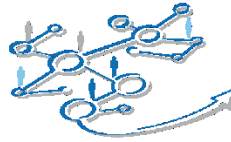




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**EMEN**  
European Migrant Entrepreneurship Network

Deliverable 2.14

*Information products that need to be formulated*

# Towards real(istic) Access of Finance for Migrant Entrepreneurs

*A manual for migrant entrepreneurs, trainers/ coaches, staff of public authorities and staff of financial intermediaries with tools and instruments*



$$RA = F(U+C+I)$$

By N. (Klaas) Molenaar for EMEN

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## **Disclaimer**

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$$RA = F(U+C+I)$$

This manual has been written:

- For those who still believe that enterprising people can only start their business if they have access to finance.
- For those who think that just creating access to finance is the key towards the start and successful evolution of a new enterprise.
- For those who think that by only offering finance, entrepreneurs will refloat their businesses during and after the Covid-19 and related economic crises.
- For those who believe that micro-finance is the sole solution for refugee and migrant entrepreneurs.
- And also, for those migrant and refugee entrepreneurs who also believe that they can only start and become successful if others would finance their business.

But those assumptions do not reflect reality. In the EMEN project we have to the conclusion that

$$RA = F(U+C+A) \dots$$

in other words, real(istic) access to finance is determined by:

- the *Understanding* of financing needs and options,
- the *Capacity* of migrant or refugee entrepreneurs to handle financing and related issues effectively ad
- the degree to which staff of financing institutions show sincere *Interest* in offering financing to migrant or refugee entrepreneurs

Fair access to finance and effective use of such finance to set up and develop sustainable businesses depend on:

- i. Understanding that there are various types of entrepreneurs and different forms of entrepreneurship and that not all entrepreneurs are the same.
- ii. Understanding that many migrant and refugee entrepreneurs might have taken already steps towards becoming an entrepreneur long before arriving in the new country of residence.
- iii. Understanding that refugee and migrant entrepreneurs arrive with a varying but often comprehensive set of expertise, experience, and assets, as well as social, human, and financial capital on the basis of which they can develop their new businesses.
- iv. Understanding that there are various types of enterprises to set up/ develop and that graduation or automatic growth does not really exist.
- v. Understanding that the financing needs change and vary over time (during the business life cycle).
- vi. Understanding that the past decades/years the financing options have grown rapidly, especially through the internet that nowadays, offers new opportunities and questions on how to access those.
- vii. Understanding that entrepreneurs do not need one single product but are looking for assistance to draw up financing packages to meet a variety of different (short-term, long-term, external own capital, physical and virtual) financing needs.

- viii. Understanding that just making available financing will not work, but that much depends on the way the financing is used (e.g. depends on the qualities and capabilities of the migrant/ refugee entrepreneurs to deal with financing issues).

Accepting the foregoing is relevant for all key stakeholders especially for:

- i. *Starting and existing migrant or refugee entrepreneurs* (and also those reformulating their plans or developing new ones to make a new start after the present crises) who would like to know more about how to get better access to external financing and how to use such financing effectively.
- ii. *Trainers and coaches* assisting migrant entrepreneurs in that process; they can distil different materials from this manual, such as concepts, tools, instruments, to be used in regular training courses or during coaching work.
- iii. *Public authorities* responsible for creating the setting in which migrant and refugee entrepreneurs operate; they can gain more profound understanding of how best to develop policies and procedures that effectually facilitate that enterprising migrants and refugees become self-employed.
- iv. *Staff of financial intermediaries* (contemplating) offering financial services to migrant or refugee entrepreneurs. They can draw lessons from this manual and will get a balanced picture of the financing needs of migrant and refugee during their journey towards sustainable entrepreneurship. This will hopefully lead to a more effective service delivery to migrants and refugee entrepreneurs and to the start of their full integration in a gradually more diverse society.

In this manual, they all find a number of tools and instruments to assess and analyze specific situations and explore possibilities to obtain external financing, and in order to make proper use of financing.

- In chapter 1 we present our view on Access to Finance and the Access to Financing Process with a set of tools to be used in that process especially for professionals supporting refugee and migrant entrepreneurs.
- In chapter 2 we present a variety of – interrelated – instruments that migrant or refugee entrepreneurs can use to get grip on their financing and prepare solid financing proposals.
- In chapter 3 we discuss two integrated financing planning models: one for self-employed and necessity driven entrepreneurs, one for growth oriented businesses.
- In chapter 4 we discuss the effects that the Covid-19 crisis may have on evolution of existing businesses and on (financing) plans to set up new ones, and discuss a number of steps to take to mitigate effects.
- In chapter 5 and the annexes we present a selection of interesting and innovative programmes all aimed at ensuring or creating effective financing to migrant or refugee entrepreneurs.

We hope that those who read the manual, will change mind after reading this manual and forget about their earlier assumptions.

September 2020

**Klaas Molenaar, THUAS**



# 1. The Access to Financing Process

*Practice has shown that the more successful small and micro entrepreneurs started mainly with their own savings and capital not with borrowed funds. Those successful entrepreneurs are well aware that they work with their own savings. They decide carefully how to use it whether it is to pay for daily/ weekly costs or for investments. Over time they might experience that their own funds (savings and internally generated profits) are not sufficient anymore for further growth of their businesses. They seek contacts with external financiers at such moments. And their understanding of dealing with money makes them interesting clients for such external financiers. The latter will feel assured that their funds will be managed properly. Access to finance seems to depend more on demonstrated knowledge and understanding than simply having information on the possible sources and their conditions.*

## 1.1 Access to finance, more than information

The common view is that access to finance deals with the possibility that individuals or enterprises have to access financial services, including credit, deposit, payment, or insurances provided by third parties (formal and informal ones). The key argument is that poor (or even absence of) access to finance limits individuals, households, and entrepreneurs to function. Just access to finance is expected to benefit society at large by accelerating economic growth and helping to raise income for those in the lower end of the income distribution pyramid in reducing income inequality and poverty.

The problem of access to finance may be looked at from different angles. One may argue that regulations need to be adjusted to ensure that financing intermediaries indeed offer financing the prospective small and micro entrepreneurs. But practice has shown that such will not bring both parties closer to each other. A second option may be to argue that financial intermediaries have to diversify the range of financing products and services offered to the market. But such happy marriages are seldom. Facilitating processes to bring financing entities closer to the market physically have not really succeeded neither have programmes that focus mainly on improving the information flow to starting and existing entrepreneurs about financing options.

In the past, just looking for a loan would suffice. But the financial landscape has undergone major changes. And there is a broad range of financing products available. Starting and growing entrepreneurs nowadays can look for a mix of short term and long-term finance, a mix of own capital and external funding, a mix of loans, guarantees, insurance and payment services, a mix of financing from traditional sources that have their offices physically “around the corner” and from virtual parties accessible through the internet. This requires proper knowledge of the many options that are at hand and knowing how to approach those channels. But even that is not enough. Any entrepreneur, new, starting, or existing, the one struggling to survive or those working on new plans to cope with present crises, needs to know as well how to use those services once obtained.<sup>1</sup>

What indeed has become clear over the years is that next to making information available, related learning processes need to be developed. Learning for all stakeholders: the entrepreneurs, trainers and mentors, staff of financial intermediaries or staff of public authorities engaged in developing and

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<sup>1</sup> See also <https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/financial-access> (seen on 5th March 2020)

implementing policies and programmes to support migrant or refugee entrepreneurs in setting up their own income generating activities.

Such is also true for migrant or refugee entrepreneurs. They are not that different from others. Just showing them which options exist and convincing financial intermediaries to open up for migrants and refugees as well will not be sufficient. Proper access is only effective if the right financing (mix) is offered to the right clients and when those seeking finance know how to use it.

There are four factors that contribute to enhanced and effective financing e.g. : 1) knowing how to deal with financial issues and prepare realistic financing plans , 2) providing realistic information on options and conditions 3) knowing how to approach and inform the different financing parties and channels, and 4) knowing how to deal with money once obtained and received.

That again 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.
- The level of preparation of trainers and coaches working with migrant or refugee entrepreneurs and how well they understand the context their clients live and operate in, and how well they understand the differences between locally operating entrepreneurs and migrant/refugee entrepreneur.
- 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 in a position to support migrants/refugees in their efforts to become self-employed or start their own business to generate sustainable income and create decent work.

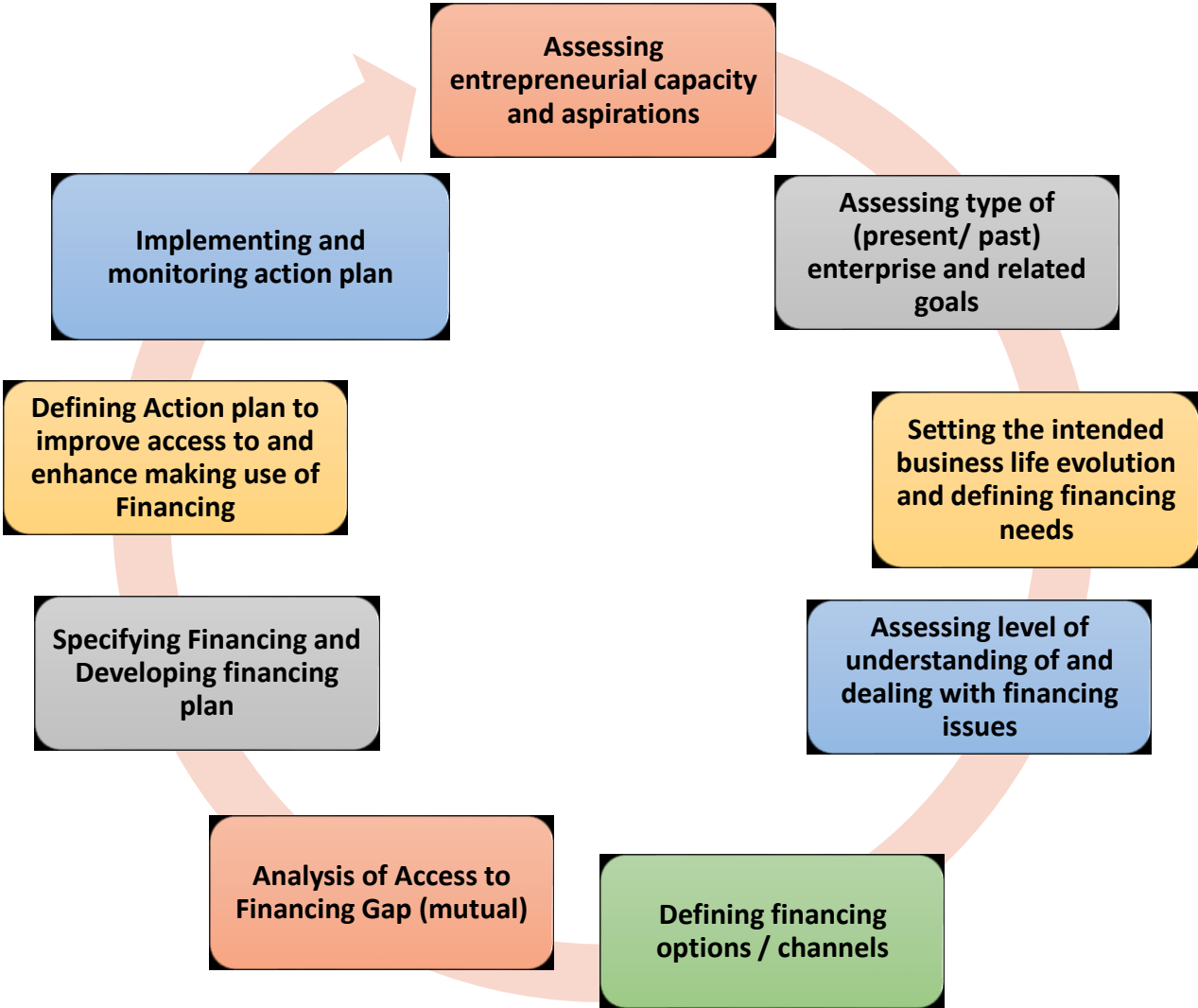
## 1.2 The Access to Finance Process leading to better use of finance

In this manual we present the Access to Finance Process in which stakeholder learn to find answers to the following –interrelated - questions:

- What type of entrepreneurs we are dealing with?
- When does the entrepreneurial journey of the migrant / refugee really start?
- What are qualities, capabilities and assets of the migrant or refugee entrepreneur?
- What are the various stages in development of the enterprises?
- What type of enterprises can be set up and developed?
- What are the financial issues migrant / refugee entrepreneurs are struggling with?
- What are the actual and foreseen financing needs over time?
- What are the financing options in the country of residence?
- What are the potential barriers for migrant refugee enterers and what can be done to overcome them?
- Which actions need to be taken to ensure access to financing and proper use of financing once obtained?

To assist entrepreneurs structurally in gaining effective access to finance and simultaneously supporting them in taking steps leading to enhanced use of such financing, a number of interrelated steps can be taken. Those together form the *Access to Financing Process* presented in figure 1.

Figure 1 The Access to Financing Process



The reasons why (or purpose) each step needs to be taken by the respective stakeholders have been summarized in table 1

**Table 1 The Access to Finance Process, steps, and purposes**

Steps	Purpose/ Why - Entrepreneur	Purpose/ Why – public authorities	Purpose/ Why – trainers / coaches	Purpose/ Why – staff of FIs
Types of migrant/ refugee entrepreneurs	Self-reflection and possibility to redefine goals, Assessing entrepreneurial capacity and aspirations	Understanding that there are many types of migrant/ refugee entrepreneurs will lead to appropriate policies	Understanding that there are many types of migrant/ refugee entrepreneurs is needed to be able to run adequate training or offer proper advisory services	Understanding that there are many types of migrant/ refugee entrepreneurs is needed to be able to offer the right service package
Assessing type of (present/ past) enterprise and related goals	Understanding the various options and choosing the appropriate type of enterprise	Understanding the various types of businesses leading to focused policies	Understanding the various options and developing the appropriate policies and service packages	Understanding the various options and choosing the appropriate type of enterprise
Context assessment	Setting the intended personal and business life evolution and defining financing needs	Understanding in which stage clients are and which actions might be needed	Understanding the context will lead to adequate training and advisory work	Understanding the context will lead to appropriate service packages
	Defining financing needs related to stage of development	Understanding differences in financing needs related to stage of development will lead to effective policies	Integrating in training an advisory financing needs related to stage of development	Knowing which financing products are appropriate for the respective stages
Comparing refugee/ migrant enterprises with autochthonous enterprises	Understanding specific differences in financing needs for migrant/ refugee enterprises	Understanding that all businesses might have similar needs, and still special policy measures e needed to create a level playing field	Integrating in training an advisory financing needs related to stage of development	Understanding that at certain stages spacing needs arise and special products may be needed
Assessing level of understanding of and dealing with financing issues	Self-reflection and learning about various financial managerial issues to be dealt with; defining already which areas need special attention	Knowing how to organize training and advisory work	Assisting by training and consultancy in developing the capacity to deal with financial issues	Adjusting service packages to the level of understanding of the client
Defining financing options / channels	Learning about the many options and related conditions and consequences	Explaining in training and advisory work the various options and assisting in identifying appropriate ones	Depicting financial landscape	Understand that clients need different services, understanding the complementarity of one special service

**Table 1 The Access to Finance Process, steps, and purposes – cont.**

Steps	Purpose/ Why - Entrepreneur	Purpose/ Why – public authorities	Purpose/ Why – trainers / coaches	Purpose/ Why – staff of FIs
Determining financing needs	To identify and formulate the needs per stage	To understand that needs will vary over time	To discuss in training the varying needs and teach how to identify those and include such in financing applications	To develop different products to be offered, knowing that one product is not sufficient
Developing financing plan	Deciding which financing needs to be sought	Understanding that entrepreneurs require comprehensive financing plan with appropriate financing mix; to be used in their training an advisory work	(co)- formulating financing plan and determining financing package	Understanding that entrepreneurs require comprehensive financing plan with appropriate financing mix; leading to proactive attitude assisting clients to obtain such financing mix instead of offering one single product
Access to Financing Gap Analysis (mutual)	Understanding which barriers exist; and learning what needs to be done to overcome / bypass those	Assisting clients with developing plans to overcome barriers	Developing policies that lead o level playing field without specific barriers for migrant/ refugee entrepreneurs	Understanding clients and barriers; knowing what to do to improve service delivery
Defining Action plan to improve access to and enhance making use of Financing	Defining the steps needed to approach possible financiers and to define what should and can be done already before and to prepare for next stage (once financing has been received); learning which specific Process Tools can be used to improve use of financing	Assisting is setting up actions plan; taking actions when needed and applying monitoring an evaluation to measure progress	Setting up an action plan and defining who will do what; determining moments to assess progress; assisting clients in their learning process; when possible brokering between client and financial service providers.	When clients follow proper action plans, they might use financing offered more effectively
Implementing and monitoring action plan	See above	See above	See above	See above

For each step Access to Finance *Process Tools* (A2F PT) have been developed as well. The tools are discussed in detail in chapter 1.3.

### 1.3 Access to Finance Process Tools – in detail

For the various steps in the Access to Process tools have been developed that can be used by trailers, mentors, coaches, staff of public, and financial entities. The summary of those tools are given in table

**Table 2 The steps in the Access to Finance Process and related tools**

Steps	Process Tools to be used
Types of migrant/ refugee entrepreneurs	Entrepreneurship assessment Process Tools (Process Tools no. 1, 2 and 3)
Assessing type of (present/ past) enterprise and related goals	Segmentation Process Tool (Process Tool no. 4)
Context assessment	Context and type of business (Process tools 5 no. 6)
	Business life cycle (process tool no. 7)
Comparing refugee/ migrant enterprises with autochthonous enterprises	Different needs (Process tool no. 8)
Assessing level of understanding of and dealing with financing issues	Questionnaires
Defining financing options / channels	Financial landscape (Process Tool no. 9 and 10)
Determining financing needs	Defining needs (Process tool 12)
Developing financing plan	Financing plan / template
Access to Financing Gap Analysis (mutual)	Barriers (Process tool No.11)
Defining Action plan to improve access to and enhance making use of Financing	Action plan (Process tool no. 13)
Implementing and monitoring action plan	See above

#### *i. Assessing entrepreneurial capacities and aspirations*

The successful start and development of a new enterprise depend fully upon the entrepreneurial qualities and traits of the person who starts the business. Those can be traits, such as perseverance, creativity, willingness to take moderate and calculated risk, capability to persuade others, communicative skills, ability to deal with criticism, vision, or drive. Such special traits have proven to be important and happen to be identifiable (and measurable) through some tests.<sup>2</sup>

Migrants and refugees engaged in self-employment activities or wishing to become entrepreneurs possess traits similar to those of others but not all migrants and refugees have the same entrepreneurial characteristics, capabilities of capacities. Still support organisations, training institutions, public authorities and financial intermediaries tend to treat all refugees or migrant entrepreneurs applying for financing in the same way, assuming they all have similar qualities and capabilities. There is a persistent belief that migrant/ refugee entrepreneurs would be best off when they become self-employed or start a micro-enterprise. And subsequently they are merely referred to micro finance institutions and offered micro loans. Experience has demonstrated that effective support to create proper access to finance depends on a clear understanding of the differences in entrepreneurial and human qualities and the distinct experiences or expertise and asset bases of migrant or refugee entrepreneurs.

