling for children and make all family members feel comfortable. If the refugee entrepreneur wishes to prepare the start, (s)he needs time – experience taught us that often there is more than six months during which (s)he cannot be available for the labour market. And this is just the time that the social welfare path will stimulate the newcomer to find a job. For those depending on social welfare, there are two main possibilities:

(i) seeking approval to prepare for the start stage while maintaining the right to receive social welfare and not being obliged to seek or accept formal wage employment, or

(ii) deciding not to depend on social welfare and going one's own way (as long as the new status is not at risk, such a possibility is indeed an option). But during this period, the migrant entrepreneur needs to have financing secured to support the family. These daily costs must then be met from their own savings, via loans or advances from friends or relatives who plan to become a partner in the prospective business, by means of reversed remittances and, in rare cases, by a formal personal loan. But banks are reluctant to extend such loans to newcomers to meet general costs during the preparation stages, even if they have faith in the new – still not started – business venture.

Given the special conditions that refugee /newcomer entrepreneurs are confronted with during this stage – and considering they do not find themselves on a level playing field compared with other entrepreneurs starting out – there might be arguments here to (co)-finance this with grants for seed capital. But this should only be temporary, seeking mainstreaming as quickly as possible to avoid (continued) exclusion from the overall economy.

Upon arrival, there will not be much time or opportunity to immediately start a new business or self-employment activity. All is directed towards seeking permission to stay, finding shelter and protection, understanding the new environment and markets that one now lives in, and language courses. In the beginning, it is mainly a period where one needs to become accustomed to a new situation and has limited time to prepare for starting a new enterprise or engaging in self-employment. Gradually, the time comes

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when the newly arrived can explore possibilities to engage in self-employment. However, this is often not stimulated by the social welfare authorities, who are more inclined to promote gainful waged employment. Furthermore, the option of "self-employment" is not promoted much in integration programmes.

In table 4, the financing needs and possible new ways to meet them are presented, reflecting again that innovations in technology and the Internet offer the chance to carry out a variety of preparatory steps well before the actual arrival.

Table 4 Financing-related needs and solutions - *Arrival stage*

Need	Traditional solutions	New (FinTech/Internet/ Web-based) solutions
Market orientation	Support (advice, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through Internet in advance; follow up through Internet with crowd advising or remote counselling
Plan formulation	Support (advice, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through Internet in advance; follow up through Internet with crowd advising or remote counselling
Orientation labour/MSME market		Started through Internet in advance
	Directly finance related	
Exploring start – preparation	General information through project staff and counsellors	Started through Internet in advance
Exploring start - implementation	General information through project staff and counsellors	Started through Internet in advance
Orientation of financing options	General information through project staff and counsellors	Started through Internet in advance

3.3 Starting stage: more finance needed than local starters

Migrant/refugee entrepreneurs setting up new businesses experience two specific financial problems at the implementation or starting stage, different from those that local entrepreneurs are confronted with:

The (permanent) working capital needs are relatively high.

The sales estimates are too optimistic and do not reflect the reality – despite recommendations by the business advisers assigned to the starting entrepreneurs. Three causes are known:

(i) The new entrepreneurs have less contact in the markets and their reduced understanding of the socio[13]-cultural way of doing business may hamper implementation as well (in contrast to the background of the local entrepreneurs).

(ii) The weak social contacts in the new country are a reason, too. The less the newcomer understands the local market and local environment, the more mistakes will logically occur.

[13] This will be less the case when the new entrepreneur kept communications with the country of origin open.

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The consequences are higher permanent working capital needs as well as considerable fluctuations in the working capital as such.

(iii) The start often occurs with members of the family temporarily engaged, but once the business is gaining ground, they are replaced by more permanently employed staff. This results in the increase of formal wages and thus of the working capital needs.

The investment loans required are rather high.

Hybrid entrepreneurs – those who combine self-employment activity with part-time formal wage employment, or partly depending on social welfare payments – can plan the launch and development of their business and invest small amounts seeking larger investments over time. When one of the partners has a regular income, such a gradual start is even more feasible. Refugee entrepreneurs are in a less advantageous position. If they start a business, it is expected to generate income for the entire family/household. Such a scenario might be expected by the starting entrepreneur him-/herself, especially those who used to run a flourishing business in the country of origin. Psychologically, it will be difficult to accept a reduction in income. Starting at a high level is then pursued and larger investments sought.