<sup>2</sup> See for instance Migrant entrepreneurs, the new supermen and wonder women...? (Molenaar N and Nijhoff, 2018) or Characteristics of successful entrepreneurs. (McClelland, 1986)

**A2F Process Tool 1 and 2** are examples of entrepreneurship tests that entrepreneurs and trainers/coaches can use to identify the specific entrepreneurial attitudes that one might have. By discussing the results of the tests entrepreneurs, trainers and coaches get a better idea about the entrepreneurial profile and probably their capacities as well. But it is also interesting for staff of public authorities and of financial intermediaries to use such test to become more sensitive to the fact that there exist various types of entrepreneurs.

There are four types of entrepreneurs, each with his or her own aspirations and financing needs:

- 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.

**Action box (A2F Process tool 1 and 2)**  
**Entrepreneurship tests**

- *Discuss the importance of understanding what it is to be an entrepreneur*
- *Explain the relevance and purpose of the tests*
- *Assess the answers of the tests*
- *Identify the lessons learned*

- 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 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.
- iv. *Lifestyle entrepreneurs*: individuals for whom working independently and for one’s own account is seen as investments in self-development which often are realised in creative industries and social enterprises.

Applying then **A2F Process tool 3** will lead to understand what kind of enterprise would be best suited to the client.

## Am I an entrepreneur?

### Instructions

Place a mark on each of the following lines at the point where you see yourself!

Note : The scale used here ranges from 5 to 0 : with 0 implies “ I totally disagree” and 5 “I totally agree”

- i. Place an X closest to the answer that is line with your own thinking/ assessment.
- ii. Draw a line connecting all X 's.
- iii. Reflect about your answers.
- iv. Compare your answers with those of others and discuss the differences.
- v. Write down the lessons learned
- vi. Discuss the lessons with trainers/ coaches
- vii. Reflect on the entrepreneur you want to be

<b>1</b>	<b>I like to work in a team</b>		<b>I like to work by myself</b>
	5 4 3 2 1	0	1 2 3 4 5
<b>2</b>	<b>I like to work intensely for sustained periods on things that interest me</b>		<b>I like to work at a steady pace</b>
	5 4 3 2 1	0	1 2 3 4 5
<b>3</b>	<b>I believe external factors are most important in deciding what will happen</b>		<b>I believe I can make things happen if I really want to</b>
	5 4 3 2 1	0	1 2 3 4 5
<b>4</b>	<b>I like to feel that I am building something for the future</b>		<b>I like to get results quickly</b>
	5 4 3 2 1	0	1 2 3 4 5
<b>5</b>	<b>I like to set targets for myself every month, week, and day</b>		<b>I like to take work as it comes</b>
	5 4 3 2 1	0	1 2 3 4 5
<b>6</b>	<b>It is not important to measure how I am doing</b>		<b>I like to measure how I am doing by how much money I make</b>
	5 4 3 2 1	0	1 2 3 4 5
<b>7</b>	<b>I like to stay with a problem until I work it through</b>		<b>I prefer to move on to something else rather than get bogged down in a problem</b>
	5 4 3 2 1	0	1 2 3 4 5
<b>8</b>	<b>I do not accept failure</b>		<b>I accept that I cannot live without failures and I learn from them</b>
	5 4 3 2 1	0	1 2 3 4 5
<b>9</b>	<b>I like to know all the time how I am doing</b>		<b>I prefer action rather than analysing past performance</b>



	5	4	3	2	1	0	1	2	3	4	5
<b>10</b>	<b>I prefer that others take prime responsibility for the success or failure of events</b>						<b>I like personal responsibility for the success or failure of events</b>				
	5	4	3	2	1	0	1	2	3	4	5
<b>11</b>	<b>I do not like to discuss my affairs with outsiders</b>						<b>I like to ask advice from experts, listen carefully and act as appropriate</b>				
	5	4	3	2	1	0	1	2	3	4	5
<b>12</b>	<b>I am always setting standards for myself, and raising them as I achieve my aim</b>						<b>I prefer others to set standards, to let things work out as well</b>				
	5	4	3	2	1	0	1	2	3	4	5
<b>13</b>	<b>I need to be really certain about the future</b>						<b>I can cope with uncertainty about important things</b>				
	5	4	3	2	1	0	1	2	3	4	5
<b>14</b>	<b>I like to be totally committed to what I do</b>						<b>I prefer to live without too many commitments</b>				
	5	4	3	2	1	0	1	2	3	4	5
<b>15</b>	<b>I like people to think that I will do what I say I will do</b>						<b>It is not always possible to keep my promises, unforeseen events can change priorities</b>				
	5	4	3	2	1	0	1	2	3	4	5
<b>16</b>	<b>I like to play it safe</b>						<b>I like to take calculated risks</b>				
	5	4	3	2	1	0	1	2	3	4	5
<b>17</b>	<b>I like to measure the pro's and con's of an option and related risks before acting</b>						<b>I just act knowing that I will overcome problems if it works out badly</b>				
	5	4	3	2	1	0	1	2	3	4	5

**What have you learned? Write down in keywords.**

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## A2F Process Tool 2 Entrepreneurial test – 2 How do you rate yourself?

### Instructions

Place a mark on each of the following lines at the point where you see yourself!

Note : The scale used here ranges from 5 to 0 : with 0 implies “ I totally disagree” and 5 “I totally agree”

- i. Place an “X” closest to the answer that is line with your own thinking/ assessment.
- ii. Draw a line connecting all “X” ‘s.
- iii. Reflect about your answers.
- iv. Compare your answers with those of others and discuss the differences.
- v. Write down the lessons learned.
- vi. Discuss the lessons with trainers/ coaches
- vii. Reflect on the entrepreneur you want to be

Statement	Scoring					Statement
I have confidence in myself						I doubt often and seek advice from others
I like to lead others						I follow when needed
I am creative						I just see things as they are
I will try again when things go wrong						I will only change plans when things go wrong
I take moderate risks						I try to avoid risks
I can visualise the future						I need a plan to prepare for the future
I decide very quickly and stick to it						I think three times before deciding
I try to do more than I planned						I just do what I planned to do
I want to make as much profit as possible						I think mainly about continuity of my business
I know what my business goal is for the coming year(s)						I will just see how my business will develop and adjust plans when needed
I like to work with others						I like to work alone
I try to do what others tell me						I go my own way

**What have you learned? Write down in keywords.**

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**Action box (A2F Process Tool 3 and 4)**

*Defining type of entrepreneur*

- *Discuss* the importance of understanding different type of entrepreneurship
- *Explain* the relevance the tool
- *Assess* the answers of the tool
- *Explain* that all types are relevant and will have different financing needs
- *Identify* the conclusions and relate that to A2F Process Tool 4

### Instructions

- i. Look critically at yourself as entrepreneur <sup>3</sup>
- ii. Rank yourself in the penultimate column
- iii. Write down the reasons in the last column
- iv. Reflect as well what kind of entrepreneur you would like to be in the future  
Use the answers later for

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<sup>3</sup> The entrepreneur may opt to do this together with his/ her trainer or coach

Type of entrepreneur	Major form of enterprise	Entrepreneurial competences	Managerial capabilities / requirements	Additional observations	Where do you place yourself? <sup>4</sup>	Reasons
<b>1. Necessity-driven entrepreneur</b>	(Part time) self-employment; simple micro enterprises	Enterprising qualities to survive	Simple managerial skills to keep things going	Will leave activity when economy improves		
<b>2. Opportunity-driven entrepreneur</b>	Micro and small enterprises	Competences to set up and develop enterprise and sense of ownership	General managerial capabilities	Will stick to business once set up and adjust to economic developments		
<b>3. Growth oriented entrepreneur</b>	Small and medium enterprises	In particular competences related to creativity, vision, drive to grow	Well-developed managerial capabilities and skills	Depending strongly on the macroeconomic conditions and innovative / restructured economic environment		
<b>4. Lifestyle entrepreneurs</b>	Self-employed, micro, and small, but often in hybrid forms in combination with work and other forms to generate income and promote self-development	Competence related to drive for self-development	Managerial qualities to combine various forms of being active and productive	In many circumstances crossing physical and legal borders		

Source: Author (Molenaar, *They are not yet seen... but...Hybrid Entrepreneurship emerging in changing society*, 2016)

<sup>4</sup> When answered by trainers / coaches or other professionals the question should read: where do you place the client?

ii. *Assessing type of (present/ past) enterprise and related goals*

To understand better what kind of enterprise a migrant or refugee entrepreneur could best set up (or has set up already), it is relevant to understand that the universe of self-employment activities is composed of variety of segments. The various options are presented in Figure 2 covering 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.

Figure 2 Segmentation of the universe of self- employed and micro, small and medium entrepreneurs



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

To be able to assist migrant or refugee entrepreneurs it is important to assess which type of enterprise the client intends to set up and develop and to define his or her final goals (aspiration level).

One can use **A2F Process Tool 4** to identify the kind of enterprise/ self-employment activity one is operating already and which type of enterprise the migrant or refugee wishes to develop. For each type, financing needs and financing options will be different. It is thereby also important to assess the actual entrepreneurial qualities of the client as well, since that will also determine the chance that financing will be obtained and used effectively.

### Action box (A2F Process Tool 4 and 5)

#### *Identifying type of business*

- *Discuss* the importance of understanding different kinds of entrepreneurship and related types of business
- *Explain* the relevance the A2F Process Tool 4
- *Compare* the self- assessment (including that of the set goals) and the assessment by trainer coach
- *Explain* that all types are relevant and will have different financing needs at different staged
- Then *follow up* with the assessment of the (desired) legal form of registration – A2F Process Tool 5
- *Determine the place of business* / the ideas that the entrepreneurs might have regarding the place of business: *physically or virtually*

### Instructions

- i. Look critically at yourself as entrepreneur <sup>5</sup>
- ii. Rank yourself in the penultimate column first where you stand now
- iii. Place yourself in the penultimate column where you wish to be in the coming year
- iv. Ask you mentor/ coach to write down his/ her assessments in the last column

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<sup>5</sup> The entrepreneur may opt to do this together with his/ her trainer or coach



Type of economic activity (to) be set up by migrant or refugee entrepreneur	Indicative number of jobs affected <sup>6</sup>	General classification	Self-assessment: where do you place yourself (present situation) and where do you want to be in three to five years from now (aspirations)	Assessment of the coach/ Mentor and assessment of potential to graduate/ special requirements
Survival and self-employed out of necessity (might as well be in combination with gainful employment or social welfare benefits)	Less than 1 FTE	Not focusing on economic expansion but aiming at survival; survival mentality by combining personal and business finance		
Solo Self-employed – opportunity driven	1 FTE	No real vision to expand; investing (relatively small) own funds; sense of ownership; prudent control over funds		
Self-employed / lifestyle Growth oriented; Often in hybrid form and sometimes even virtual	1 FTE	Combination of focus on fast earning and self-development; not necessarily with longer term horizon; own funds and assets; capability to operate on the internet		
Micro entrepreneur – opportunity driven; Activity often related to professional qualities of owner; and opportunities in the market	1 to 4 FTE	Exploiting opportunities in the market with gradual, organic growth if chances occur; technical skills and ability to adjust to new opportunities; costs consciousness		
Small enterprise – growth oriented	1-5 FTE	Growth orientation and capital accumulation. Stabilization of income; accumulated reserves and savings; business experience and relations with third parties such as accountants, advisers, financiers		
Medium enterprise – growth oriented	5-20 FTE	Diversified shareholding/ capital base; mixed financing beyond banks; innovative and diversifying; international orientation (markets)		

Source: Adapted classification – see also: *They are not yet seen ... but...Hybrid Entrepreneurship in a changing society* (Molenaar, 2016)

<sup>6</sup> FTE includes the entrepreneur.

In addition, one needs to look as well at two other more objective aspects:

- The type of registration of the enterprise and
- The actual place of business.

Of course, one may opt to just start operating in an informal or unregistered way and often that is a rather appropriate form of just getting started. Over time a more formal registration is required or even mandatory. This may range from formally registering as (solo) self-employed<sup>7</sup> or even more formally as a private or public limited. In addition, there are different forms such as cooperatives, partnership, or registration as a not-for profit organisation such as company limited by guarantee or foundation.

Further it is relevant to define the actual place of business. In the first place one may think of either operating from home or at specific (rented or purchased) business premises including incubators or industrial parks or even nowadays special meeting centres for the self-employed. There is currently a growing number of (often younger, higher educated) entrepreneurs who prefer and opt for a virtual set-up. In those cases, all kinds of supports and operational services are being linked to the business through special – on-line- contacts. It might seem that it is a solo self-employed business (because of the legal registration), but in practice those operate more as full-fledged small or micro enterprises.

With **A2F Process Tool 5** both the legal registration and the place of business can be identified.

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<sup>7</sup> Assuming that such is possible by law which is the case in most EU member states.

Type of economic activity (to) be set up by migrant or refugee entrepreneur	Indicative number of jobs (FTEs)	Legal registration					Place of Business		
		Not formally registered	Self-employed	Small enterprises or private limited	Public limited	Other forms (Cooperative, Partnership, Company limited by Guarantee, NGO)	Physically operating from home	Physically operating in separate premises	Virtually operating
	-								
Self-employed; survival	Less than 1 FTE or 1 FTE								
Solo Self-employed opportunity driven with personnel (in)directly contracted	1 FTE and contracted								
Self-employed / lifestyle	1 FTE and contracted							Ad hoc at special meeting centres and incubators	
Micro entrepreneur – opportunity driven;	1 to 4 FTE							Incubators as well	
Small enterprise – growth oriented	1-5 FTE							Incubators as well	
Medium enterprise – growth oriented	5-20 FTE								

iii. *Setting the intended evolution of the business and defining financing needs*

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 realization of their plans.

In the business life cycle, we distinguish primarily between: (i) generating an idea and preparing a business plan, (ii) launching the business, (iii) organizing growth, (iv) consolidation and (v) diversification or exiting.

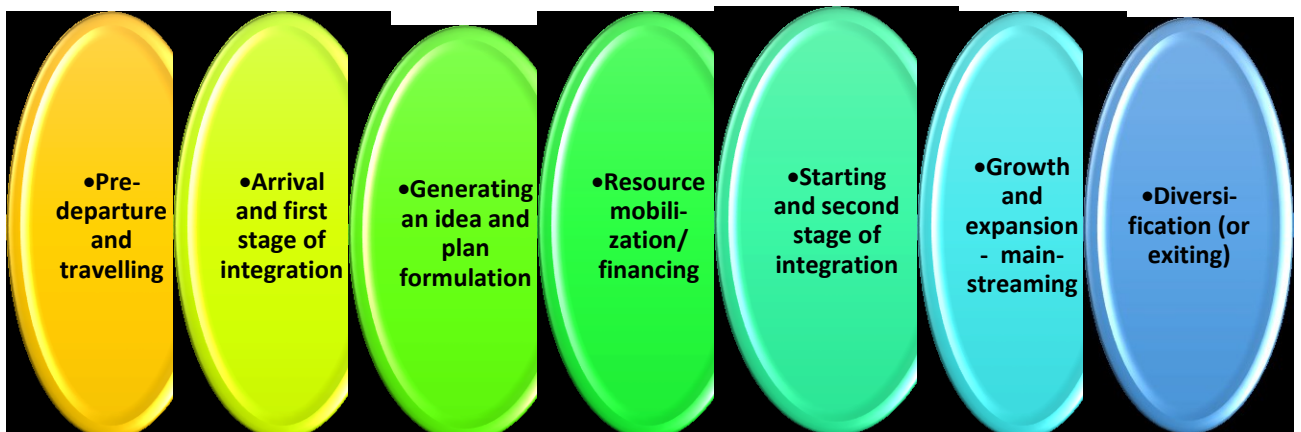
But enterprising migrants or refugees pass through two more stages: The pre-departure stage and the arrival stage during which they can already take steps towards launching their business.

There are thus seven distinct stages in the journey of migrant or refugee entrepreneurs towards a fully operational and sustainable business. Those are:

1. Pre-departure stage
2. Arrival stage and first integration
3. Preparation (business planning) stage<sup>8</sup>
4. Resource mobilization / Financing
5. Starting stage – second stage of integration<sup>9</sup>
6. Growth and expansion stage – mainstreaming stage.
7. Diversification or exiting

See figure 3.

Figure 3 The seven stages from departure to full mainstreaming



Source: Author (2020) adapted from figure 1 on page 14 in (Molenaar, They are not yet seen... but...Hybrid Entrepreneurship emerging is changing society, 2016)

<sup>8</sup> One may also consider the arrival and plan generation stage as one stage

<sup>9</sup> In some programmes the resource mobilisation and starting stage are combined and seen as one single stage – see for instance in the YMCB Guide “Three entrepreneurs seeking financing” (A. Coumans a.o., 2020)

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.

Indeed, in each stage the financial issues to deal with and the financing needs are different. That is through for any entrepreneur. But we need to acknowledge as well that there more stages migrants and refugees pass through, and that during the first two they most certainly have already acquired assets, capabilities and capacities, business development support services, including financing. Recognising such will lead to more effective offering of support including financing, and lead to faster launching of new businesses.

**A2F Process Tool 6** can be useful to link financing needs to the stages the prospective migrant / refugee entrepreneurs (intend to) pass through.

#### Action box (A2f Process Tool 6)

##### *Stages in business life cycle and financing needs p- part A*

- *Discuss* the relevance of distinguishing between the various stages of the business life cycle
- *Define* in which stage the migrant / refugee entrepreneur thinks (s)he is operating at present
- *Set out* the path for the coming years
- *Identify* the specific challenges the migrant / refugee entrepreneur faces in the relevant stages
- *Identify* financing needs and issues per stage

	Where do I stand now?	When will I be at next stage(s)?	How will my business look like then?	What might be (or are) the immediate effects on my plans of the Covid-19 <sup>10</sup> and other crises?	What are the key financing issues/ needs at present and in the coming stages?
<b>Pre-departure stage</b>					
<b>Arrival stage and first integration</b>					
<b>Preparation (business planning) stage</b>					
<b>Resource mobilization / Financing</b>					
<b>Starting stage – second stage of integration</b>					
<b>Growth and expansion stage – mainstreaming stage.</b>					
<b>Diversification or exiting</b>					

<sup>10</sup> To assess more the effects and impact of the Covid 19 crisis please read as well Chapter 4 “And when sudden problems arise?”

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Tool 7 can be used to assess more in detail what the qualities of the migrant / refugee entrepreneur and the assets that (s) he may have brought with her or to which the entrepreneur might have access to over time.

#### Action box (A2F Process Tool 7)

##### *Stages in business life cycle and financing needs - part B*

- *Define* in which stage the migrant / refugee entrepreneur thinks (s)he is operating at present
- *Set out* the path for the coming years
- *Assess* in particular what has been done already in the early (pre-departure) stage
- *Identify* financing needs and issues per stage
- *Be specific* with respect to the knowledge at hand or financing



A2F Process Tool 7 The business Life Cycle, challenges, assets, and experience

Stages	Year/ month	Description of entrepreneurial activity / plan (in general)	Experience and expertise	Main problems/ challenges for entrepreneur	Financial assets (first existing; later planned)			Tangible assets	Knowledge about financing (at hand or needed)
					Own capital	External finance	Financial support third parties		
Pre-departure and travelling									
Arrival and first stage of integration									
Generating an idea and plan formulation									
Resource mobilization/ financing									
Starting /second stage of integration									
Growth and expansion / main streaming									
Growth and expansion / main streaming									
Diversification or exiting									

iv. *Assessing the level of understanding of entrepreneurs in dealing with financing issues*

Access to finance is not sufficient. One also needs to know how to make use of financing. 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 and assess how to deal with it. Some of those issues might be relevant for any entrepreneur, but for migrant and refugee entrepreneurs there are some specific issues to deal with.

Entrepreneurs and coaches may use **A2F Process Tool 8** that purpose.