Secondly, the social welfare systems in many European countries push starting refugee entrepreneurs to go for larger investments as well: the individual depends fully on social welfare and loses all entitlements the moment (s)he engages in self-employment. The new business must therefore be of such a nature that it ensures a sustained and decent income right from the beginning. To start a business that guarantees this income, larger sums of investment capital are often needed. The entrepreneur would thus opt to start at a relatively larger scale and need to apply for bigger loans. (S)he is in a disadvantaged position compared to local entrepreneurs who can plan for a gradual investment, often made possible by using first his/her own funds. More often than not, the refugee/newcomer does not have such savings at hand[14]. Secondly, when it comes to seeking support from external (formal) financiers, other problems emerge. Larger loans require longer repayment periods. But, particularly in the case of newcomers/refugees, local investors will question themselves as to how long the newcomer/refugee will stay in the country.

To reduce such perceived risks, they will be inclined to offer financing with relatively short repayment periods, or even abstain from extending the larger investment loans needed.

Once settled and formally accepted as a new member of the country, more precise steps can be taken which can lead to the actual start of a new business venture or to engagement in gainful self-employment. Many of these actions do not differ much from those which local starting entrepreneurs would take. Both face the same challenge: freeing up their savings to start up and finding external funders. In order to tackle these barriers, both groups need to have well-thought-out business or action plans, to know what their real

[14] And if they were available, for instance in Internet banking accounts where the funds were deposited before the departure of the refugee/newcomer from the country of origin, declaring them would hamper their status.

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financing needs are, and they ought to be well informed about the various channels through which they can raise external funds (loan funds as well as capital).

Still, the newcomers are in a different position: they cannot opt for a gradual start or for instance to start from a formally employed position with a regular income; nor can they rely yet on a second or third source of income in the household from partners or family. Raising funds from direct relatives or friends will also be more complicated. FinTech companies applying all kinds of methodologies offer new opportunities to meet such specific needs, as shown in table 5.

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Table 5 Financing-related needs and solutions - *Starting stage / preparation*

Need	Traditional solutions	New (FinTech/Internet/Web-based) solutions
Orientation on financing options; financial engineering	Support (advice, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through Internet in advance; follow up through Internet with crowd advising or remote counselling
Financing plan and formulation of application	Support (advice, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through Internet in advance; follow up through Internet with crowd advising or remote counselling
Proof of ownership of assets/ properties (to serve as collateral)	Hard (photo) copies	Digital safes
Proof of identity and track records	Written statements	Digital safes
Start – financing – equity	Own savings, friends, family, informal investors	P2P and individual capital participation (Internet-based), crowdfunding[15], community-based schemes, reversed remittances
Start – external finance – equity (investment, permanent working capital)	Banks, microfinance institutions, guarantee funds, special projects schemes	P2P schemes, crowdfunding, diaspora funds, community-based schemes, reversed remittances
Track records (with banks, market partners)	Printed documents, letters, statements	Digital safes

3.4 Growth and expansion stage: like other SMEs' need for financing packages

During the growth and expansion stage, migrant entrepreneurs will be confronted with the same challenges as existing local SMEs: the need to simultaneously attract new capital to increase the owner's equity and seek additional external finance for increased working capital and to pay for investments related to the actual expansion.

The logical step would be to approach formal financial institutions and banks for additional loans. Without an increase in the owner's equity, and without proper collateral, such increased external borrowing would be rather difficult. The growth-oriented entrepreneur thus needs to attract additional capital and ensure that new loans are sufficiently collateralized.

Attracting fresh capital from friends or relatives as personal loans and investing that capital directly in the company as owner equity is an option which is not often chosen. Friends and relatives have probably already lent money to the entrepreneur in the very early stages. Their capacity to offer more will most probably be limited.