**Action box (A2F Process Tool 8 and questionnaire)**

*Financing issues*

- *Discuss* the importance of understanding financial issues
- *Identify the issues* that are relevant for the migrant/ refugee entrepreneur (A2F Process tool 8)
- *Explain* the purpose of the questionnaire
- *Discuss* the answers and scoring (questionnaire)
- *Identify* the level of understanding and capability to act on relevant issues
- *Set goals* for further learning/ actions
- *Define actions* to be taken and establish a timeline and enter in action plan

A2F Process Tool 8 Differences in financing issues between national and migrant/refugee entrepreneurs

Stage in business development	Key financing-related issues for entrepreneurs in general	Specific financing-related issues for migrant/refugee entrepreneurs	Which issue is relevant for you as migrant/ refugee entrepreneur?	How will you deal with it?
<b>Pre-departure</b>	n.a.	Setting aside cash/funds		
		Visualising the future in the new country		
		Documenting track records/properties		
<b>Arrival</b>	n.a.	Ensuring income to finance households		
		Finding one's way in the financial support and financing world		
		Learning about the market		
<b>Idea -&gt; Plan</b>	Knowing how much one can spend	Rules and regulations; norms, values, business ethics		
	Setting goals and targets (income, sales)	Knowing how long one can stay and visualising the future		
	Visualising the future	Knowing which financing can be transferred from abroad/home		
	Defining investment plan			
	Knowing own funds			
<b>Resource mobilisation</b>	Preparing financing plan	Freeing/transferring own cash		
	Exploring financing options	Knowing where to find financial support locally and abroad		
	Preparing presentation	Relating to friends and relatives in country of residence for (additional) financing		
	Mobilising own funds			

Stage in business development	Key financing-related issues for entrepreneurs in general	Specific financing-related issues for migrant/refugee entrepreneurs	Which issue is relevant for you as migrant/ refugee entrepreneur?	How will you deal with it?
<b>First year (start)</b>	Liquidity control	Breaking away from own group		
	Administration	Mobilising diaspora funding		
	Credit control	Credit management (of sales to fellow migrants/refugees)		
	Prices/costs			
	Separating personal from business finance			
<b>Growth</b>	Liquidity control	Relating to mainstream financing entities		
	From Short- to mid-term financing			
	From project to bank financing			
<b>Diversification</b>	Broadening financing	Mixing diaspora funding with local and international funding		
	Accessing new financing sources (virtual and digital ones)			

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) Enhancing the Financial Health of Micro-entrepreneurs: beyond a mere assessment

It is relevant to measure the extent to which entrepreneurs understand the issues related to access to finance and their capacity to deal with financing. For that purpose, a questionnaire (Annex A) has been designed that can best be completed jointly by the migrant/ refugee entrepreneur and their trainer/ coach.

The answers to the questions in the questionnaire are weighted, and the results are presented through a “spider” diagram. Rather than a single, unique score, the spider diagram is a visual presentation of the main factors, e.g. the personal situation and degree of preparation for the future and the capacity to manage the business and degree of business (growth) planning.

Based on the outcome, both parties can then discuss which area requires attention and the specific actions that need to be taken to enhance the entrepreneur’s understanding of financing and related financial issues and find out how to strengthen his/her capacity to deal with the selected issues.

v. *Defining financing options / channels*

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.

One single financing intermediary can these days not offer all the financing services and financing products that a – growing – migrant entrepreneur needs. An overview of the various options available for financing is needed to come to a decision which entity to approach.

**A2F Process Tool 9 and 10** can be used for that purpose. They are tools that need to be contextualized and completed for each of the four types of entrepreneurs. And per category this can be done for the starting, normal operating or expansion stage. And where possible it is recommended to identify per channel the special – temporary- measures taken to assist clients during the present Covid-19 and related economic crisis.

- **A2F Process Tool 9** is for self-employed operating out of necessity and for opportunity driven micro enterprises.
- **A2F Process Tool 10** has been designed for growth-oriented small/ medium enterprises and lifestyle self-employed.

It is useful for entrepreneurs to explore the overall landscape and for trainers and coaches to be used in their classes or consultancy work. Public authorities can find out whether the financial landscape is indeed a balanced and complete one, offering equal chances to every entrepreneur. Likewise, staff of financial intermediaries can use the tools Tool for Entrepreneur to identify channels that can provide services that are supplementary to theirs. This can also help them to offer a comprehensive package of financing services to their clients.

Action box (A2F Process Tool 9 or 10)

*Identifying options for financing*

- *Discuss* the spectrum of financing options
- *Assess* the present financial landscape (channels, products, conditions)
- *Preselect* the relevant financiers
- *Identify the general services* offered for the specific client group
- *Identify special measures* taken per channel to assist related target group in dealing with the effects of the Covid-19 and related economic crisis.
- *Prioritise* financiers/channels to approach

MSME Type (migrant or refugee entrepreneurs)	Self-employed (hybrid, solo, lifestyle) necessity driven			Micro enterprise- opportunity driven			
	Channels	Starting	Operating	Expanding	Starting	Operating	Expanding
<b>FORMAL FINANCIAL ORGANISATIONS</b>							
<b>Commercial banks/ General Banks</b>					Short term loans/ Special schemes		
<b>Trade banks</b>							
<b>Investment banks</b>							
<b>Development banks</b>							
<b>Small industries banks</b>							
<b>Cooperative banks</b>					Working capital		
<b>Savings banks</b>					Own savings to start		
<b>Postal banks (savings)</b>					Overall services; (transfers/ deposits)		
<b>Islamic Banks/ Faith based banks</b>							
<b>Micro banks (Community/ NGO owned banks)</b>	Starting capital	Working capital	Long term loans	Starting capital (in special schemes)	Working capital	Special loans	
<b>Social investment banks</b>				Starting capital	Working capital	Long term loans	



MSME Type (migrant or refugee entrepreneurs)	Self-employed (hybrid, solo, lifestyle) necessity driven			Micro enterprise- opportunity driven		
	Channels	Starting	Operating	Expanding	Starting	Operating
<b>QUASI FINANCIAL ORGANISATIONS</b>						
Development finance companies						
Venture capital companies						
Guarantee funds				Guarantees for long term loans	Guarantees for short term loans	Guarantees for long term loans
Lease companies						
Factoring companies						
Diaspora funds						
Faith based financing institutions						
<b>INFORMAL FINANCIAL ORGANISATIONS</b>						
Trade						
* Suppliers		short trade credit for goods and supplies			short trade credit for goods and supplies	
* Clients		Payments in advance			Payments in advance	
Cooperatives		Saving facilities			Savings facilities; short term loans	
Community based schemes	Starting capital	Working capital (permanent)			Short term loans	
Pawn shops		Ad hoc short-term loans				
ROSCAs	Additional capital					

A2F Process Tool 9 Defining the financial landscape for self-employed / necessity driven and opportunity driven micro enterprises - cont.

MSME Type (migrant or refugee entrepreneurs)	Self-employed (hybrid, solo, lifestyle) necessity driven			Micro enterprise- opportunity driven			
	Channels	Starting	Operating	Expanding	Starting	Operating	Expanding
<b>INDIVIDUALS</b>							
<b>Moneylender</b>		Short term loans	Short term loans			Short term loans	
<b>Friends</b>		Starting capital/ grants & loans	Long- and short- term loans Capital		Starting capital	Short- and medium- term loans Capital	
<b>Family</b>		Starting capital/ grants & loans	Long- and short- term loans	Participation / grants	Starting capital  (quasi loans)	Medium term loans  Quasi capital	Adding to owners capita;
<b>Self (savings)</b>		Starting capital/ grants & loans			Starting capital	Reinvesting profits	Reinvesting profits
<b>IT BASED SYSTEMS (GENERIC)</b>							
<b>Payment systems</b>							
<b>Lending platforms</b>							
<b>Savings platforms</b>							
<b>P2P</b>							
<b>Crowdfunding</b>					Incidental starting capital	Loans	
<b>IT / FinTech's</b>							

MSME Type (migrant or refugee entrepreneurs)	Small / medium enterprise - growth oriented			Self-employed - (lifestyle) growth oriented		
	Channels	Starting	Operating	Expanding	Starting	Operating
<b>FORMAL FINANCIAL ORGANISATIONS</b>						
<b>Commercial banks/ General Banks</b>		Working capital (WC)/ Additional services	Special loans/ General services	Personal loans	Working capital/ General services	Special loans/ General services
<b>Trade banks</b>		Trade credit			Trade credit/ (export financing)	Export credit/ trade credit
<b>Investment banks</b>			Special loans	Investment loans		Development loans
<b>Development banks</b>	Permanent working capital		Special loans			Development loans
<b>Small industries banks</b>	Long term loans	Working capital	Special loans/ General services		Working capital	Special credits
<b>Cooperative banks</b>	Permanent WC Long term loans	Working capital Loans	General services			
<b>Savings banks</b>	Own savings to start					
<b>Postal banks (savings)</b>		General services/ (transfers/ deposits)				
<b>Islamic Banks/ Faith based banks</b>						
<b>Micro banks (Community/ NGO owned banks)</b>						
<b>Social investment banks</b>	Starting capital	Working capital	Long term loans			

MSME Type (migrant or refugee entrepreneurs)	Small / medium enterprise - growth oriented			Self-employed - (lifestyle) growth oriented			
	Channels	Starting	Operating	Expanding	Starting	Operating	Expanding
<b>QUASI FINANCIAL ORGANISATIONS</b>							
Development finance companies			Long term loans	Capital / participation	Permanent working capital		
Venture capital companies	Capital		Subordinated loans/ capital	Capital / participation			Long term loans
Guarantee funds	Guarantees for long term loans	Guarantees for short term loans	Guarantees for long term loans		Guarantees for long- and short-term loans		
Lease companies	Long term leases	Short term leases	Long term leases	Long term leases	Short term leases		Long term leases
Factoring companies		Working capital loans			Working capital loans		
Diaspora funds	Loans/ participations	LT loans	Capital/ LT loans				
Faith based financing institutions		Working capital	LT loans (with special conditions)		Working capital loans		LT loans
<b>INFORMAL FINANCIAL ORGANISATIONS</b>							
Trade							
* Suppliers		short trade credit for goods and supplies			short trade credit for goods and supplies		
* Clients		Payments in advance			Payments in advance		
Cooperatives		Short term loans			Short term loans		
Community based schemes							
Pawn shops							
ROSCAs							

MSME Type (migrant or refugee entrepreneurs)	Small / medium enterprise - growth oriented			Self-employed - (lifestyle) growth oriented			
	Channels	Starting	Operating	Expanding	Starting	Operating	Expanding
<b>INDIVIDUALS</b>							
Moneylender	Short term loans	Short term loans			Capital		
Family	Capital		Long term loans		Long term loans		
	Short and long loans						
Self (savings)	Starting capital	Reinvesting profits	Reinvesting profits		Capital		Capital
<b>IT BASED SYSTEMS (GENERIC)</b>							
Payment systems					Payment services		Payment services
Lending platforms					Loans (ST)		Loans (LT)
Savings platforms					Own savings for investment		
P2P					Loans (LT)		Loans/ capital
Crowdfunding	Incidental starting capital	Loans			ST loans and capital	ST and LT loans	
IT / FinTech's						Insurances/ guarantees/ transfers	Insurances/ guarantees/ transfers

Source : Author - continuous adaptation of SME financing and Channels model

vi. *Analysis of barriers to Access to Financing Gap and way to overcome/ deal with it*

Suppliers of financial services, in particular the formal ones, discriminate indirectly and unconsciously migrant and refugee entrepreneurs. Refugee / migrant entrepreneurs often do not have a track record, making financial institutions claim that they have difficulties in assessing their risk profile (using the present evaluation systems).<sup>11</sup> Discrimination of disadvantages and underrepresented groups in society, and thus as well for enterprising migrants and refugees, is common, particularly by financing entities<sup>12</sup>. Within this context, the **A2F Process Tool 11** can be used to identify barriers that a migrant or refugee entrepreneur may find on his or her way to financing and to define which steps can be taken by each stakeholder to deal with it or overcome those.

**Action box (A2F Process Tool 11)**

*Identifying barriers and actions to overcome them*

- *Discuss* the importance of identifying barriers at the four levels
- *Assess* the various barriers at the priority financiers identified with tools 8 and 9
- *Identify* the actions that can be taken by each stakeholder
- *Define actions* to be taken and establish a timeline

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<sup>11</sup> Of late a number of migrants/ refugees manage to store relevant information in digital safes which can be opened upon arrival making it possible to show track records and share other relevant information

<sup>12</sup> An aspect often overlooked in financial education programmes is the training of bank staff in addition to building- up of financial understanding amongst – potential – clients.

LEVEL OF INTERVENTION	BARRIERS WITH FINANCIAL SERVICE PROVIDERS	BARRIERS WITH CLIENTS	WHAT CAN PUBLIC AUTHORITIES DO?	WHAT CAN YOU (MIGRANT/ REFUGEE) DO?
<b>Awareness and culture within the FI and Financial sector</b>	Perceived prejudgments migrant / refugee entrepreneurs	Perceived prejudgments about society and FIs "as enemy"		
	Perception of the real client is negative			
<b>Policy and procedures level</b>	Rules and procedures do not create level playing field	Unaware / uninformed about rules and regulations		
	Evaluation systems (excluding starters/ excluding migrant with unclear status)	Capital / asset base limited/ undeclared assets		
		limited capacity to lobby/ advocacy		
<b>Organisational issues within FIs</b>	Understanding amongst staff of reality/ context limited	Mutual support		
	Language, culture creating distance	Language spoken different/with difficulty		
		Preference for own programmes; does not want to mainstream		
<b>Services and products</b>	Products / services offered uniform/ "one size fits all"	Knowledge and skills limited		
	Place of delivery of services			

LEVEL OF INTERVENTION	BARRIERS WITH FINANCIAL SERVICE PROVIDERS	BARRIERS WITH CLIENTS	WHAT CAN TRAINERS/ COACHES DO?	WHAT CAN STAFF OF FINANCIAL INTERMEDIARIES DO?
<b>Awareness and culture within the FI and Financial sector</b>	Perceived prejudgments migrant / refugee entrepreneurs	Perceived prejudgments about society and FIs "as enemy"		
	Perception of the real client is negative			
Policy and procedures level	Rules and procedures do not create level playing field	Unaware / unformed about rules and regulations		
	Evaluation systems (excluding starters/ excluding migrant with unclear status)	Capital / asset base limited/ undeclared assets		
		limited capacity to lobby/ advocacy		
<b>Organisational issues within FIs</b>	Understanding amongst staff of reality/ context limited	Mutual support		
	Language, culture creating distance	Language spoken different/with difficulty		
		Preference for own programmes; does not want to mainstream		
Services and products	Products / services offered uniform/ "one size fits all"	Knowledge and skills limited		
	Place of delivery of services			



vii. *Specifying financing & financing plan*

There is a persistent belief that microfinance (in particular smaller loans) is the only solution for migrant or refugee entrepreneurs to get started. Of course, there are many migrants excluded from regular society who need such support and, by receiving small loans, can start a small economic activity generating some (additional) income and thus become a more respected member of society. But we overlook the fact that there are also enterprising migrant or refugee entrepreneurs with significant financial, social, or human capital at arrival. And with capability to raise finance from various sources. They are people who have crossed borders and, by doing so, they have brought with them new insights 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. In the formulation of the financing plan due consideration need to be given to those differences.

**A2F Process Tool** is to be used to draw up a financing plan based on financing needs, reflecting existing financing, considering possible difficulties in raising financing and taking into account a proper balance between short term and long-term financing and between equity and external financing.

Action box (A2F Process Tool 12)

*The Financing Plan*

- *Discuss* the importance of understanding of the financing plan
- *Assess* the financing needs and proposed financing (with proper balance between short term and long-term financing and between equity and external financing)
- *Assess* of financial understanding, of the micro-entrepreneur
- *Identify* financing already available of accessible
- *Identify* possible / attractive financing channels and difficulties to access those
- *Prioritise* financing options and conditions
- *Set goals* for approaching selected channels and for formulating applications

Capital				External financing								
Channels	Own equity				Short term/ working capital				Long term financing			
	Total amount needed as defined in plans	Amount intended to raise from defined source	Conditions per identified source	Difficulties encountered or expected to access per identified source	Total amount needed as defined in plans	Amount intended to raise from defined source	Conditions per identified source	Difficulties encountered or expected to access per identified source	Total amount needed as defined in plans	Amount intended to raise from defined source	Conditions per identified source	Difficulties encountered or expected to access per identified source
<b>Savings</b>												
Own savings (local)												
Own savings (abroad)												
<b>Private investors</b>												
Friends/ relatives												
Formal investors												
Informal investors												
<b>Trade financing</b>												
Suppliers												
Clients												
Special companies (leasing/ factoring)												
Business to Business												
<b>Others</b>												
Give details												

Capital				External financing								
	Own equity				Short term/ working capital				Long term financing			
	<i>Total amount needed as defined in plans</i>	<i>Amount intended to raise from defined source</i>	<i>Conditions per identified source</i>	<i>Difficulties encountered or expected to access per identified source</i>	<i>Total amount needed as defined in plans</i>	<i>Amount intended to raise from defined source</i>	<i>Conditions per identified source</i>	<i>Difficulties encountered or expected to access per identified source</i>	<i>Total amount needed as defined in plans</i>	<i>Amount intended to raise from defined source</i>	<i>Conditions per identified source</i>	<i>Difficulties encountered or expected to access per identified source</i>
<b>MFIs/ NBFIs</b>												
<i>Give details</i>												
<b>Banks</b>												
<i>General banks</i>												
<i>Other banks (specify)</i>												
<b>Internet based options</b>												
<i>Crowdfunding</i>												
<i>P2P</i>												
<i>Specialized Internet financial service providers</i>												
<i>Give details</i>												
<b>Special investment funds</b>												
<i>SME investment Funds</i>												
<b>Diaspora funding</b>												
<i>Special Diaspora Funds</i>												
<i>M2M and R2R</i>												
<i>Give details</i>												

The traditional financing of (starting and growing) MSMEs is to offer one single product. The (migrant) entrepreneurs not only need loans for the financing of the start and growth of their ventures. Sometimes they are better off with grants while at other times they better served with a comprehensive package of financing services composed of both loans and investment capital, of short term and long-term funding, of financing from formal and informal investors and financiers.

Those more comprehensive financing packages cannot be offered by one single financial service provider. The existing financial intermediaries are used to extend traditional financial services in the forms of (micro) loans or guarantees. They are not in position to simultaneously offer services from internet and web-based facilities such as crowdfunding, peer to peer lending platforms or financing by business angels and informal investors. And they certainly cannot liaise with locally operating savings and credit mechanisms. Credit analysts and other technical staff of financial intermediaries dealing with migrant entrepreneurs would be more effective in assisting the new clients by first assessing the actual financing needs and then seek to compose a basket of finance bringing together the offerings of various financial intermediaries.

viii. *Defining Action plan to improve access to and enhance making use of financing*

Based on the earlier assessments made, entrepreneurs and coaches/ trainers can decide which follow-up actions are needed to create realistic access to financing channels and to be sufficiently prepared to use such funding. This can be laid down in an action plan which must be SMART+S:

- **Specific:** goals need to be clear and detailed
- **Measurable:** expected results need to be measurable.
- **Agreeable:** both micro-entrepreneur and mentor/coach must agree on the necessary actions.
- **Realistic:** the micro-entrepreneur must believe the action plan is possible to achieve.
- **Time-specific:** the set timelines must contain pre-agreed milestones at certain moments.
- **+ Support.** Not everything can be done by the micro-entrepreneur or the mentor/coach alone. For this reason, the FSP/ NFSP must also arrange necessary support (such as regular training courses and business clinics, access to information platforms, and sector related advisory services).