[15] For relatively smaller capital injections

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The entrepreneur can also revert to venture capital funds or informal investors, but they will not be so keen on stepping in. First of all, the migrant entrepreneur will still be an unknown partner and quite often left aside. Secondly, in legal, administrative and managerial terms, migrant entrepreneurs might not yet meet the requirements of venture capitalists. But, most importantly, the entrepreneur will not be willing to give up part of his/her ownership and share it with third parties.

A way out would be to obtain (part of) the external financing needed in the form of a subordinated loan. Ideally, this could be considered as quasi capital and improve the financial structure. But again, few financial intermediaries serving the SME sector are sufficiently conversant with this type of service.

Growth-oriented (migrant) entrepreneurs can also seek additional financing through the Internet, making use of peer-to-peer facilities. Migrants may make use of special diaspora funds as well to raise additional loans or capital and consider crossing borders to attract additional financing. See table 6.

Table 6 Financing-related needs and solutions – *Growth/ expansion stage*

Need	Traditional solutions	New (FinTech/Internet/Web-based) solutions
Market orientation	Support (advice, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through Internet in advance
Growth plan formulation	Support from special business advisers or special financing advisers/brokers	Started through Internet in advance
Orientation on financing options; financial engineering	Support from specialized business advisers or specialized financing advisers/brokers	Started through Internet in advance
Financing plan and formulation of application	Support from special business advisers or specialized financing advisers/ brokers	Started through Internet in advance
Increased capital	Family, friends, informal investors, retained earnings, issuing shares	Peer-to-peer schemes, diaspora funds
Increased loans	Formal banking sector, eventually with guarantees, subordinated loans, leasing, factoring, business-to-business (B2B) financing	Peer-to-peer schemes, diaspora funds, cross border B2B borrowing, SME credit unions

The traditional financing of (start-up and growing MSMEs) is to offer one single product. The (migrant) entrepreneurs do not only need loans for financing the start and evaluation of their ventures. At certain stages, they are better off with grants and, over time, they look for a package of financing services composed of both loans and investment capital, of short- and long-term funding, and of financing from formal and informal investors and financiers.

These more comprehensive financing packages cannot be offered by one single financial services provider. Existing financial intermediaries are used to extend traditional financial services in the form of (micro) loans or guarantees. They are not in a position to simultaneously offer services from Internet and Web-based

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facilities such as crowdfunding, peer-to-peer lending platforms or financing by business angels and informal investors. They certainly cannot liaise with locally operating savings and credit mechanisms. But prospective migrant entrepreneurs may still be better off with a package. Credit analysts and other technical staff of financial intermediaries dealing with migrant entrepreneurs would be more effective in assisting these new clients, by first assessing the actual financing needs and then seeking to compose a basket of finance bringing together the offerings of various financial intermediaries.

Overcoming jealousy – awareness raising

A special word of caution: to overcome possible resistance or jealousy amongst the general public - they might see the newcomers as being privileged - it is relevant to organize general awareness campaigns, bringing into the limelight the positive role that migrant/refugee entrepreneurs can play in society and the contribution they can make to the economy as self-employed or small entrepreneurs.

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4 Towards better access to and use of finance

Over the past decades, much has been learned about access to finance for refugee and migrant entrepreneurs (see table 7 on the next page). A logical structuring of business creation programmes (see annex B) will be required to assist prospective entrepreneurs in formulating a realistic business plan and related financing plan. In that process, learning takes place continuously. The contents and quality of training offered, consultancy services extended by business support organisations (private or public) and services delivered by financial institutions contribute to such access. But when it comes to assisting migrant and refugee entrepreneurs to access financing, it is even more important to adjust general programmes to the context they live in and the way they operate. Then, adjustments in policies, training, business support delivery and in attitudes of staff at financial institutions are needed. Rather than re-inventing the wheel, it is recommended that lessons be drawn from better practices, some of which are also listed in annex A.

4.1 Adjustments at public sector level

Professionals working for public authorities have difficulty in treating their clientele as potential entrepreneurs or successfully self-employed. They prefer to protect and guide them towards full-time gainful formal employment, and hence will not refer them to the appropriate financial institutions or business support entities. To overcome this resistance, these professionals will benefit from:

- *Information sessions* about the possibility of choosing self-employment as a path to follow by migrants/refugees towards a sustainable income and decent work;
- *Training sessions* to understand how to select potentially successful (small/micro) entrepreneurs or (solo or hybrid) self-employed;
- *Information packages* about business support and financial support organisations which they can refer their clients to; and
- *Special ad hoc training* to acquire discussion techniques which support them to explain positively to candidates the possible consequences of opting for self-employment with regard to status, protection and income support.

Training and guidance of public authorities will only be useful if migrants/refugees are indeed allowed to engage in self-employment, e.g. prevailing legislation (regarding status) must not be prohibitive nor restrictive and be of such a nature that it allows for a level playing field.

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Table 7 Policy options and recommendations to improve access to finance for refugee and migrant entrepreneurs

Policy options	Recommendations
Promote alternative and innovative sources of funding for refugee and migrant entrepreneurship	• Promote access to alternative and innovative sources of funding for refugee and migrant entrepreneurs, including: - Crowdfunding/Peer-to-peer lending - Self-finance groups and cooperatives - Diaspora investment - Islamic finance - Matching funds • Support platforms that allow migrants and diaspora members to identify businesses in countries of origin seeking start-up or growth capital, and invest in facilities that match diaspora (angel) investors to enterprises • Assess the availability of collective remittance schemes and collate findings on the scope, use and effectiveness of such schemes in supporting migrant and refugee entrepreneurs, including government matching programmes
Support refugee and migrant entrepreneurs in accessing the formal banking sector	• Support local financial cooperatives, commercial financial institutions and governments to expand insurance (e.g. crop insurance, business insurance, asset insurance) • Support local financial cooperatives, commercial financial institutions and governments to expand insurance (e.g. crop insurance, business insurance, asset insurance) for migrant and refugee entrepreneurs and their families • Encourage initiatives that assist migrant and refugee entrepreneurs in connecting with the formal banking sector (e.g. opening personal and business bank accounts) • Encourage savings activity by migrant and refugee entrepreneurs • Explore FinTech and biometric solutions to overcome the challenges of identification and documentation • Provide education and information to regulatory bodies and financial service providers on how to extend services to migrant and refugee entrepreneurs • Promote access to traditional sources of funding for refugee and migrant entrepreneurs, including microfinance • Support initiatives that provide access to finance for migrant and refugee entrepreneurs without sufficient capital or credit histories (e.g. loan guarantees)
Link access to finance (cash or in kind) to entrepreneurship education and financial literacy programmes	• Provide education on financial literacy to migrant and refugee entrepreneurs • Encourage entrepreneurship education initiatives that link seed funding for migrant and refugee entrepreneurs to completion of the programme (e.g. as part of the selection process, after entrepreneurs reach a certain hurdle, or at the end of the programme as a prize) • Encourage entrepreneurship education initiatives that provide in-kind enterprise support through the purchase of capital equipment or “start-up kits” that provide tools and materials necessary for starting an enterprise in a particular industry • Encourage entrepreneurship education initiatives that support entrepreneurs after obtaining finance

Source: Policy guide on entrepreneurship for migrants and refugees (2018), UNCTAD, IOM and UNHCR.

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4.2 Adjustments in training

All starting and growing entrepreneurs (including refugees and migrant entrepreneurs) will benefit from well-balanced/focused training and support services (see *annex C*). But still, when it comes to offering these services to special target groups such as migrant or refugee entrepreneurs, special issues need to be built in to reflect the context they live and work in, and the specific barriers they meet on their journey. This is to create a level playing field, with relatively equal chances for the newly arrived.

For migrant/refugee entrepreneurs the following additional elements need to be integrated into *training* to make it more effective and ensure that access to external financing is indeed possible:

- Pay special attention to *barriers to finance* linked to the time it takes to master the local language, cultural differences, existing norms, values and business ethics (the ways that local organisations or institutions operate);
- Pay special attention to prevailing *rules, regulations and business practices* (role playing, information sessions);
- Ensure that refugees/migrant entrepreneurs can participate in general programmes to promote desirable *mainstreaming*; special financing for this target group might be an option to get started but migrant/refugee entrepreneurs need to be introduced quite quickly to general financing entities; and
- Include presentations by successful *migrant/refugee entrepreneurs* showing how they succeeded in raising financing, which will contribute to further empowerment of the candidate entrepreneurs.