**A2F Process Tool 13** can be used to draw up an action plan.

**Action box (A2F Process Tool 13)**

*Setting up the action plan*

- *Discuss* the importance of understanding financial issues
- *Assess* the current level of financial understanding, of the micro-entrepreneur<sup>1</sup>
- *Identify* the areas of attention
- *Prioritise* issues
- *Set goals* for each priority area
- *Define actions* to be taken and establish a timeline
- *Define moments* to regularly *monitor and evaluate*

Topics to pay attention to in Action Plan		Target and actions to implement		Period		Resources		Barriers		Success criteria
General	Specific	Name (who will take the action)	Details (describe the action)	Starting date	Deadline	Material/ Human	Budget	Controllable	Non-controllable	Expected outputs
Dealing with personal finance	Separating personal from business finance									
	Managing cash in / cash out at household level									
	Keeping track of expenditures and income									
	Setting aside money for future (unexpected) events									
Dealing with financial problems of business	Setting up an administration for the business									
	Calculation costs/ defining prices									
	Tracking debtors									
	Managing a cash budget/ liquidity budget for the business									
Dealing with general planning problems	Business planning									
	Planning - defining financial needs									
	Dealing with banks									
	Saving / setting aside profits for the future investments in business									
Dealing with financing options	Knowing about financing options for growth									
	Knowing how to present financing plans									
	Knowing how to access external financiers (formal ones)									
	Knowing how to deal with external financiers (Digital ones)									

ix. *Implementing the action plan*

Monitoring and evaluation need to take place at regular intervals. The basis of this process will be the action plan **A2F Process Tool 13**.

At the beginning, a rather straight forward approach can be taken by measuring the changes that have occurred relative to the targets established in the initial action plan. By following deviations from the original targets, both parties can agree on the new actions to be taken and draw up a revised action plan.

The guidance and feedback that the micro-entrepreneur receives from the mentor or coach will of course be related to the functioning of the business and the way funds are used, but it can lead to changes in behaviour, which in turn could lead to the desired level of independence when dealing with financing issues.

Action box

*Monitoring the action plan*

- Define moments to regularly *monitor and evaluate*
- Discuss with the entrepreneurs
- *Measure* at regular intervals
- *Identify* deviations
- *Seek clarification* for deviation
- *Discuss* (possible remedial) actions to take
- *Adjust* the action plan

## 2. Instruments for entrepreneurs needed to prepare financing plan

*To be able to make proper use of financing, entrepreneurs must be able and capable to deal with a variety of financial issues. Some of those issues are related to day-to-day financing related management, others are related to longer term evolution of their enterprise.*

*Many issues and thus the related instruments as well, are relevant for any entrepreneur, migrant or refugee entrepreneur included. Others need to be broadened to reflect the actual context in which migrant and refugee entrepreneurs live and operate.*

### 2.1 Overview of instruments

For many of the issues specific instrument(s) can be used. Those instruments are mainly to structure data and information which in turn, tells again much about the actual financial position or the long-term plans of the enterprises. By structuring the data and information entrepreneurs start to understand more about their enterprise and their own capabilities to deal with finance related issues either during the start, while operating or in times of crises.

In table 3 the overview of the main issues and related instruments or tools are visualized. Those are of different nature, some are related to entrepreneurial salary and the individual's household budget and others deal more with the enterprise proper, for instance the investment and financing plans or the projected profit and loss statements.

Many entrepreneurs (both existing and starting ones) face new problems because of the Covid- 19 outbreak. Those are discussed in chapter 4



Table 3 Financial Issues, and instruments

Issue	Key tools/ templates for all entrepreneurs	Special focus in Tool for Entrepreneur for migrant/ refugee entrepreneurs <sup>13</sup>
<b>Determining desired entrepreneurial salary</b>	Tool to list costs of household and tool to calculate entrepreneurial salary (Tool for Entrepreneur 1)	For migrants/ refugees housing costs may be subsidised in the first years; use shadow cost in that case
<b>Cash budget - household</b>	General cash budget - preferably monthly cash budget for a two-year period – template (Tool for Entrepreneur 2)	Special attention to remittances (cash outlay); if receiving social welfare determine the period for how long this will continue; in case of personal loans determine repayment, periods or make such more explicit;
<b>Analysis of factors influencing the business</b>	Overview of factors and assessment of the actions to take to either mitigate effect or to make use of it (Tool for Entrepreneur 3)	Special attention on context related issues and factors
<b>Sales and marketing plan</b>	Sales plan – template ((Tool for Entrepreneur 4)	Correct for over optimism taking into account limited knowledge of local market, when sales to relatives/ close friends make credit arrangements visible
<b>Liquidity forecast - Enterprise</b>	General cash budget - preferably monthly cash budget for two-year period- template (Tool for Entrepreneur 5)	Adjust for credit sales to groups near to entrepreneur; pay special attention to taxes to be paid
<b>Projected profit and loss statement</b>	Profit and loss account – template (Tool for Entrepreneur 6 and 7)	For labour costs in case family members work in business use shadow prices
<b>Investment plan</b>	Investment plan – template (Tool for Entrepreneur 8 and 9)	Make special arrangements (with private financiers) and intangible investments visible;
<b>Financing plan – what can you raises?</b>	General investment and financing plan (financial packages with traditional and new forms of financing) - template (Tool for Entrepreneur 10 and 11)	Attention to Diaspora related funding and possibility to free funds kept abroad; seek special ways to use assets abroad as collateral for external financing; make foreign held capitals/funds visible
<b>Loans calculation</b>	Loan calculation tool (Tool for Entrepreneur 12)	In case of personal loans set interest rates
<b>Guarantees and collateral</b>	External financing requires being able to pledge collateral (Tool for Entrepreneur 13)	Which assets abroad (back home) can be offered?
<b>Legal issues</b>	General list of rules and regulations/ permits	Add explanation to list why those are to be abided to

<sup>13</sup> Those tools needs to be contextualized for the country or region the entrepreneur operates or lives in.

	(contextualized) (Tool for Entrepreneur 11)	
<b>Administration/ records</b>	Examples of records and books to keep (Tool for Entrepreneur 14, 15 and 16)	Add explanation to list why those are to be abided to

Entrepreneurs can decide themselves which instruments to use and how and when to use them. Likewise, trainers and coaches can select instruments they consider relevant in their trainings and consultancy work.

It is recommended that in the action plan (see previous chapter) explicit reference is made to those instruments that both entrepreneurs and coaches consider relevant to ensure that subsequently actions are indeed taken in a focused manner and financing to be obtained or received is used effectively.

The tools listed in table 2 are discussed in detail in the following chapter 2.2.

## 2.2 The instruments in detail

### i. *Setting the (desired) entrepreneurial salary*

To determine a desirable income (entrepreneurial salary) from a business one needs to take into consideration a number of points such as

- Educational background
- Technical skills
- Business experience and earlier earned salary

But also, one needs to compare a possible payment or entrepreneurial salary with

- Minimum wage level in the country of residence.
- The possible wage earnings as formally employed
- The social welfare benefits received

And then set a minimum below which one would not be happy anymore to work as a self-employed or entrepreneur.

**Tool for Entrepreneur 1** and be helpful in setting desirable level of entrepreneurial income

**Tool for Entrepreneur 1** [Setting the entrepreneur's salary](#)

Variable	Answer
<b>My technical background</b>	
<b>What others with similar technical background can earn</b>	Euro per month
<b>My educational background</b>	
<b>What can others with similar educational background can earn</b>	Euro per month
<b>My work experience</b>	
<b>My business experience</b>	
<b>What I used to earn before</b>	
<b>as wage employee</b>	Euro per month
<b>as entrepreneur</b>	Euro per month
<b>What is the minimum wage in the country</b>	
<b>What is the social welfare contribution that I receive now</b>	
<b>What can I earn as formally wage employee</b>	Euro per month
<b>What do I need to earn to support the household?<sup>14</sup></b>	Euro per month
<b>What do I wish to earn from my business?</b>	Euro per month
<b>Reasons why I would still accept a payment less than the desirable level</b>	a. b. c.
<b>I will stop with my business if I receive less than</b>	<b>Euro per month</b>

<sup>14</sup> See also Tool for Entrepreneur 2.

Tip: entrepreneur's salary is a cost!

*The target payment for owner of the business (in other words the entrepreneurial salary) can be seen as a regular expense and needs to be entered in the monthly liquidity plan to assess whether the business is actually generating sufficient income.*

*ii. Cash budget of the household*

The payment the entrepreneur expects to receive from the business (in other words his or her “salary”) is one of the various sources of income for the household. In order to form an opinion about the degree to which that “salary” is sufficient all expenses of the household and the various sources of income need to be identified.

**Tool for Entrepreneur 2** can be used for this purpose.

Tool for Entrepreneur 2 The household budget / expenses and income (Expenses)

	m. 1	m. 2	m. 3	m. 4	m. 5	m. 6	m. 7	m. 8	m. 9	m. 10	m. 11	m. 12	Total
<b>Household expenses</b>													
<b>Rent</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Utilities (gas, electricity, power)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Insurances - Medical costs</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other insurances</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Schooling costs</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Communication- phone/ internet</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Social costs- memberships</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Food</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Clothing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Medical costs</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Private transport</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Remittances</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>other (details)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>other (details)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Household expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

Tool for Entrepreneur 2 The household budget / expenses and income cont. (Income)

	m. 1	m. 2	m. 3	m. 4	m. 5	m. 6	m. 7	m. 8	m. 9	m. 10	m. 11	m. 12	Total
<b>Household income</b>													
<i>Income from formal employment</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Social welfare benefits</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Income from other household members</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Remittances received</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other (describe)</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other (describe)</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Household income	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance/ deficit before adding income from business	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
<b>Salary (from the business) – formal payments- or withdrawals</b>	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Balance/ deficit	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0

Tip: find savings already beforehand

*Not everything will go as planned. There will be moments that the new business will not generate enough income and that payments come in late. The entrepreneurs will often need to pay a lot of things. One way of finding savings will be to cut on the monthly household cost. It will be good to know in advance where savings can be made.*



*iii. Analysis of factors influencing the business*

There are a lot of external factors that can have an influence on your business and your performance. Sometimes unexpected events may occur such as the Covid -19 outbreak, but there are also things you can foresee. A good entrepreneur takes such events into account and thinks of ways to handle them when they occur. Of course, the problems arisen due to the Covid-19 outbreak are dominating these days (and will be discussed in more detail in chapter 4), but the other unexpected events that may interfere with one's plans need attention as well.

Factors may be of various nature. The key is to identify the relevant ones and describe them as precise as possible; examples are

- Economic development in the country where the business will be set up
- Changing laws and regulations
- The current wage level and future expectations
- Changes in taxes (e.g. tax on profit, VAT)
- The innovations in telecommunication system (fixed telephone, cell phone, internet)
- Changing composition of the population
- Trends and developments in your market segment
- Socio-cultural changes
- Religious influences
- Business ethics
- Fintech development
- The health system (e.g. Covid 19)
- Climate changes
- Entrance of new competitors (existing and potential new ones)

Distinction must be made between factors that cannot be controlled nor influenced by the entrepreneurs and those that (to a certain degree) indeed can be influenced. For both categories entrepreneurs need to define which action to take, either to reduce negative effects, exploit the events, or to make use of it.

**Tool for Entrepreneur 3** makes it possible to make an inventory of relevant factors and determine what can best be done.

Tip: do not blame the others!

*There is a tendency to blame external parties, and particularly the banking sector, for problems when unexpected events occur. Sometimes all might be out of control like in the Covid 19 crisis but there are also situations where unexpected events demand your proactive attitude.*

*Do not create then a self-fulfilling prophecy by adopting the role of the victim in society. That attitude creates an unwanted distance and provides the banks with the arguments not to attend you*

*The unknown makes unwanted. So, make yourself known and seek contact with bank and other financiers. They want to make money. So, show them that they can earn money by selling services to you.*

*First step? Start depositing your savings with the bank you want to borrow from later.*

Factors influencing my business and their possible changes (describe as precise a possible)	Immediate or long-term effect (positive or negative)	Effect on my business Y/N	Non controllable/ not to be influenced or non-controllable	Actions (adapt/ learn/ accept) to mitigate or make use of
<b>Health and related problems (Covid - 19)<sup>15</sup></b>				
<b>Technological</b>				
<b>Social/ cultural</b>				
<b>Legal</b>				
<b>Economy</b>				
<b>Financing</b>				

<sup>15</sup> See also chapter 4

#### *iv. Sales plan*

You know who will buy your products and/or services. Your promotion and publicity campaign has been successful. Your product or service has been received well in the market.

And you know what price they will pay for the product or the service.

The excel sheets that your consultant has prepared for you, shows that your sales will be very successful. Still those are calculations based on assumption and often, over optimistic. Therefore, it might not reflect the reality. Optimism is needed but being overoptimistic will lead to problems you have not expected.

There are other variables to keep in mind:

- When will the clients that you have identified buy your product or services?
- When will they pay?
- How much credit sales will you allow?

And how many will not pay at all?

Most businesses fail because they run out of cash because clients pay later than planned

Time to redo the sales projection and **Tool for Entrepreneur 4** can be helpful here.

#### Tip: Money flows in slowly

*The first thing to do is to ensure that money flows into the company fast to invoice sales as quickly as possible.*

*Secondly, negotiate early payment terms. Consider asking for cash up front, (especially for new customers)*

*Thirdly, check outstanding / late payments or better said -non-paying customers/ clients regularly and vigorously and initiate fast follow up action.*

Tool for Entrepreneur 4 Projected sales and receipt of sales

	month 1	month 2	month 3	month 4	month 5	month 6	month 7	month 8	month 9	month 10	month 11	month 12	Total
<b>Number of product / service1</b>													0
<b>Unit price</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
<b>Total of prod / service 1</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Number of product / service 2</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Unit price</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
<b>Total of prod / service 2</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Number of product / service 3</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Unit price</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
<b>Total of prod / service 3</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Number of product / service 4</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Unit price</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
<b>Total of prod / service 4</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Total Sales</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>VAT over Sales</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Total Sales Invoiced</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

Tool for Entrepreneur 4 Projected sales and receipt of sales – cont.

Credit sales	
<b>Credit given in % of sales</b>	
<i>Same month</i>	0%
<i>After one month</i>	0%
<i>After two months</i>	0%
<b>Losses / Unreliable debtors</b>	0%

Projection of debtors/ credit sales receipts	month 1	month 2	month 3	month 4	month 5	month 6	month 7	month 8	month 9	month 10	month 11	month 12	Total
<b>Starting Balance Debtors</b>													
<i>Debtors this month</i>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
<i>Debtors Balance</i>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>of which unreliable debtors</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Projection of receipts/ payments</b>	month 1	month 2	month 3	month 4	month 5	month 6	month 7	month 8	month 9	month 10	month 11	month 12	<b>Total</b>
<i>Payments same month</i>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
<i>After one month</i>		€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
<i>After two months</i>			€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	
<b>Total receipt from sales</b>	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

v. *Liquidity forecast for the enterprise*

An enterprise should have generated sufficient cash on a regular basis (daily, weekly, monthly) to pay his/her business expenses *at all times*. If clients will pay a month after goods were purchased or services received (e.g. the well-known 30 days credit term), and the company needs to pay immediately for instance to pay rent or wages, there might arise a problem. There must always be enough money in cash or at the bank to meet such costs. A liquidity forecast of cash budget of the enterprise can be helpful to estimate whether you will always have sufficient cash to pay your expenses. Ideally, such a projection is made on a monthly basis and for a one to two years' period.

The cash balance at the *beginning* of the month plus the incoming receipts of the month, minus the expenditures of the month result in the cash balance at the *end* of the month. See **Tool for Entrepreneur 5**.

Tip: keep an eye on the minimum cash required.

*To be at the safe side it might be good to think of a minimum cash balance that always need to be available. So do not steer at minimum of zero (0) but define an amount of cash that always needs to be available.*

*Secondly: do not despair if you have to rework your liquidity plan several times when designing it for the first time. You will have to go back and forth to come to a balance liquidity plan. And much will depend on the willingness of external financiers to extend financing to you at the time you need it!*

*Thirdly: keep in mind: suppliers demand payment in cash, customers expect credit!*

Tool for Entrepreneur 5    Liquidity forecast for an enterprise – monthly basis (Inflow)

Cash inflow	% (VAT and Loans)	m. 1	m. 2	m. 3	m. 4	m. 5	m. 6	m. 7	m. 8	m. 9	m. 10	m. 11	m. 12	Total
<b>Opening Cash / Bank</b>	%	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Sales and receipts from sales</b>		0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Sales excl VAT</i>		0	0	0	0	0	0	0	0	0	0	0	0	0
VAT	21%	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Total Sales including VAT</i>		0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Payments received for sales (incl. VAT)</i>			0	0		0	0		0	0		0	0	0
<b>Loans received</b>														
<i>Loan Bank 1</i>		0												0
<i>Loan Bank 2</i>		0												0
<i>Loan Family A (subordinated)</i>		0												0
<i>Loan Family B</i>		0												0
<b>Other inflows</b>														
<i>Subsidies/ grants</i>		0												0
<i>Returned paid VAT</i>					0				0				0	0
<i>Other</i>														0
<b>Cash inflow without opening balance</b>		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash inflow with opening balance</b>		0	0	0	0	0	0	0	0	0	0	0	0	0



Tool for Entrepreneur 5 Liquidity forecast for an enterprise – monthly basis – cont. (outflow)

Cash outflow		m. 1	m. 2	m. 3	m. 4	m. 5	m. 6	m. 7	m. 8	m. 9	m. 10	m. 11	m. 12	Total
<b>Investments</b>														0
<i>Premises</i>														
<i>Renovation</i>														
<i>Transportation</i>														0
<b>Regular expenses</b>														
<i>Materials</i>														0
<i>Personnel</i>														0
<i>Operational Costs</i>														0
<i>Rent and utilities</i>														0
<i>Production / Maintenance</i>														0
<i>Transport</i>														0
<i>Sales costs</i>														0
<i>General</i>														0
<b>Special expenditures</b>														
<i>Deposits (for instance for rent)</i>		0												
<i>PR and publicity</i>		0												0
<b>VAT</b>														
<i>VAT on Investments</i>	21% <sup>16</sup>	0		0	0									0
<i>VAT on stock</i>	21%	0	0	0	0	0	0	0	0	0	0	0	0	
<i>VAT on Operational Costs</i>	21%	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Taxes</b>														
<b>Loans</b>														0
<i>Repayments (from separate loan repayment schedule)</i>														0
<i>Interest (based on repayment schedule)</i>		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Entrepreneur's salary</b>		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total cash outflow per month</b>		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Balance at end of month</b>		0	0	0	0	0	0	0	0	0	0	0	0	0

<sup>16</sup> To be adjusted for the prevailing VAT rate for country the entrepreneur operates in.

*vi. Projected profit and loss statements*

In your Projected Profit and Loss Statement (PPLS) you calculate whether the sales revenues are sufficient to cover your costs and other financial obligations (including your private expenses).

The PPLS presents the expected turnover, purchases, costs, and profit (all figures are excluding VAT).

- The gross profit is the total turnover minus the purchasing costs of the turnover.
- The net profit is calculated by deducting the operational costs from the gross profit.

See **Tool for Entrepreneur 6** to prepare the Projected Profit and Loss Statement (PPLS) and **Tool for Entrepreneur 7** to assess the financial feasibility of the plan.