Training can be offered in various forms such as information sessions, orientation programmes and group training (often as blended learning offered in combination with e-learning modules). Over time, these general and group-based forms are gradually being complemented or even overtaken by more individualized but well-structured counselling and coaching.

Structuring the post-loan services
Once external and – more importantly – one's own financing have been secured and other resources mobilized, the actual business start can take place. The first months are crucial as this is where the point of no return is passed. Business support services have proven to be effective as long as they are offered in a very structured way, with predefined steps to be taken by a consultant (coach or mentor) made known in advance to the entrepreneur (see annex D).

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4.3 Adjustments in business support (pre- and post-loan)

For trainers/coaches/mentors, in addition to general training, special attention needs to be paid in their training/induction programmes to the following:

- Understanding *the context* their clients operate and live in, and the method they are using to finance their (new) businesses;
- Understanding that their clients will have difficulty in internalizing directly *prevailing business practices,* tending to seek guidance amongst their own community first;
- Guiding their clients in applying and adhering to *prevailing rules and regulations/legislation;*
- Assisting clients in *dealing with resistance* amongst social welfare and public authorities (as well as the general public) to allow migrants/refugees to engage in self-employment; and
- Considering *specific barriers* which the migrant/refugee entrepreneurs are faced with and need to overcome (to access finance).

Focused induction course with regular intervision

Experience gained in organizations such as MicroStart (Belgium) and Positive Planet (France) reveals that focused induction courses of coaches and mentors (supported with special information packages) in combination with regular intervision sessions is most effective.

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4.4 Adjustments in financing (options)

The financing or resource mobilization should result in appropriate financing of the business at affordable costs for the candidate without burdening him/her with unrealistic financial obligations.

In this process, the key to later success will be to minimize the external financing and make maximum use of own funding/savings (also by migrant/refugee entrepreneurs). Still, external financing is needed, and migrants/ refugees have the advantage that they can also mobilize this from other sources (diaspora funds, family and relatives in the country of origin, freeing up funds transferred before departure).

While assisting in developing the financing plans, coaches and mentors thus need to pay special attention to the following additional issues:

- *Defining the own-financing* possibilities/possible mobilization, freeing up (or in the case of refugees or migrants transferring from abroad) savings;
- Defining a *realistic external financing burden* in relation to the potential revenue-generating capacity of the proposed business considering the context of the migrant/refugee entrepreneur;
- Identifying *external financing options* with their range of services, conditions, costs, procedures and possible implications/consequences, including funding from family and relatives in the country of origin, diaspora and informal savings and loan constructions;
- Preparing finance applications for submission, with special attention *to preparing the entrepreneur to deal with financing institutions* (mainly through role playing and information sessions); and
- Explaining the importance of *creating open and transparent relations* with local financing partners, not seeing them as part of an adverse public sector, but rather as “friends”.

As is the case for coaches and mentors, staff at financial intermediaries need information:

- Information sessions (and packages) on the *context* their clients operate in and how they are used to financing their businesses;
- Awareness sessions on existing *barriers* (at both ends), how they affect access to finance, and which they may have to overcome;
- Training in *understanding and communicating* with this specific client group, especially in explaining how to deal with financial obligations (being transparent/open in the relationship with the financier);
- *Guidance on the supervision and monitoring visits* of this client group, especially when it takes place in situ which must reflect an understanding of the context the migrant/refuge entrepreneurs live and operate in.

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Senior management support needed

Training/guidance of staff at financial intermediaries will only be effective as long as:

- the senior management of the financial institutions stimulate the offer of financing to migrant refugee entrepreneurs;
- the internal evaluation procedures and processes do not discriminate against migrant/refugee entrepreneurs, nor against starting entrepreneurs; and
- staff at the financial institutions are receptive to working with migrant/refugee (starting) entrepreneurs.

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But … what if migrants or refugees can do it all on our own?