Details		Turnover growth per annum	0,00%	0,00%
		Growth of costs per annum	0,00%	0,00%
		<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>
<b>TURNOVER</b>				
<b>Minus Cost of production/ goods sold</b>				
<b>GROSS PROFIT</b>				
<b>OPERATIONAL / ORGANISATION COSTS</b>				
<b>Personnel Cost</b>				
	<i>salaries</i>			
	<i>others</i>			
<b>Premises</b>				
	<i>rent</i>			
	<i>energy (gas/electricity/water)</i>			
	<i>insurances</i>			
<b>Production Cost</b>				
	<i>materials input</i>			
	<i>energy cost</i>			
	<i>insurances</i>			
<b>Transportation Cost</b>				
	<i>fuel</i>			
	<i>insurances</i>			
	<i>taxes</i>			
<b>Marketing and sales Cost</b>				
	<i>promotion</i>			
	<i>representation</i>			
	<i>mailing/internet</i>			
<b>Office and management</b>				
	<i>Management</i>			
	<i>Support staff</i>			
<b>Depreciations</b>				
	<i>Depreciation Fixed Assets</i>			
	<i>Other Depreciations</i>			
<b>Financing costs</b>				
	<i>interest</i>			
<b>TOTAL COSTS</b>				
<b>PROFIT BEFORE TAXES</b>				
<b>Taxes</b>	fill in corresponding %			
<b>Dividend</b>	fill in corresponding %			
<b>NET PROFIT/ RETAINED EARNINGS<sup>17</sup></b>				

<sup>17</sup> For instance, for reinvestment

The net profit from operations of your business needs to cover a number of regular expenditures such as: repayment of loans, regular taxes (taxes on profit in particular), private withdrawals (including entrepreneurial salary<sup>18</sup>), and reinvestments. Only when the net profit exceeds those obligations the business remain with a net profit that can be used for either

- investments for growth,
- be ploughed back (resulting in an increase of the owners' capital/ equity) or
- be paid out as dividend to the shareholders.

**Tool for Entrepreneur 7**    **Is it feasible?**

	<b>year 1</b>	<b>year 2</b>	<b>year 3</b>
<b>Total net profit from operations</b>	<b>Euro</b>	<b>Euro</b>	<b>Euro</b>
<b>Regular payments from profit for:</b>	Euro	Euro	Euro
<i>Repayment of loans</i>	Euro	Euro	Euro
<i>Income tax</i>	Euro	Euro	Euro
<i>Private withdrawals/ entrepreneurial salary</i>	Euro	Euro	Euro
<i>New investments</i>	Euro	Euro	Euro
<b>Total to be deducted</b>	<b>-/- Euro</b>	<b>-/- Euro</b>	<b>-/- Euro</b>
<b>Total net profit, minus the expected expenditure<sup>19</sup></b>	<b>Euro</b>	<b>Euro</b>	<b>Euro</b>

**Tip: you can survive with losses, but not for too long**

*A business can operate for quite some time with losses, as long as there will be more money flowing in than out. But after some time operating at loss will also affect the liquidity position.*

*If the net profit is less than the planned costs as listed, you have a problem. Check if there are ways to improve net profit from operations (cost reduction? Increase of sales?). If this is not possible, your business is not really feasible you will have to reconsider your plan.*

<sup>18</sup> Only when entrepreneurial salary has not been included in the costs when calculating the net profit

<sup>19</sup> If < 0, not feasible

*vii. Investment plan*

Based on your business plan the various investments and related costs can be listed. This is best done for each specific stage - e.g. pre-departure, arrival, preparation, start and growth / expansion.

All investments need to be identified, listed, and estimated including cash outlays during preparation time – see **Tool for Entrepreneur 8** on the next page.

- List the investments/ to be made per stage
- Make estimate of the costs involved

Tool for Entrepreneur 8 Estimates of investments to be made per stage of business life cycle<sup>20</sup>

	Remarks	Pre-departure	Arrival	Preparation	Starting (- year 1)	Growth and expansion (year 2-4)
<b>1. MISCELLANEOUS COSTS</b>						
<i>Travel costs</i>						
<i>Maintenance of household</i>						
<i>Special expenses (language courses, trainings)</i>						
<b>Subtotal</b>						
<b>2. START UP &amp; PREPARATION COSTS</b>						
<i>Legal costs/ registration fees</i>						
<i>Advisory costs</i>						
<i>Promotion at the start</i>						
<b>Subtotal</b>						
<b>3. INVESTMENTS IN FIXED ASSETS</b>						
<i>Premises, building (acquisition costs)</i>						
<i>Renovation of the premises</i>						
<i>Machines/ tools / equipment</i>						
<i>Fixtures and furnishings</i>						
<i>Computer appliances/ IT</i>						
<i>Transportation (car, other vehicles)</i>						
<b>Subtotal</b>						

<sup>20</sup> Enter in each field the estimate value of the investment to be made/ costs incurred

Tool for Entrepreneur 8 Estimates of investments to be made per stage of business life cycle – cont.

	Remarks	Pre-departure	Arrival	Preparation	Starting (- year 1)	Growth and expansion (year 2-4)
<b>INVESTMENTS IN CURRENT ASSETS</b>						
<i>Stock of raw materials</i>						
<i>Stock of finished products</i>						
<i>Estimate of labour costs/ work in progress</i>						
<i>Debtors</i>						
<b>Subtotal</b>						
<b>OTHER INVESTMENTS</b>						
<i>Give details</i>						
<b>Subtotal</b>						
<b>TOTAL</b>						

The individual data from Tool for Entrepreneur 8 can be transferred to **Tool for Entrepreneur 9** for a subsequent analysis of investments to be made

Tool for Entrepreneur 9    **Summary investments**

Summary investment	Already in possession	New investment needed / Planned	Total to be financed
<b>Total Investments to be made</b>			
<i>Miscellaneous costs and preparation costs (sunken funds) – 1 and 2</i>			
<i>Current assets</i>	€ -	€ -	€ -
<i>Fixed assets – 3</i>	€ -	€ -	€ -
<i>Current Assets (Working capital) – 4</i>	€ -	€ -	C
<i>Other assets – 5</i>	€ -	€ -	€ -
<b>Total</b>	€ -	€ -	€ -

Tip: you do not need to buy all

*Entrepreneurs like to possess things; it adds to their image.*

*But you do not need to buy all; you can also lease machinery, equipment, buildings, and premises*

*So, ask yourself ... why do I want this?*



*viii. What can you raise?*

Investments for the start and the first year can be financed with funds from two distinct sources:

- Your own savings (including the funds you borrowed on a personal basis and what is brought in directly by you)
- External financing

**Own capital**

Your own capital (also referred to as Owners Equity or risk bearing capital) consists of

- The money you bring in directly.
- The money you bring in through private arrangements with others (family/ friends, private investors) without giving them a say in the company.
- The goods that you possess already and that have already been paid for earlier and thus you wish to bring in.

**External financing**

External financing is necessary if your own capital is not sufficient to cover the planned investments. External financing can be either in the form of loans, or as participation in the capital of the company. Non-capital participations can best be divided in long/medium-term capital (more than a year) and short-term capital (less than a year).

It is relevant to identify first what you have raised already and what you think you may be able to get from third parties.

Use **Tool for Entrepreneur 10 and 11**

Tool for Entrepreneur 10 Assessing existing and possible capital contributions

Type of financing	Already contributed/ raised/ invested	Possible to raise	Give details of the sources	Conditions
<b>TOTAL</b>	<b>EURO</b>	<b>EURO</b>		
<b>Own savings</b>				
<i>From savings in the country of residence</i>	Euro	Euro		
<i>From savings in the country of origin or on foreign accounts that can be freed</i>	Euro	Euro		
<b>Money to be raised through private borrowing<sup>21</sup></b>	Euro	Euro		
<i>Loans form friends/ relatives</i>	Euro	Euro		
<i>Private loans</i>	Euro	Euro		
<i>Mortgages on private property</i>	Euro	Euro		
<i>Crowdfunding</i>				
<b>Subtotal</b>	<b>Euro</b>	<b>Euro</b>		
<b>Tools/ equipment / building owned by owner that can be brought in</b>				
<i>Buildings</i>	Euro	Euro		
<i>Tools/ small equipment</i>	Euro	Euro		
<i>Machinery</i>	Euro	Euro		
<i>Transportation items</i>	Euro	Euro		
<b>Subtotal</b>	<b>Euro</b>	<b>Euro</b>		
<b>TOTAL</b>	<b>EURO</b>	<b>EURO</b>		

<sup>21</sup> Reference is made here to private borrowings on personal title by the owner from for instance friends, relatives, private persons, crowdfunding that he brought in as own capital

Tool for Entrepreneur 11 Assessing existing and possible external financing

Type of external financing	Already invested	Possible to raise/ target	Give details of the sources	Conditions
<b>Non-traditional loans/ financing</b>				
<i>Family/ friends</i>	Euro	Euro		
<i>Private investors (non-family)</i>	Euro	Euro		
<i>Peer 2 Peer investors</i>	Euro	Euro		
<i>Investment companies</i>	Euro	Euro		
<i>Business to business financing</i>	Euro	Euro		
<i>Diaspora Funds</i>	Euro	Euro		
<b>Subtotal</b>	<b>Euro</b>	<b>Euro</b>		
<b>Formal financing – long term</b>				
<i>Mortgage loans</i>	Euro	Euro		
<i>Bank loans</i>	Euro	Euro		
<i>Special SME-loans</i>	Euro	Euro		
<i>Diaspora Funds</i>	Euro	Euro		
<b>Subtotal</b>	<b>Euro</b>	<b>Euro</b>		
<b>Formal financing – short term</b>				
<i>Bank facility (overdraft)</i>	Euro	Euro		
<i>Trade finance</i>	Euro	Euro		
<i>Internet based loans (incl. Crowdfunding)</i>	Euro	Euro		
<b>Other (specify)</b>	Euro	Euro		
<b>Subtotal</b>	<b>Euro</b>	<b>Euro</b>		
<b>TOTAL</b>	<b>EURO</b>	<b>EURO</b>		

*ix. Loan calculation tool*

There are moments that an enterprise or an entrepreneur is not really in a position to meet its regular financial obligations. There might be a reason to request financier for rescheduling of loans or exceptionally to permit that one or two instalments are missed. That will have immediate consequence for the enterprise and the entrepreneur. The missed instalment will have to be repaid on top of the regular repayment. Such may be paid with

- Excess of regular profit of the company available to meet extra payment
- Reduction of the personal income of the entrepreneur
- Savings at household level e.g. on the household expenses

This might result in both financial and psychological problems. It is generally assumed that the extra pressure on persons to recover missed payment should not last longer than six (6) months

Tool for Entrepreneur 12<sup>22</sup> (with a calculation example) can be used to calculate the number of months needed to cover one or more instalments missed. It can also be useful to assess whether it is realistic to expect that the prospective borrower can cope with the financing requested or sought and the related financial obligations.

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<sup>22</sup> See the [Excel template: Repayment calculator. EMEN project – CoP2](#) to download the excel model

Financiers	Loan amount	Instalments (months)	Instalment to be paid per month
	Data from financing Plan		
<i>Bank Loan 1</i>	€ 10.000,00	24	€ 416,67
<i>Bank Loan 2</i>	€ 5.000,00	48	€ 104,17
<i>Subordinated loan</i>	€ 5.000,00	12	€ 416,67
<i>Diaspora Fund</i>	€ 15.000,00	24	€ 625,00
<b>Total monthly instalments</b>			€ 1.562,50
<b>Missed instalment</b>			
<i>Instalment missed (number)</i>			1
<i>Total amount to be repaid on top of regular repayments</i>			€ 1.562,50
<b>Possible source to repay the extra instalment(s)</b>			
<i>Excess net profit of the business available to meet extra payments</i>	From projected income statement	€ 200,00	
<i>Entrepreneurial salary monthly</i>	From entrepreneurial salary calculation	€ 1.500,00	
<i>Basic needs family- household</i>	From household budget	€ 1.350,00	
<i>Free part salary</i>		€ 150,00	
<i>Possible shoestring savings household (per month)</i>		€ 175,00	
<b>Number of months to repay</b>			
<i>Number of months to repay missed instalments with profit of enterprise</i>		7,81	months
<i>Number of months to repay missed instalments with free part on entrepreneur's salary</i>		10,42	months
<i>Number of months to repay one month missed with savings form household and reduction entrepreneurs' salary</i>		4,81	months
<i>Number of months to repay with combined enterprise profit, household savings and reduction salary entrepreneur</i>		2,98	months
<b>Psychological barriers</b>			
<i>Maximum number of months that entrepreneurs is willing to accept a serious reduction of disposable cash</i>	To be entered by user	6	months
<i>Maximum number of months that household accepts reduced income</i>	To be entered by user	4	months

It may look just one month....

*There is always a reason why it is better to miss a repayment.  
And missing one repayment might look nothing.*

*But as a small entrepreneur you have to pay that again on top of  
the next repayment. Will you then have the money?*

*And for how long are you willing to cut on all kind of expenses  
(including on the household budget)?*

*Maybe it is better to sit down with your financiers in advance and  
request for rescheduling. Even if that may cost a little bit more, it  
may reduce the immediate burden on you.*

x. *Guarantees and collateral overview*

Most external financiers lending out funds to (starting or existing) MSMEs want to be sure that loan amounts are repaid in full, both if the business is successful and in case of failure. That is why they would require collateral, such as claims on buildings, equipment, machinery, or other fixed assets. In case your enterprise is not successful, and you are not able to pay back your debts, they can sell off those assets.

The estimated value of the collateral is rarely equal to the real (market) value of the collateral which is based on the idea that forced sales do not guarantee a good price.

Most assets must be in the country of residence but a migrant or refugee entrepreneurs may try to offer assets in the country of origin as collateral as well. It is up to the financier to accept such pledges. There exist no arrangements yet to make such possible.

Third party guarantees can be listed as well as can special items, claims on insurances, pensions, but also crypto currencies, or valuable items such as jewelry.

In **Tool for Entrepreneur 13** the entrepreneur may list the assets that could be offered as collateral.

Tip: what about your assets back home?

*If you are a migrant or refugee, you (still) may possess assets in the country of origin that you can pledge as collateral.*

*Banks are not used to think about that solution, but it might be worth trying to offer it anyhow*

Tool for Entrepreneur 13 What can you pledge as collateral?

Asset to offer as collateral	Details <sup>23</sup>	Country of residence			Country of origin		
		Real value	Percentage <sup>24</sup> to arrive at value as collateral	Estimated value as collateral	Real value	Percentage <sup>25</sup> to arrive at value as collateral	Estimated value as collateral
Own house or land		Euro		Euro	Euro	70%	Euro
Company building or land		Euro		Euro	Euro	60%	Euro
Equipment (e.g. cars, machines)		Euro		Euro	Euro	40%	Euro
Stock (finished products/ raw materials)		Euro		Euro	Euro	40%	Euro
Debtors (factoring)		Euro		Euro	Euro	80%	Euro
Third party guarantees (give details)		Euro		Euro	Euro	100%	Euro
Others (give details <sup>26</sup> )							
<b>TOTALS</b>				<b>EURO</b>			<b>EURO</b>

<sup>23</sup> For all items give details – or have details at hand when asked for - such as location, addresses, type of documents available to proof ownership

<sup>24</sup> This will be 0% if not accepted as collateral

<sup>25</sup> The percentages for the corrections that financiers tend to apply are indicative only and based on prevailing rates as applied in the Netherlands.

<sup>26</sup> Could be special claims on insurances, pensions, but also crypto currencies, or valuable items such as jewelry.



*xi. Legal issues*

Every (starting) entrepreneur will have to deal with rules, regulations, and laws/ legislations that will probably change from one country, region, or even sometimes local area, to another. So, there are no uniform lists of rules, regulations, or laws to abide to.

The main categories for migrant / refugee entrepreneurs to look into are:

- Those related to the status of the new entrepreneurs.
- Those related to qualifications and diplomas.
- Those related to the business one wishes to set up.
- Those related to fiscal issues (taxes).
- Those related to accounting and reporting.

In **Tool for Entrepreneur 14** a general overview is given of possible areas where rules, regulations or legislation may be of relevance and importance. In order to know which ones an entrepreneur the details of the related rules, regulations or legislation need to be defined.

Tool for Entrepreneur 14 General overview of rules, regulations, and legislation for starting entrepreneurs.

	Relevant for all entrepreneurs	Specific issue to be taken into account for migrant / refugee (entrepreneurs)	Actions to take to ensure better access to finance
<b>Status</b>			
<i>Status of Individual after arrival</i>			
<i>Permits to participate in economic life - wage employment</i>			
<i>Permits to participate in economic life - Self-employment / business</i>			
<b>Qualifications</b>			
<i>Qualifications/ diplomas required</i>			
<i>Status of qualifications / diplomas acquired in country of origin</i>			
<b>Legal requirements for businesses</b>			
<i>Related to the type of business</i>			
<i>Related to size of business</i>			
<i>Related to sector to operate in</i>			
<i>Related to place of business</i>			
<i>Related to the market one wishes to operate in selling/ markets</i>			
<i>Related to environmental issues</i>			
<b>Accounting / reporting</b>			
<i>Legal requirement regarding reporting</i>			
<i>Statutory requirement</i>			
<i>Required by contract with financiers</i>			
<b>Taxes</b>			
<i>Individual taxes (income/ wages)</i>			
<i>Individual - local taxes</i>			
<i>Company taxes</i>			
<i>Company taxes - Profit related</i>			
<i>Company taxes - Investment related</i>			
<i>Company taxes - VAT related</i>			
<i>Company taxes - local taxes</i>			

Tip: every country has its own norms and ethics

*The degree to which rules, regulations and legislations are binding depends again on the country one is operating in. In every country business ethics and norms might be different.*

*For migrant or refugee entrepreneurs it is important to orient oneself critically on the prevailing business norms and ethics.*

*Do not assume that the norms and ethics in the country of origin will be the same as those in the country of residence. Discuss those issues with third parties not necessarily direct business partners.*

## *xii. Administration*

To keep the business running and to ensure its continuity, entrepreneurs must set up a transparent administration that generates reliable information right at the start. It makes no sense to acquire (external) financing and not being able to report on business performance.

There are various financial reports, some of which have to be prepared regularly by law, but more important are the reports that tell the entrepreneur how his or her business is developing.

- The key report for any starting (and existing!) business is the cash budget (see also chapter 4). Entrepreneurs must be able to control the flow of cash (in and out), since a lack of liquidity will lead to business failure and closing down of operations. Preparing a month liquidity forecast can help you avoiding such problems.
- Second comes the report on sales and accounts receivable. Not knowing the amount and number of credit sales and not knowing when such payments are due or could come might lead to immediate liquidity problems. Again, if the company runs out of cash it will go bankrupt irrespective of the profitability of sales realized.

The other financial records that need to be prepared regularly are

- Projected Income statement. This presents the revenues, expenses, and profits/losses generated during the reporting period and the profit realized. It gives financiers an insight in the real earning capacity of the company and the degree to which it might be able to repay external financing (loans) or pay out dividends to potential shareholders.
- Balance sheet. To present an overview of all that that entrepreneurs/ company owns and owes to others. It also gives financiers an insight of the degree to which owners have contributed to the capital of the company as well. No financier will finance the business fully. The owners must invest themselves a well (at least 10% of total investment).

To prepare these (and other reports) the company must keep records of many things. In **Tool for Entrepreneurs 15 and 16** one find a list of records to be kept.

Tip: If you fool others, you fool yourself!

*If you think that it is best to play a little with reports to hide the real status of your business, you are fooling yourself, not others.*

*By being transparent to third parties, you will be in a better position to convince them to support you and extend financing to you.*

*That requires realistic and timely reporting. Wrong reporting will lead to loss of confidence.*

*At last but not least, keep separate personal and business*

*Tool for Entrepreneurs 15 and 16 will help you!*

Financial records				
	Details	Responsible person to prepare	Dates due	Remarks
	General account books – including general journal and general and subsidiary ledgers			
	Cash book records – including receipts and payments			
	Banking records – including bank and credit card statements, deposit books and bank reconciliations			
	Sales records - including list of existing and potential clients and sales per clients per period as well as time of delivery			
	Creditors' records – including creditors ledger, invoices, and paid bills)			
	Debtors' records – including debtors ledger, invoices, and receipts			
	Details of any contracts – including service agreements, office equipment leases, property rental agreements			
	Tax invoices and other relevant tax records			
	Stock records - including to suppliers			
	Records of expenses – for example, motor vehicle expenses			
	Records of payments to employees – including any withholdings, and fringe benefits provided			
	List of all asset of the company			
	List of all business-related emails, letters, and other communication about finance			

Tool for Entrepreneur 16 Examples of records and books to keep (organisational records)

Organisational records				
	Details	Responsible person to prepare	Dates due	Remarks
	Governing documents – such as a constitution, rules, or trust deed			
	Meeting minutes			
	Operating policies and procedures			
	Annual reports, or other reports – for example on results of programs, projects, or services			
	Strategic plans and program plans			
	Monitoring and evaluation reports			
	Contracts and agreements – including funding and other agreements			
	Business permits - such as environmental permits, proof of registration			
	Media releases – such as those released by your charity, and discussing its activities			
	Promotional materials – including pamphlets, posters			
	Any other records about your company – electronic, written or multimedia records, press releases, interviews			

### 3. Integrating instruments to be able to apply for Financing

*Liquidity is of utmost importance, at times even more than profitability. Of course, over the years any business needs to be profitable, and the sooner the better. But many businesses did not survive because the entrepreneur did not manage to generate enough money to pay for all costs at the end of a day, week, or month.*

*Existing entrepreneurs know that the survival of their business, small or larger ones, depends on the balance between money flowing and out. Without cash at the end of the day, no payments can be made and often waiting till the next day is not permitted by those waiting for the money due. And even if some would be willing to extend that period, others might decline.*

*Without cash, entrepreneurial qualities are of no value. Starting entrepreneurs will only be successful if they have control over their liquidity position. For many starting entrepreneurs, household demands weigh heavily as well. It is indeed important to separate the two, but in the beginning, they will often be intertwined.*

*For necessity driven self-employed and opportunity driven micro entrepreneurs this is best done in a rather simple integrated cash plan which comprises the action plan, the cash budget of the enterprise and of the household and a simplified financing plan.*

*For the growth oriented micro and small businesses, a more integrated approach is needed with which various financial reports can be produced such as Balance Sheets, Sales Projections, Production Projections, Liquidity plan projections and Profit & Loss Account.*

#### 3.1 Integrated cash planning for necessity driven self-employed and opportunity seeking micro entrepreneurs

For planning purpose and assessment of the survival chances of self-employment activities and other relatively smaller businesses use can be made of an integrated cash model that incorporates both the cash for the household and the enterprise. The *integrated cash planning model* will give an insight in the possibility that the entrepreneur and his/ her household will always be in a position to pay for all costs particularly for the first years of operations.

- Translate the Action plan in financial terms; what are the amounts involved, at what moments payments are made, and determine who will receive when and how much, or who will make a payment and when and how much.
- Prepare a realistic but simplified sales plan e.g. with a clear estimate of volume of goods sold, indicating to whom will be sold and for how much; and with an indication when the clients will pay and how much.
- Make a clear estimate of VAT payments and receipts, and the moments of settling those with the fiscal authorities.
- Prepare an overview of daily, weekly, monthly costs and moments the actual payments will take place. Thus, include payment as well to family members working in the business. Be precise about the moment workers will be paid (daily? weekly?) and when needed, make clear estimate of the payment of social charges.
- Make a realistic estimate of the salary the entrepreneur wishes to receive (a salary that covers – great part of - household expenses). If the company cannot pay this salary at the

close of the month, it is a clear indication that the business is not viable; also, list other sources of (wage) income of the entrepreneur that can be used to balance the cash budget.

- Make an estimate of existing savings and indicate how much of these can be used to invest in the business and which part always need to be kept aside to be able to face emergency situations.
- Determine other sources of income of the household e.g. amounts that other members can contribute.
- List possible – mainly shorter-term – financing options and an overview of the (realistic) chances that such financing can indeed be obtained.

The following key ingredients data needed for integrated cash and financing plan can be derived from a simplified action plan:

- Overview of daily, weekly, monthly costs of the household and moments the actual payments take place
- An indication of the entrepreneur's salary
- Inventory of possible – mainly shorter term – financing options
- A simple but realistic sales plan with a reliable estimate of the moments of payment for service rendered or goods sold are received
- Overview of daily, weekly, monthly operational and organisational costs and moments the actual payments take place
- An overview of possible and secured (short term) financing
- An estimate of the desired additional financing needed

In an iterative process the advisers and new entrepreneur can define what a desirable liquidity position for household and the enterprises could be. As key variables they can thereby use: the entrepreneurial salary, the sales forecast and the level of external financing that can be secured.

Entering all data will generate three key records:

- *An analysis of the proposed financing*
- *A cash plan for the household*
- *A cash plan for the enterprises*

In the [Excel template: Simple Cash planning integrated](#) one finds this model.

### 3.2 Integrated financial planning for growth oriented micro and small enterprises

Also, more formalized businesses, such as the relatively larger opportunity-driven micro enterprises and growth-oriented small / medium enterprises will only survive whenever their liquidity position is healthy right from the start.

But they also have to look critically into the question whether on the longer term the enterprise will still be functioning. That requires an in-depth assessment of the capacity to generate profit over time. Such is expected to be the result of balanced investments plan and proper deployment of assets acquired.

They would like to be provided with a comprehensive set of financial reports such as



The *Integrated Financing Planning Model*<sup>27</sup> presented here may be helpful to entrepreneur, trainer, coach, or adviser in preparing the relevant reports investors will demand comprehensive reporting in order to be able to make the right decision to invest in the new companies such as

- *Sales Projections,*
- *Production Projections,*
- *Liquidity plan projections*
- *Profit & Loss Account*
- *Balance Sheets*

The various reports produced with that model can also be useful for other stakeholders such as suppliers, customers, co-workers, competitors, governments, financiers informed about the evolution and prospects of the company.

In the model the entrepreneur can play with various variables to determine eventually what could be a preferred financing (mix) that will contribute to both healthy liquidity position and realistic financing for growth.

Data can be distilled from the business plan. Data entered generate the financial records. Each of the records in itself already provides the user with insights on specific issues. But they are all interlinked. A modification or adjustment in one will also create changes in all other – interrelated – records.

Generated information may lead to the decision to adjust data, which implies that plans need to be adjusted as well. And the iterative process with a series of interrelated steps will eventually lead to a well thought off financing plan.

Key steps in the Integrated Financing Model.

1. *Sales projections* are the starting point. First of all, the entrepreneur needs to come to a simple and realistic sales forecast of products and services to be sold and most important when payments are received.

The following parameters are important:

- The type of product and/or service to be sold.
- The – number, type, location, attitude - persons (markets) who are supposed to buy those products and pay for.
- The price of the product and or service.
- The number of products/services which could be sold per period, for instance: per month.
- The sales conditions, e.g. against cash payments, in other words a clear estimate of the moment that clients will actually pay.
- Possible structural fluctuations in sales (for instance seasonal effects).

All those variables are to be considered to determine how much money will actually be received and when. Of course, it will be best to sell all the products and services against cash payments, but

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<sup>27</sup> Based on the IntEnt Integrated Business Planning Model (2012) – © / License with Timpoc Consultants [www.timpoc-consultants.com](http://www.timpoc-consultants.com)

the reality is that there are always clients who buy on credit. Others will pay in cash, but with a certain delay.

Unfortunately, any business has to consider as well that some clients will not pay at all. To deal with losses is part of the business culture and this need to be incorporated in the sales calculations.

Furthermore, according to the governmental regulations, the businesses normally have to charge VAT (Value Added Tax) on all its sales of products and services. The VAT payments received need to be paid (back) to the government on a regular basis. This will influence the flow of cash as well.

2. The sales projections are needed for the entrepreneur to come to a realistic *planning of production*. The following parameters are important for the calculation of the direct production costs:
  - The volume of raw materials needed per product.
  - The unit price.
  - The critical stock necessary to guarantee a constant production flow.

Once the production planning is known, the entrepreneur needs to calculate the indirect production cost. The following parameters determine these costs:

- The rent for the production premises and offices.
  - The costs for maintenance.
  - The transportation costs.
  - The costs for publicity, and promotion
  - The sales costs.
  - Miscellaneous costs.
3. Next are the *organisational plan* and especially a plan to determine who will be working for the business, what will be their salaries/ wages, both for direct and indirect personnel. For each person, the gross salary cost per month need to be estimated.

Contributions for social insurances leave allowances and social security charges need to be included as well.

4. To come to a balanced opinion about the actual feasibility of a business a realistic *salary for the entrepreneur* must be set. In accounting systems this payment will only be recorded as a deduction from net profit. Still it is important to consider at an early stage with the entrepreneur him-/herself, what a fair payment salary will be. If the business results will not be sufficient to guarantee such payment, it might be wise not to start the business!
5. No production without investments. Thus, an *investment plan* (or better said an asset deployment plan) needs to be specified about the types of investment to be made, e.g. the type of assets to be acquired, their procurement price and the way those will be financed.

In most cases, a starting entrepreneur might already possess some assets. But often, new investments are needed to expand operations adequately.

Often, the first investments to be made are financed with own funds. If such is not sufficient, external financing (loans from banks or other financiers) could be an outcome. A proper financing mix can be determined. This can be a mix of long- and short-term loans, subordinated loans, participations, and the proper financing channels might be identified as well.

The value of the new assets plus the value of the old assets minus the depreciation for that year, determine the final balance at the end of the first year.

6. Those assets which can be used as *collateral* for the investment loans. The model is useful to find out whether the total value of the assets can serve as collateral for external financing.

With all these steps taken and data entered the model produces a set of financial reports that needed to implement eventually the business plan, in particular:

- *Sales Projections needed to see whether the (starting) entrepreneur knows to whom (s)he offer products or services, at what price and again at which conditions with clear information of the probable revenues and payments flowing into the company – it helps the entrepreneur understand the market and market parties*
- *Production Projection Plan based on the sales plan reflecting an understanding that one only needs to produce what can be sold; based on the production plan a realistic estimate of costs and expenditures can be made; it is needed to know how to organize the enterprise internally and with which external parties and suppliers to relate*
- *Liquidity plan projections needed to assess the short-term survival chances for the company relevant to know which financiers to approach to seek short financing*
- *Profit & Loss Account to find out whether the activity is suitable on the longer term; needed to convince third parties to participate in the venture*
- *Balance Sheets telling users more about the financial structure and necessary to determine an appropriate financing mix and useful to get external financing parties interested in co-investing in the company*

To use the model, go to the [Excel template: Integrated Financing Planning Model](#)

## 4. And when sudden – Covid- 19 - problems arise?

*The COVID 19 outbreak and subsequent reactions society and the variety of measures taken by public (national and local) authorities have negative impact on almost all businesses, the entrepreneurs, the co-workers, and their respective households. Micro entrepreneurs especially have been hit hard, but not all. Some will even be better off such as supermarkets and DIY / hardware stores.*

*In all cases the drop in sales resulting in less cash flowing in and the subsequent shortage in liquidity are the core problems. At the very short term, the actions to be taken must be geared towards reorganizing the (enterprise and household) cash budgets, seeking ways to reduce cash flowing out and speeding up cash flowing. It requires actions focused on rescheduling expenditures (mostly in term of cutting fixed costs) and eventually at seeking new sources of cash flowing in (most in terms of arranging for - temporary - short term financing and additional borrowings).*

*In general, the major reason why liquidity problems arise, will be drops in sales with clients (temporarily) not being in a position or not willing to buy products or to make use of services. This might look as a short term, temporary problem. But there is as well a growing understanding that Covid-19 will not be disappearing soon. This implies that in society new behavior and spending patterns will emerge. This subsequently will force many businesses to opt for new modes of operations. It implies that the entrepreneurs need to think also about new business concepts and models. Short term actions thus need to be taken with an eye at the future.*

### 4.1 Access to finance in times of crises

The outbreak of Covid 19 and the subsequent measures taken by central and local authorities have a direct – often negative – effect on existing businesses and have certainly affected the possibilities and chances to start a new business. Migrant and refugee entrepreneurs have been affected and when economies will be reactivated those groups might be overlooked and left behind.

Particularly for those with plans to start the situation might have changed considerably, both in terms of market opportunities and financing options.

Original plans will often have to be modified because of fast changing markets and economic (and most certainly social) conditions. Consumers will most certainly act and behave differently than initially interpreted during the market explorations or studies. And the cost side adjustments in earlier calculations and projections need to be made with supply chains being interrupted and possible extra costs to consider following health and economic measures authorities have taken. The measures imposed on societies, have short term and long-term effect in incomes and thus spending patterns. Uncertainty about jobs and income prevail and buying patterns have changed. Starting existing entrepreneurs need thus adjust or even drop their plans for the future.

As to financing, again an assessment is needed of the changes taking place. Existing financiers might have decided to apply new conditions for outstanding financing:

- (i) Relaxing conditions anticipating that their client's business will survive and will restart repaying later or
- (ii) Demanding faster repayments considering their clients are operating in new, uncertain situations with? a higher risk than before.

Conditions for new financing could also be subject to modification and the assessments of possible risks will have undergone changes as well.

#### 4.2 Actions to meet short term problems

The first steps to be taken in the crisis is to assess to what extent the immediate future is at stake and what needs to be done to overcome the direct effects.

Whatever problems and the effects may be, eventually the entrepreneur needs to take action to mitigate the effect(s) of the sudden changes in his/ or her environment.

Experience has shown that a logical sequence of steps needs to be taken to arrive at a realistic action plan. Key in that process is to take a step back (step 1) and observe what really is happening.

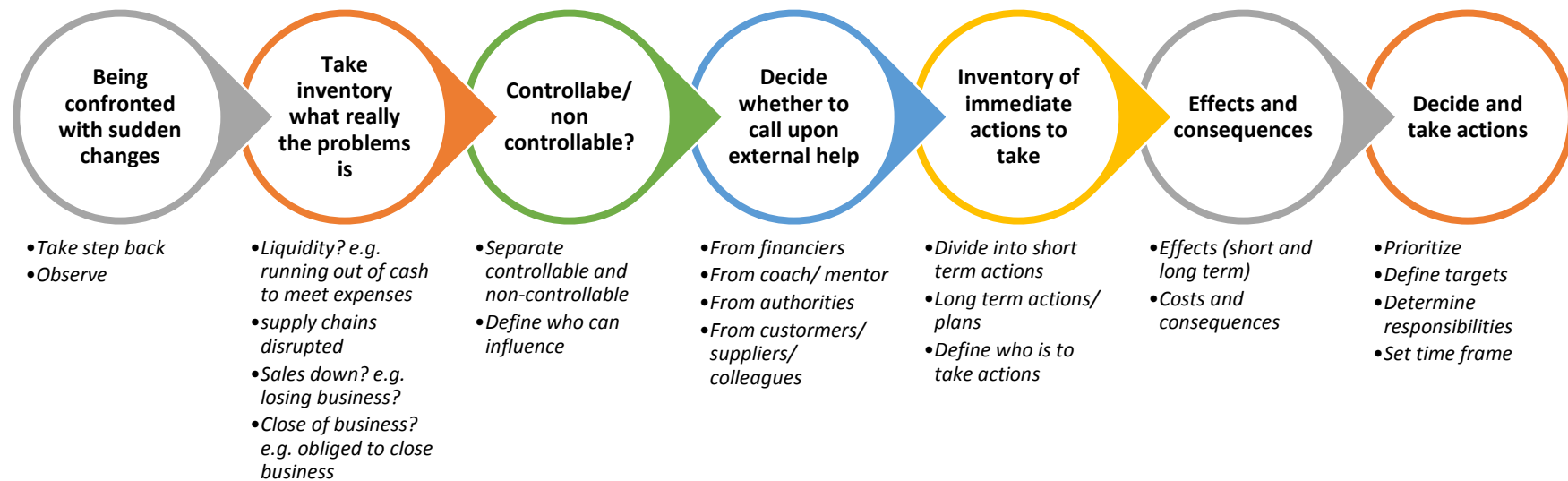
The observations will tell the entrepreneur and coaches what the real problems in rational terms may well be.

The liquidity position of the business is the key parameter to know whether the business will survive. The continuity of any self-employment activity depends on the actual cash position. Running out of cash by drop in sales or even by closing of business simply implies that no payments can be made, and that the entrepreneurs/ enterprise will technically be bankrupt. Only by accessing additional sources of cash e.g. savings, capital injection, new loans or government grants, this problem can be solved. To know how to solve this external help might be helpful. Not only to technically sort out problems and draw up an action plan. External help is most of the time as well needed for psychological reasons. Entrepreneurs tend to believe that they can solve problems themselves but might then start running in circles eventually losing faith and confidence, then unnecessarily decide to give up.

External help may be useful to define which issues are controllable or can be influenced by the entrepreneurs and persons in his/ her direct environment and which are really non controllable. It only makes sense to concentrate on actions and steps that indeed can be taken by the entrepreneur and his/ her direct environment and which may lead to direct effects. Hence the need as well to list actions and possible results at short and long term. Only with that information a realistic Action Plan with specific targets can be drawn up.

See also figure 4.

Figure 4 From facing a problem to a realistic plan of action



Most actions to be taken are expected to generate a direct positive effect on the liquidity position of the enterprise and the household. This can either be the result of costs/ expenditure cutting and of actions that speed up revenue generation and cash flowing in.