The migrant and refugee entrepreneurs present at the 2nd International EMEN event held in 2019 (The Hague, 20th June), surprised the audience with their position and statements. The key message: *“We can do it all on our own!”* They were tired of waiting until social welfare departments would eventually allow them to start their own enterprises, with which they intended to generate their own income and create their own jobs. They made it known that they prefer to do it their own way and without waiting too long. They claimed not to need special training, nor would they expect support staff to treat them differently than other starting entrepreneurs. And they did not want to be offered special financing.

“We have the experience, knowledge, networks and indeed our own ways to mobilize finance”.

They argued that too much time is lost. They want to be permitted, immediately upon arrival in the new country, to find jobs which will eventually lead to self-employment. This can help them become acquainted with the do's and don’ts in their new environment and so generate some savings. This knowledge and (even small) own capital are key for a successful launch of a new enterprise. Actually, this is not new. Most entrepreneurs start in this way. With their savings, experience before becoming a refugee or migrant, and existing knowledge, enterprising people succeed in setting up sustainable and even growth-oriented businesses. Businesses that generate a decent and sustainable income for themselves, and which even create jobs for others. Existing migrant and refugee entrepreneurs made a strong plea to recognise their strengths, asset base, expertise and experience. Let them start … and focus on just three things:

i. take away unrealistic, irrelevant barriers (such as legal restrictions on starting up, or evaluation systems that prohibit migrants from accessing finance);
ii. ensure that stakeholders (trainers, coaches, mentors and staff at public entities and financial intermediaries) understand the context that the migrant/refugee/newcomer lives and operates in; and
iii. promote their integration, create a level playing field and focus on mainstreaming.

In other words: do not treat them as refugees, acknowledge that they are entrepreneurs.

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Annexes

Annex A Interesting initiatives in creating access to finance for migrant entrepreneurs[16]

UNCTAD, IOM and UNHCR published in 2018 a *Policy guide on entrepreneurship for migrants and refugees*. In order to inform policy decisions and programming, UNCTAD, IOM and UNHCR have joined forces to provide a fact-based guide, highlighting the positive social, cultural and economic contribution that migrants and refugees can make to their home and host countries.

They argue that entrepreneurship can be an effective way to include migrants and refugees in local economies and can also be part of the long-term solutions needed to address the consequences of large movements of forcibly displaced persons.

In the guide, empirical evidence is provided showing that solutions to these obstacles are being found in several countries. Governments, public institutions, non-governmental organizations and the private sector can effectively support entrepreneurial activity by (and for) refugees and migrants, with meaningful contributions to their well-being and with a positive social impact. As to access to finance, a selection of good practices is presented here.

- **Sweden:** The **Ester** programme offers migrant women who participate in its 18-month entrepreneurship programme, and whose business plans are approved, opportunities to access affordable microfinance products with reduced risk. This reduced risk product is enabled through a collaboration with Swedbank (a Swedish bank) and Johaniterhjälpen (a charity organisation), who has set up an account which guarantees 80% of the loan of each entrepreneur, with loans to be paid back within three years.
- **France: Babyloan** is a French peer-to-peer lending platform that crowdfunds capital to support the businesses of entrepreneurs (including migrants) who do not have access to credit through the traditional banking sector. (https://www.babyloan.org/en)
- **Germany**: Dortmund city authorities created **NordHand,** a cooperative credit union, in 2006 to provide microloans to small and micro-business owners (particularly migrants) who struggle to access credit through mainstream banking services. (http://nordhand.com/)
- **Global**: **Kiva** is a peer-to-peer online lending platform which allows users to invest as little as $25 in the businesses of refugees and internally displaced people (IDPs), among other entrepreneurs. Corporate sponsors also provide matched funding in some cases. (https://www.kiva.org/lend/refugees-and-i-d-ps)
- **Italy:** the **RE-LAB** project aims to connect aspiring refugee entrepreneurs with emerging financing such as cooperative credit banks. (http://www.itcilo.org/en/community/news/from-refugees-to-entrepreneurs)
- **Italy:** the **IOM** and the **Etimos Foundation** launched the **MigraVenture** programme, implemented with the support of the Ministry of Foreign Affairs and International Cooperation. MigraVenture aims to support migrants of African origin residing in Italy to start or grow existing businesses in their countries of origin. Towards this aim, MigraVenture has created a dedicated micro-equity tool to support migrant enterprise. Participants are given access to a pilot capitalization fund that invests in projects with high potential for