Trainers, coaches, and staff of financial intermediaries can assist micro entrepreneurs in assessing the problems to be faced and identifying an action to be taken with the following set of tools:

- i. A set to identify and prioritize actions to meet financial problems at household level (see Covid-19 tool 1)
- ii. A set to identify and prioritize actions to meet financial problems at Enterprise level that are short term related (see Covid-19 Tool 2)

Covid-19 Tool 1 Defining actions to meet problems at household level

<b>Actions to take</b>	<b>Expected results/ effects on short term</b>	<b>Long term consequences</b>	<b>Degree of urgency to take steps (High/ Low)</b>	<b>Possibility to generate effect (High/ Low)</b>	<b>I will take this action Y/N<sup>28</sup></b>
<b>Personal level</b>					
<b>Evaluate and update cash budget for the household - including adjusted entrepreneurial salary if applicable (see below)</b>	<i>Generate insight in real cash position now and coming weeks/ months and highlight possible areas of attention</i>	<i>Insight on overall household budget and possibly better control over expenses and income over time</i>			
<b>Costs / expenses control</b>					
<b>Assess which costs / expenses that can be reduced</b>	<i>Temporary increase of available cash/ improved cash budget</i>	<i>Possibility to continue living with less costs; structural improvement of cash position</i>			
<b>Assess which expenses can be avoided e.g. stop spending on specific items</b>	<i>Temporary or even structural increase of household budget</i>	<i>Possibility to avoid those costs also on longer term</i>			
<b>Assess which subscriptions can be cancelled</b>	<i>Temporary or even structural increase of household budget</i>	<i>Possibility to avoid those costs also on longer term</i>			
<b>Assess which items can be sold</b>	<i>Incidental increase of household budget</i>	<i>Loss of specific assets</i>			
<b>Assess portfolio of private insurances</b>	<i>Temporary or even structural increase of household budget</i>	<i>Possibility to continue living with less costs; structural improvement of cash position – check eventual higher risk exposure</i>			
<b>Renegotiate rental agreements</b>	<i>Temporary improvement of liquidity position and household budget</i>	<i>Rental payments may increase over time</i>			
<b>Renegotiate conditions of private loans</b>	<i>Temporary improvement of liquidity position and household budget</i>	<i>Repayment period may be extended; cost (interest charges) may increase</i>			
<b>Renegotiate conditions of mortgages</b>	<i>Temporary improvement of liquidity position and household budget</i>	<i>Repayment period may be extended; cost (interest charges) may increase</i>			

<sup>28</sup> If t “High” in the two columns left, recommended to take that action



<b>Actions to take</b>	<b>Expected results/ effects on short term</b>	<b>Long term consequences</b>	<b>Degree of urgency to take steps (High/ Low)</b>	<b>Possibility to generate effect (High/ Low)</b>	<b>I will take this action Y/N<sup>29</sup></b>
<b>Income of the household related</b>					
<b>Assess which other sources of income can be secured (by members of the household)</b>	<i>Overview of actions that members of household can take; if resulting in additional income: improved liquidity position of household</i>	<i>May result in structural improvement of income for the household</i>			
<b>Assess which additional paid jobs can be taken up by head of household (if entrepreneur)</b>	<i>Temporary improvement of liquidity position as long as entrepreneur can continue in function in this (hybrid) way</i>	<i>Reduced income once entrepreneur takes up his original functions</i>			
<b>Assess where – temporary – savings can be used</b>	<i>Temporary improvement of liquidity position and household budget</i>	<i>Increased risk exposure for household with less savings to meet unexpected expenses</i>			
<b>Borrow from FFF</b>	<i>Temporary improvement of liquidity position and household budget</i>	<i>Increased financial burden (repayments and interest charges); increased dependency on Family and Friends</i>			
<b>Formal borrowing</b>	<i>Temporary improvement of liquidity position and household budget</i>	<i>Increased financial burden (repayments and interest charges)</i>			
<b>Increase mortgage on premises/ house</b>	<i>Temporary improvement of liquidity position and household budget</i>	<i>Increased financial burden (repayments and interest charges) over longer periods</i>			
<b>Apply for social welfare support</b>	<i>Temporary improvement of liquidity position and household budget; interference with private life by public sector</i>	<i>Gradual deterioration of income level with social welfare payments gradually being reduced. sudden drop of regular income once entrepreneurial activities are taken up again.</i>			

<sup>29</sup> If t “High” in the two columns left, recommended to take that action

Covid-19 Tool 2 Defining actions to meet problems at Enterprise level - Short term related

<i>Actions that I can take</i>	<i>Expected results/ effects on short term</i>	<i>Long term consequences</i>	<i>Degree of urgency to take steps (High/ Low)</i>	<i>Possibility to generate effect (High/ Low)</i>	<i>I will take this action Y/N<sup>30</sup></i>
<b>Evaluate and update cash budget for the enterprise</b>	<i>Generate insight in real cash forecast and may highlight possible areas of attention</i>	<i>Insight on overall household budget and possibly better control over expense and income</i>			
<b>Costs / expenditure control</b>					
<b>Assess entrepreneurial salary and adjust downwards</b>	<i>Temporary improvement of liquidity position</i>	<i>Structural improvement of liquidity position unless entrepreneur intends to return to former salary</i>			
<b>Assess fixed costs/ expenditures and cut where possible</b>	<i>Temporary and structural improvement of liquidity position</i>	<i>Structural improvement of liquidity position</i>			
<b>Re-plan production processes / service delivery processes</b>	<i>Increased efficiency may result in cost / expense reduction</i>	<i>Structural improvement of liquidity position</i>			

<sup>30</sup> If “High” answered in both columns to the left, recommended to take that action

Covid-19 Tool 2 Defining actions to meet problems at Enterprise level - Short term related – cont.

<i>Actions that I can take</i>	<i>Expected results/ effects on short term</i>	<i>Long term consequences</i>	<i>Degree of urgency to take steps (High/ Low)</i>	<i>Possibility to generate effect (High/ Low)</i>	<i>I will take this action Y/N<sup>31</sup></i>
<b>Renegotiate rental agreements</b>	<i>Temporary and structural improvement of liquidity position</i>	<i>Rental payments may increase over time</i>			
<b>Reschedule loan prepayment</b>	<i>Temporary and structural improvement of liquidity position</i>	<i>Repayment period may be extended; cost (interest charges) may increase</i>			
<b>Reschedule lease payments</b>	<i>Temporary and structural improvement of liquidity position</i>	<i>Repayment period may be extended; cost (lease payments ) may increase</i>			
<b>Negotiate terms with suppliers</b>	<i>Temporary and structural improvement of liquidity position</i>	<i>Increased dependency on (key) suppliers; the latter may increase prices over time</i>			
<b>Check stock and classify which items can always be procured/ obtained</b>	<i>Temporary and structural improvement of liquidity position</i>	<i>Structural improvement of liquidity position</i>			
<b>Renegotiate mortgages on premises</b>	<i>Temporary and structural improvement of liquidity position</i>	<i>Increased financial burden (repayments and interest charges) over longer periods with increased dependency on bank/ financier</i>			

<sup>31</sup> If “High” answered in both columns to the left, recommended to take that action

<b>Control over income/ revenues</b>					
<b>Clients/ accounts receivables control - general</b>	<i>Insight in overall cash position and areas for interventions</i>	<i>Overall/ better insight in liquidity position over time</i>			
<b>Frequent follow up on outstanding accounts receivables</b>	<i>Control – speeding up payments – increase in cash inflow</i>	<i>Structural improvement of cash inflow is actions are continued</i>			
<b>Offer discount for early payments to existing clients (for repeat services such as hairdressing)</b>	<i>Speeding up payments – increased receipts of cash</i>	<i>Possible structural reduction of sales prices</i>			
<b>Frequent invoicing (especially for larger contracts)</b>	<i>Spreading of cash flowing in</i>	<i>Structural improvement of cash inflow is actions are continued</i>			
<b>Require down-payment for larger contracts</b>	<i>Improved - temporarily -cash position</i>	<i>Structural improvement of cash inflow is actions are continued</i>			
<b>Offer subscriptions to clients (for repeat services)</b>	<i>Improved - temporarily -cash position</i>	<i>Structural improvements of cash and client loyalty</i>			
<b>Selling coupons for future delivery of products/ rendering services (at discount)</b>	<i>Improved - temporarily -cash position</i>	<i>Drop in cash once goods/ services need to be delivered</i>			
<b>Other actions (with third parties)</b>					
<b>Use factoring (e.g. selling invoices to financiers)</b>	<i>Improved - temporarily -cash position</i>	<i>If continued structural less income as result of factoring charges</i>			
<b>Seek addition WC financing</b>	<i>Improved - temporarily -cash position</i>	<i>Increased financial charges and dependency on WC financier</i>			
<b>Sell off assets</b>	<i>Improved - temporarily -cash position</i>	<i>Possibility that production cannot increase adequately over time as result floss of assets</i>			
<b>Make use of public support measures</b>	<i>Improved - temporarily -cash position</i>	<i>Increased administrative burden and interference by public sector</i>			

#### 4.4 Actions to prepare for a new future

Once the direct effects have been listed and steps have been taken to keep business afloat the entrepreneur needs to reflect on the following period to continue working on regaining financial health.

As it stands now predicting future developments will be rather hard and the assumptions on which original plans have been based are not reliable anymore. Even more, the support programmes that one could have identified before, might also undergo modifications and be subject to policy changes. A step back needs to be taken to assess what the actual situation is, what might be expected to happen in the upcoming months and what the new chances and opportunities are. And then outside assistance from coaches, mentors, or staff of financial intermediaries might be very effective.

Financial intermediaries may offer financing under - temporary- relaxed conditions often supported by national and multilateral or EU supported facilities and new financing possibilities, or options might emerge as well. This could have been initiated by governments intending to stimulate the economy by creating special – often temporary – new facilities. By it can also be in a more structural way with new parties entering the financing market – physically or virtually – offering new type of financing. But it can also be by new, often spontaneously emerging, initiatives launched at community level (community-based savings and loans schemes, or by specific groups with a preference for more regionally focused solutions).

Not all problems emerging from the Covid crises can be solved in a rational manner only nor can new opportunities be exploited. Starting and existing entrepreneurs need to ask themselves as well what they really wish to do and achieve over time. Crises to be faced suddenly can force one to stand still and take time for reflection and retrospection. Taking a step back can then give one the chance to evaluate the situation and ask more in particular:

- a. What are the major changes in society and the possible, new market opportunities emerging?
- b. What is happening with the financing sources one had earlier on identified to approach with application for external financing?
- c. What will be the new financing options; what are the newly emerging financing opportunities (both physical and virtual ones)?
- d. What are the special measures (conditions and possible effects) authorities and private organizations are taking to support the small and micro enterprise sector?
- e. Will the diaspora community take special initiatives?
- f. What do I want to do myself?

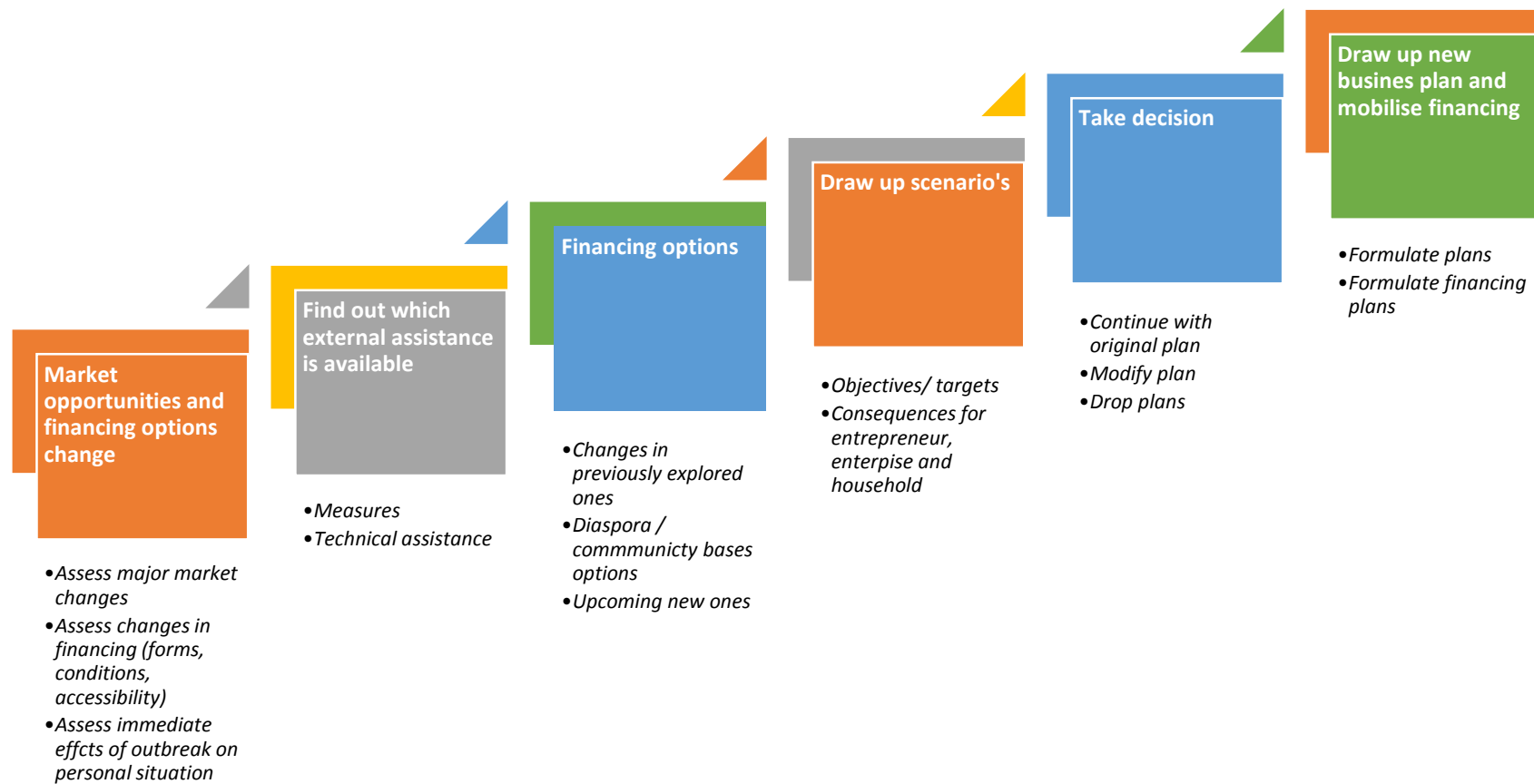
Finding answers to the above questions is important to come to drawing up modified plans with specific actions to be taken. See also figure 5.

Also, existing migrant or refugee entrepreneurs with plans to expand and gradually change their businesses need to follow those steps. And support from coaches and mentors at those stages will certainly be needed. Together they can then come to the necessary adjustment of their original expansion plans. That will be needed to convince external parties to support them e.g. to make financing available to overcome present problems and prepare for a new future.

The many, often different, measures taken by public authorities (either at central or local level) may offer not only relieve to overcome short term – liquidity - problems but most certainly also create new opportunities for the entrepreneurs to start all over again or completely afresh. Those need to

be assessed carefully to appreciate the possibilities in the coming months or year to either restart or launch a completely new business.

Figure 5 The process to come to modified long term plans for starting (migrant/ refugee) entrepreneurs



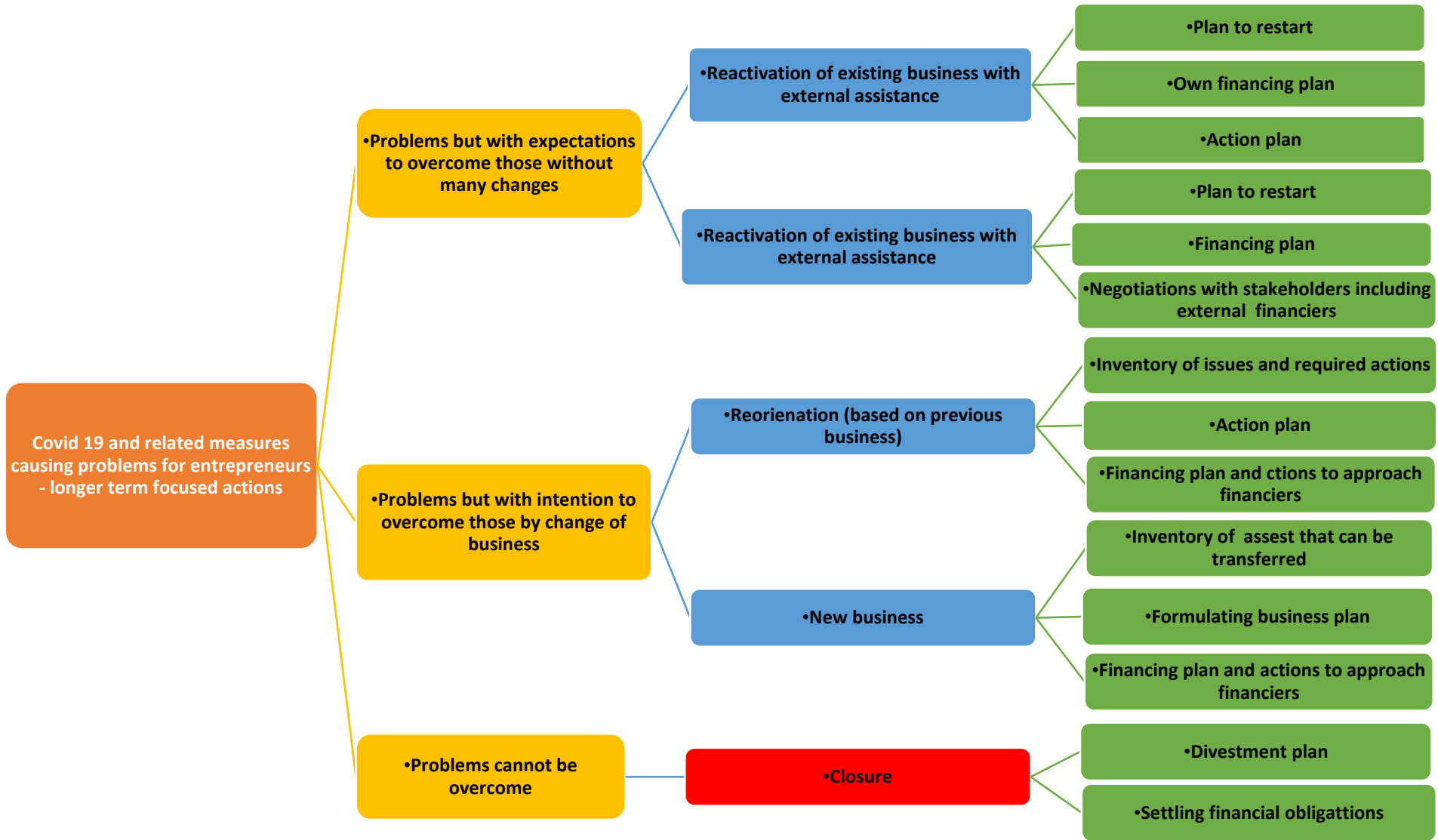
There are indeed five options:

- i. *Restart* after the present crises *without external help* – in the case new action plans and related financing plan.
- ii. Prepare for a *restart* after the present crises knowing that *additional external assistance and financing* is needed. The external assistance can be twofold |: assistance to draw up new action plans and guidance towards new financing arrangements and subsequent financing from third parties.
- iii. *Reactivate businesses but with structural changes* and modifications of operations. In that case the entrepreneurs may need assistance in finding out which part of the existing business can be closed down, help in reformulating the business plan and related financing plans, assistance in finding financing and new financing.
- iv. *Close the present business and start a new one*. In that case comprehensive counselling, mentoring and guidance might be needed to draw up a divestment plan and a plan to settle financial obligation, assistance to formulate a new business plan and related financing plans. Assistance to find the right types of financing and the actual financing are then needed as well
- v. *Close the present business and decide not to (re) start again*. Assistance is needed here to prepare for the divestment plan and guidance to settle outstanding financial obligations. And perhaps some referrals to the labour market.

See also figure 6 (next page)



Figure 6 Different scenarios to enter new stages after crisis (Covid 19 related)



By using Covid-19 Tool 3 and 4 the various actions to taken and their possible direct and longer-term effects can list and prioritized.