[16] For more cases see also (Savazzi V., 2020) Handbook Financial Inclusion of Migrant Entrepreneurs: Barriers, Challenges and Support Measures, MEGA Project

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socioeconomic development. The fund intervenes with a minority stake in the company's capital, but with the aim of eventually transferring unique ownership to the entrepreneur. Instead of providing grants, an equity investment approach was chosen in order to give the migrant entrepreneur a sense of ownership and responsibility.

- **Spain**: the **Associación de Comunidades Autofinanciadas (ACAF)** promotes a group savings model to empower people with low incomes (often migrants) to access credit, without external help. In 2013, ACAF launched an online platform to help disseminate the methodology for self-funded communities worldwide. (http://www.winkomun.org/en)
- **Switzerland**: when the social enterprise '**Social Fabric**' was set up, a crowdfunding campaign was used to cover the salary of Cissé, a refugee from Côte d'Ivoire who teaches tailoring to the refugees, asylum seekers and locals who come to Social Fabric's sewing workshop. (http://www.unhcr.org/news/stories/2018/4/5ad9f8ce4.html).
- **United Kingdom: Start Up Loans** has developed a Sharia-compliant investment product which means that entrepreneurs who live according to Islamic values do not have to pay interest or finance charges on a business loan, but rather commit to paying an agreed level of profit share. (https://www.startuploans.co.uk/sharia- compliant-finance)
- **Italy**: the **RE-LAB project** offered grants of up to EUR 15,000 to selected refugee start-ups enrolled in the programme. These initial grants allowed some refugee entrepreneurs to then leverage other sources of funding such as bank loans and community funding (https://ec.europa.eu/migrant-integration/intpract/re-lab-start-up- your-business)
- **Netherlands**: **Refugees Forward** runs hackathon weekends which include a final pitch on the Sunday evening - the winning refugee entrepreneurs then receive seed funding and are linked with expert mentors.
- **Turkey:** the **Livelihoods Program** offers Syrian refugee entrepreneurs cash grants for the creation and expansion of their businesses.
- **United Kingdom:** the **Metropolitan Migration Foundation** and the **Young Foundation's Community Level Investment in Migrant Businesses programme (CLIMB)** has supported five winning migrant social enterprises with a total of £40,000 of capital, as well as mentorship and promotional opportunities. (https://youngfoundation.org/?press_releases=five-migrant-social-enterprises-win-over-40k-of-business-support)

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Annex B Some lessons learned related to the overall business creation process – pre-financing[17]

Relevant aspects to pay attention to in business creation programmes are:

- *Positive demotivation in* publicity and promotion stimulating candidates already at an early stage to think critically about the desire and possibility of becoming self-employed;
- *(Self-) selection* at the beginning of the support programme ensuring that mainly candidates are admitted who can demonstrate a minimum of the entrepreneurial spirit, acumen and qualities required; not only in view of the costs of the support service , but also to ensure that candidates *themselves decide positively either to pursue the idea or drop it in time;*
- *Orientation on entrepreneurship*: training offered in an interactive way to allow candidates to learn from each other while building up both entrepreneurial understanding and an enterprising attitude to continue actively;
- *Guidance in generation of ideas:* presenting candidates a range of existing and future business and market trends and opportunities, stimulating them to identify themselves which opportunities would best fit them;
- *Moments of reflection* on becoming an entrepreneur built into the programme to stimulate candidates to think about their future, aspirations and qualities in relation to what is expected from them to become self-employed;
- *Setting realistic income expectations,* providing the candidate with tools and templates to calculate household needs and relate these to a desirable income level; relate these again to personal qualities and capabilities as well as to the business idea. Relate these later to financial risk when financing has to come partially from external sources;
- *Structured, individualized assistance* in assessing whether an idea is realistic in present markets;
- *Assessing own-financing capacity,* stressing the need to make one's own funds available to (co-) finance the start of one's own business;
- *Scanning the external financial possibilities*, options and conditions, and ranking the respective advantages for the candidate and his/her business idea (both traditional and new/digital-based, formal and informal businesses). For migrant/refugee entrepreneurs, the possibilities that diaspora financing offers deserve special attention;
- *Structured collection of information* on markets, technology, and financing by the candidates themselves in such a way that they feel owners of this information;
- *Assistance in formulating business plans,* thereby recognizing that candidate entrepreneurs are not necessarily experts in this and that professional consultants may be better engaged to formulate such plans; candidate entrepreneurs need to understand the plan and the implications of possible deviations from intended courses of action;
- Formulation of an *investment and related financing plan*; and

[17] See also (Molenaar, Enterprising migrants in the driver's seat, 2009)

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- *Guidance to financing*: financing parties must thereby be genuinely interested in extending financial services to clients of the business creation programme.

In this process, information sessions, orientation programmes and group training (often as blended learning offered in combination with e-learning modules) have proven to be most effective. Over time, this training is gradually complemented by more individualized but well-structured counselling and coaching. This coaching and counselling must also lead to reflections by the candidates on whether the option of becoming self-employed is indeed a realistic and desirable one for them.

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Annex C Lessons learned related to training (plan formulation)

Training programmes for micro-/small entrepreneurs (or the self-employed) who are starting off or growing need to reflect the following:[18]

- Training must be *interactive* in order to allow candidates to learn from each other;
- Training programmes for entrepreneurs should *focus on practice-based knowledge,* giving priority to practical applicability over theory (through role playing, sessions with experienced entrepreneurs and group exercises);
- Training and teaching of candidate entrepreneurs should be based on *adult learning concepts,* considering that most candidates will have completed at least (part of) secondary and preparatory technical education and be in the age range of 20/24 upwards;
- In entrepreneur training programmes, there should be a *gradual transition* - first paying attention to *(entrepreneurial) attitudinal* elements and later to *(managerial) capabilities* and skills;
- Training programmes for both entrepreneurs and coaches/mentors should have a strong action learning character, whereby application of theoretical elements is used to internalize new insights; and
- Preference should be given to *blended learning approaches,* where group training and personal counselling come first but are supported with e-learning for instance.

[18] See also Entrepreneurship Education: A Guide for Educators (EU, 2014)

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Annex D Lessons learned related to post-loan consultancy[19]

Experience has revealed that the more essential elements in the structured post loan support services are:

- *Drawing up an implementation plan*, to take place within two weeks upon signing of the financing agreement with the external financing parties. This is the moment when the business plan must be translated into the practical steps to be taken in order to get started. In the implementation plan, actions are defined in a practical manner, preferably naming who will take which step and when. This serves as a kind of travel guide to the entrepreneur. For migrant/refugee entrepreneurs, it is also an effective tool to protect themselves from external pressure from fellow migrants, refugees and even relatives in the country of origin who beg for financial support, claiming that they might have assisted the candidate in the process;
- Assistance in *updating the cash budget*-liquidity plan, to take place in month 1, whereby updated information is used and the monthly cash plan. Again, this is a tool to protect the migrant/refugee entrepreneur against pressure from fellow migrants/refugees (friends or relatives) as it will show how such outlays would negatively affect the chances of survival of the new business;
- *Setting up the administration* (month 2/3), to ensure that all transactions are properly recorded. In the case of migrant/refugee entrepreneurs, this is another moment to explain the prevailing rules and regulations, reducing the risk of a later bankruptcy when taxes/social charges need to be paid or financial obligations with external financiers met;
- *Recalculating costs and prices* (month 4), on the basis of updated information of costs of goods/ supplies, operations and market behaviours, to redefine a realistic price for services or products;
- *Organizing sales and related publicity* and promotion (month 5/ 6), often needed to take into consideration a better understanding of the (often overestimated) behaviour of the market operated in;
- *Setting up a credit management system* (month 6/7), with a special eye on the way credit is extended to third parties;
- *Separating personal from business finance* (month 8/9); and
- *Assessing relationships with financing parties* (month 10/12), including relationships with diaspora financing parties.

[19] See also (Molenaar, Enterprising migrants in the driver's seat, 2009)

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