Covid-19 Tool 3 Defining actions to meet problems at Enterprise level - Long term related

<i>Actions to take</i>	<i>Expected results/ effects on short term</i>	<i>Long term consequences</i>	<i>Degree of urgency to take steps (High/ Low)</i>	<i>Possibility to generate effect (High/ Low)</i>	<i>I will take this action Y/N<sup>32</sup></i>
<b>Enterprise related – Long-term actions to improve liquidity and financial structure/ financing</b>					
<b>Assess investment plans (with an eye on the new future/ post Covid 19)</b>	<i>Better insight in financial position and possibility to reflect o original plans</i>	<i>Possibility to reformulate plans</i>			
<b>Reschedule investments – free capital for investments for ST financing</b>	<i>Improved short term liquidity position</i>	<i>Less opportunities to invest and introduce new plans</i>			
<b>Seek FFF financing</b>	<i>Improved short term liquidity position</i>				
<b>Leasing instead of investing</b>	<i>Improved short term liquidity position</i>	<i>Extended lease period and possibly higher lease costs; capital to invest still available</i>			
<b>Seek financing alternative sources (for working capital)</b>	<i>Improved short term liquidity position</i>	<i>Increased financial burden (repayments and interest charges) over longer periods with increased dependency on financiers</i>			
<b>Drop expansion plans</b>	<i>No changes</i>	<i>Time and energy free to reactivate / refloat business after crisis period</i>			

<sup>32</sup> If “High” answered in both columns to the left, recommended to take that action

Covid-19 Tool 4 Assess relevance of measures and related actions

<i>Actions to take</i>	<i>Expected results/ effects on short term</i>	<i>Long term consequences</i>	<i>Degree of urgency to take steps (High/ Low)</i>	<i>Possibility to generate effect (High/ Low)</i>	<i>I will take this action Y/N<sup>33</sup></i>
<b>Measure related</b>					
<b>Keep administration up to date (to be prepared to apply for any kind of support)</b>	<i>Direct insight in performance of the business</i>	<i>Continued insight in performance of business if pursued</i>			
<b>Assess which measures apply (implications, effects, and consequences)</b>	<i>Insight in possibility to overcome (partly) short term liquidity problems</i>				
<b>Draw up action plans</b>	<i>Leaving lethargy</i>				
<b>Apply for subsidy</b>	<i>Adds to sense of self confidence that something is done; subsidy improves financial position</i>	<i>Possibility to continue functioning after crisis period</i>			
<b>Request for bridging finance/ loan</b>	<i>Improved financial position</i>	<i>Increased financial burden (repayments and interest charges) over longer periods with increased dependency on financiers; less possibility to apply for finance for new plans</i>			
<b>Apply for social welfare support for co-workers</b>	<i>Improved liquidity position; retaining of (key) personnel</i>	<i>If not facing out gradually, steep increase in financial obligations upon termination</i>			

<sup>33</sup> If “High” answered in both columns to the left, recommended to take that action

## 5. Interesting, illustrative programmes and initiatives

Over the past decades various organisations have deployed initiatives and projects to support refugee and migrant entrepreneurs in setting up and developing their (new) business. In almost all of those there is an indirect or direct link between financing and training and mentoring. We can categorize the various programmes in two ways, each again with two options

1. Those that *primarily offer finance* some in combination with general information or simple business orientation services
  - a. either for a broad range of clients including enterprising migrant or refugees or
  - b. offering finance only to migrants or refugee entrepreneurs (which are then often set up by migrants or refugees)
2. Those that *primarily offer business development services and are linked structurally to financing facilities* to which their clients are then referred. Again, they might
  - a. offer their services in a generic way including to migrants and refugees or
  - b. may open a special window for migrant or refugee entrepreneurs.

In a few of those initiatives new technologies (such a Block chain technology) and the internet play a role, resulting in offering financing not being bound to physical borders.

Of late some of those programmes have been set up by migrant or refugees themselves serving mainly refugees or migrants and there are new phenomena emerging such as:

- *The reversed remittances.* Whereas most look at remittances flowing from the community living in Europe to the countries of origin, we now also see remittances flowing in the other direction. For instance, in the Netherlands and in the United Kingdom families in respectively the Caribbean or Ghana were sending money to support their children studying in Europe. Nowadays new forms or reversed remittances are coming up with money being made available in support of businesses set up by relatives in Europe.
- *The emergence of Diaspora Investment Funds.* Those funds can also be used to invest in new and existing SMEs in industrialised countries. Those funds make use of the opportunities offered on the internet to link investors with SMEs. This can be in two ways:
  - Members of the Diaspora depositing in funds that independently invest in SMEs set up by migrants or refugees
  - Investing direct in SMEs set up by migrant or refugee entrepreneurs through a platform (Peer-2-Peer systems)

In table 4 one finds an overview of a selection of relevant and illustrative programmes and projects and in Annex B details of the programmes and initiatives listed are given.

Many of the projects and programmes listed take place in industrialised countries in Europe. Some programmes take place in the Global South. Those experiences are often used by programmes in Europe as well (based on what we call the South-North Knowledge Transfer).

Table 4 Summarized overview of selected interesting and innovative practices

	Mainstream organisations with attention to / window for migrants/ refugee entrepreneurs	Special programmes for migrant and/ or refugee entrepreneurs	Programmes and / or organisations owned/ controlled by Diaspora (migrants/ refugees)
<b>Focus on Financing (for migrants and refugees) and incidental capacity building</b>	<b>NordHand</b> ; <i>Germany - Dortmund</i> ; credit union for smaller SMEs with cooperation/ referrals to two larger locally operating banks	<b>EnterStart Foundation</b> ; <i>the Netherlands</i> ; kick start funding, webinars, business coaching	<b>Wajenzi</b> ; <i>Netherlands- Burundi</i> ; Diaspora based Crowdfunding
	<b>PerMicro</b> ; <i>Italy</i> ; special outreach programmes (in different languages); promoting migrants to use mainstream financing services e.g. family and business loans with intensive counselling by loan officers	<b>Windmill</b> ; <i>Canada</i> ; special interest free loans for newcomers for licensing and training	<b>Zidi Circle</b> ; <i>The Netherlands / Kenya-Ghana</i> ; Diaspora community Peer 2 Peer financing
			<b>Diaspora-Finance</b> ; <i>United Kingdom</i> ; factoring financing for SMEs in general by partly controlled by Diaspora investors
<b>Focus mainly on Business Development Services (for migrant/ refugees) directly linked to Financing</b>	<b>MicroStart</b> ; <i>Belgium</i> ; special window with intensive networking with refugee organisations and tailored BDS services leading to mainstream financing	<b>Ester Foundation</b> ; <i>Sweden</i> ; comprehensive BDS programme with additional micro finance and possibility to refer to cooperating bank	
	<b>Qredits</b> ; <i>The Netherlands</i> ; financing with possibility to link to formal banks, coaching platform, and migrant schools with e- learning	<b>Singa</b> ; <i>Switzerland</i> ; business linkages, information, and orientation; presentation of businesses; referrals to major micro finance provider (ADIE) and bank (BNP)	
	<b>ACAF- Winkomin</b> ; <i>Spain/ Global</i> Programme to support the set-up of informal, community-based savings and loans groups	<b>Macken Co-operative and Entrepreneurship Centre</b> <i>Sweden</i> : provides information and refer course participants to relevant financial service providers - a MFI or bank both providing interest free loans	

Table 3 Summarized overview of selected interesting and innovative practices – cont.

	Mainstream organisations with attention to / window for migrants/ refugee entrepreneurs	Special programmes for migrant and/ or refugee entrepreneurs	Programmes and / or organisations owned/ controlled by Diaspora (migrants/ refugees)
<b>Focus mainly on BDS and indirectly financing e.g. referrals to financing</b>	<b>Kompass; Germany;</b> Entrepreneurship training, workspaces, and funding in combination with referral to banks	<b>Enterprise and Diversity Alliance; United Kingdom;</b> awareness raising and information sessions to create access to finance	<b>MAZ, The Netherlands;</b> linking starting migrant entrepreneurs with experienced businesspeople making use of dedicated Facebook pages
	<b>Entrepreneurship and Integration, Fundación Tomillo; Spain;</b> training on entrepreneurship; women entrepreneurs and referral to local bank	<b>Enterprise without Borders; Germany;</b> provides information about ways of financing and funding	
	<b>Forward Incubator; the Netherlands;</b> comprehensive training and counselling, referrals to informal and formal investors, business angels.	<b>Norwegian Center for Multicultural Value Creation; Norway;</b> information about funding and business plan formulation; iStart business training	
	<b>Ethic Hub; Spain;</b> Block chain technology to link investors to investment opportunities at community level	<b>Vienna Business Agency; Austria;</b> intensive counselling; information about funding; linking stakeholders	
	<b>HumanSafetyNet by Generali; Germany (and France)</b> A selective, stage-linked approach with Support for entrepreneurs organized into a four-phase “funnel” approach	<b>BNP Paribas Montreuil Incubator: France,</b> A business incubator to help refugees create their company with <i>personalised support towards entrepreneurship</i> , with IT tools, work rooms, access to training and mentoring	

## Think about the unseen!

For the newly arrived and longer staying refugees and migrants intending to engage in self-employment or wishing to start their own business, it is important to know what their financial needs are, what they can do with their own savings and if needed how to mobilise the necessary financing. Likewise, mentors and coaches and staff of financial intermediaries working with migrants and refugees need to understand these needs of their clients and the context they are living in. Only then the mentors and coaches can effectively support the prospective entrepreneurs in drawing up and formulating focused business and financing plans. And staff of the financial intermediaries can use that understanding of needs and context to offer the appropriate financing.

It also implies that those assisting, advising, or supporting migrant and refugee entrepreneurs need to free themselves from prejudgments. They are challenged to treat migrants and refugees not as migrants or refugees; they must not treat them as destitute people without any assets, but as enterprising people endowed with forms of capital *to invest*:

- *Social capital* – the new networks migrant operate in and new markets that migrants bring with them
- *Human capital* – the new expertise, experience, and knowledge they possess and use that first instead of confronting them with all they do not know yet, and of course
- *Financial capital* – acknowledging that they bring with them cash, deposits, and assets – they are not poor by definition.

There will be effective Access to and Use of Finance (A&U2F) when we are willing to set old beliefs aside and will look at Access to Finance in a holistic way. If we accept that the use of funds made available is more important than just creating access. If we work on developing such understanding and simultaneously work on enhancing capabilities and capacities of starting and existing entrepreneurs to deal with financial issues at personal and enterprise level. And when we look at migrant and refugee entrepreneurs first and foremost as entrepreneurs who ought to be treated as such and deserve a level playing field. And that creating a level playing field implies to take into consideration the context migrant and refugee entrepreneur operate and live in, that they have often followed a different path towards self-employment and entrepreneurship and that we primarily need to remove barriers they meet on their journey. That all requires innovations in present and future service delivery programmes.

Diaspora communities have started to develop new, interesting initiatives, but we might not see those. That might be attributable to the glasses we wear but also to member of migrant communities who are not inclined to share their initiatives with a wider public. We might thus not see what is happening around us.

But it is worthwhile to continue exploring the unseen and document and share interesting and illustrative programmes. And that requires willingness to cross borders of our own imagination. For sure, that will lead to better access to and use of financing.



## Annexes

Annex A Questionnaire to assess knowledge about and capacity to deal with financing issues

**Together with the mentor/ coach to be completed and to be discussed**

*Four possible answers per heading; to be chosen by pull menu only one; each with their own weight; total score will be visualised in spider diagram*

<b>KNOWLEDGE RELATED STATEMENT</b>	<b>Weight</b>	<b>PROBLEM SOLVING RELATED</b>	<b>Weight</b>
<b>Dealing with personal finance</b>		<b>Dealing with personal finance</b>	
I have separated both because I can then better control my money.	3	I have separated business and personal finance and control both regularly	3
I know that both need to be separated but first I want to know more about how	2	They will be separated next year	2
I do not know what is meant here and I will ask my mentor about it	1	They are not separated but I will discuss this with my mentor	1
I do not know what is meant here and I am not in position to learn more about it	0	I cannot separate the two and I do not think that it will be possible either.	0
I have prepared our household budget and use it weekly	3	I check my household budget weekly	3
I know how to set up a household budget, but it takes time to make one	2	I have a household budget and check it sometimes	2
I want to discuss with my coach how to set up a cash budget for our household	1	I started with a household budget, but stopped doing it	1
I do not know how to prepare a household budget	0	When it is needed, I will make one	0
I know exactly that our monthly income covers all our costs	3	I keep track of all our income and costs	3
I know more or less what our monthly costs are, and I think our income meets all that	2	I know our monthly/ weekly income and I pay normal all in time	2
it is difficult to meet all monthly costs, but I manage more or less	1	When I have to pay, I see whether I have enough money earned that week/ monthly to pay	1
It is very difficult to tell how much I earn and what our costs are	0	I are struggling to meet all costs	0
I know that I have regularly save a fixed amount of money to ensure that our plans can be implemented	3	I save every week/ month fixed amount for future plans	3
I know that I have to set aside cash for unexpected costs	2	When I have some cash, I put it aside for unexpected costs	2
I know that I need to save, but I do not know how	1	I decide that I need to save, but it is not so easy	1
I do not think that it is needed to save, and I have no time to think about it	0	I never set aside money; that is not needed	0

<b>Dealing with financial problems of business</b>		<b>Dealing with financial problems of business</b>	
I know why a good administration is needed and know how to use is	3	We keep and proper records of everything that happens in the business and use those in decision making	3
I know that an administration is needed about but do not know how to use it	2	It is a problem we do not keep records, but I know how to solve it	2
I do not know how to set up an administration and want to learn more about it	1	It is a problem we do not keep records and I want to solve it with the help of a mentor	1
I do not know why I should keep records and I am not in position to learn more about it	0	I do not keep records and I think this cannot be organized soon	0
I know how to calculate costs and set prices and we do so	3	Calculating costs and setting prices are not a problem for me	3
I know that we need to calculate costs and set prices but do not know how to organise that	2	Calculating costs and setting prices are problems but I know how to solve it	2
I do not know how to calculate costs and set prices and want to learn more about it	1	Calculating costs and setting prices are problems and I want to solve it with the help of a mentor	1
I do not know about costs and prices, but I am not in position to learn more about it	0	Calculating costs and setting prices are problems and I think it cannot be solved	0
I know who my debtors are, how much they are me and I know how to collect outstanding debts is all about and know how to use is	3	To collect outstanding debts is not a problem for me	3
I know who my debtors are but not really how to ensure that they pay me on time	2	Collecting outstanding debts is a problem but I know how to solve it	2
I do not know how to keep track of my debtors and want to learn more about it	1	Collecting outstanding debts is a problem and I want to solve it with the help of a mentor	1
I do not know how to keep track of my debtors, but I am not in position to learn more about it	0	Collecting outstanding debts is a problem and I cannot solve it.	0
I know what a cash budget/liquidity plan is and know how to use is	3	To manage and use my cash budget is not a problem for me	3
I know what a cash budget/liquidity plan is all about but do not know how to use it	2	To manage and use my cash budget is a problem but I know how to solve it	2
I do not know what cash budget/liquidity plan is and want to learn more about it	1	To manage and use my cash budget is a problem and I want to solve it with the help of a mentor	1
I do not know what cash budget/liquidity plan is, but I am not in position to learn more about it	0	To manage and use my cash budget is a problem and I think it cannot be solved	0

<b>Dealing with general planning problems</b>		<b>Dealing with general planning problems</b>	
I know how to formulate my plans for the coming years	3	I have a business plan and consult it regularly	3
I know what a business plan is but do not know how to prepare it	2	I have business plan but do not consult it	2
I have heard about business plans and want to discuss it with my mentor	1	It would be good to have a business plan	1
I do not know what a business plan is, and I am too busy to learn more about it	0	I do not use any plan in my business	0
I know the future financial needs of my business will be	3	I have no real financing needs	3
I know what financial needs are, but I have not yet identified those of my business	2	I may have some financing needs next year but I will manage	2
I would like to know how to determine financial needs of my business	1	If there financing needs, I will find a solution	1
I would not know how to define the financial need of my business and I have no time to study this now	0	I have problems meeting our financing needs	0
I know what know how to present my plans to banks	3	I have regular contact with my bank manager/ loan officer	3
I know which banks I can use for my business but do not know how to present a plan	2	I will contact my bank manager when it is needed	2
I would like to know more how to approach a bank and will discuss this with my mentor/ coach	1	After I have received the loan there is no need any more to contact my bank manager	1
I do not know how banks can help me and my business	0	I will not contact my bas when I have problems	0
I know how much I have to set aside money for the future and do so regularly	3	I save every week/ month fixed amount for future investments	3
I know that I have to set aside money and I are planning to so do	2	When I have some profit, I put it aside for future investments	2
I know that I have to set aside money, but I do not know how to realise this	1	When I have to invest, I decide how to finance that, but it is not so easy	1
I do not know how set aside money for the future, and have no time to look into it now	0	I never set aside money for future investments	0

<b>Dealing with general planning problems</b>		<b>Dealing with general planning problems</b>	
I know how which financing options are best for my company	3	I make use of various financing options	3
I know how to prepare my growth plan and the related financing plan	2	I are thinking to make use of other financing options	2
I do not know which financing options are best for us, but I will seek guidance from my mentor	1	I have heard that there are different financing options but have no time to explore those	1
I do not know which financing options are best for us and have no time now to study this	0	I do not know which financing options are best for us	0
I know what all is about and know how to present my plans to third parties	3	I have a business plan and I have presented it to third parties	3
I know what all is about but do not know how to present a plan	2	I have business plan to third parties, but it was difficult for me	2
I do not know what is meant here and want to learn more about it	1	It would like to present my plans to third parties, but I am afraid to so	1
I do not know what is meant here but I am not in position to learn more about it	0	I will not my plans to third parties	0
I know what all is about and know how to use is	3	I know which banks can finance me, and I have good relations with them	3
I know what all is about but do not know how to use it	2	I have problems with my banks, but I know how to solve it	2
I do not know what is meant here and want to learn more about it	1	I have problems in accessing banks for financing and I want to solve it with the help of a mentor	1
I do not know what is meant here but I am not in position to learn more about it	0	I have a problem with my banks, and I think it cannot be solved	0
I know what all is about and know how to use is	3	I make use of digital (internet based) financing possibilities and I can easily get in touch with them	3
I know what all is about but do not know how to use it	2	I am considering to made use of internet-based financing possibilities but have not yet taken steps in that direction	2
I do not know what is meant here and want to learn more about it	1	I do not see how I can make use of internet-based financing possibilities	1
I do not know what is meant here but I am not in position to learn more about it	0	I will not make use of internet-based financing; it will not be useful for me	0

Annex B Description of selected programmes and projects dealing with finance and financial education related issues

Annex B.1. Financial institutions whose mainstream programmes are also open to migrants and refugees

Name	Country	Summary
<b>Kompass Zentrum für Existenzgründungen GmbH</b>	<i>Germany</i>	Kompass – Centre for Entrepreneurship offers <b>comprehensive support</b> to entrepreneurs in Germany, including migrant entrepreneurs. When it comes to material support, Kompass <i>provides both <u>direct funding and cooperates with banks and other private and public actors to increase the financial support</u></i> to the entrepreneurs. Furthermore, Kompass offer free/cheap access to working spaces. For example, it offers four-month free facilities. Source: <a href="http://www.fuer-gruender.de">www.fuer-gruender.de</a>
<b>NordHand /Dortmund city authorities</b>	<i>Germany</i>	The NordHand programme provides support in Dortmund to entrepreneurs in deprived areas (e.g., migrants). Together with GLS Bank Bochum and the Deutsche Mikrofinanz Institut (DMI), Dortmund city authorities developed a type of <i><u>credit union that could provide microfinancing to local businesses</u></i> . Loans of up to 20,000 EUR for 36 months means entrepreneurs can access start-up finance or avoid insolvency. This microfinancing has become an important service with a unique organizational format in Germany.  Source: <a href="https://nordhand.com/mikrofinanzierung/">https://nordhand.com/mikrofinanzierung/</a>
<b>Qredits</b>	<i>The Netherlands</i>	Qredits currently has around 100 employees and works with more than 600 volunteer mentors/coaches. Qredits' loan officers are assigned to specific geographical areas and visit and screen loan applicants at home or at their place of business. It provides Microcredit loans up to €50,000, SME loans from €50,000 - €250,000 and A revolving loan facility up to €25,000; in addition, it offer mentoring before or after start-up, with or without a loan and E-learning courses and other business development tools It offers <i><u>Entrepreneurial Training Classes for migrants</u></i> (10 weeks of lectures & tutoring) – to help migrants start a business in the Netherlands. Successful attendees can apply for regular financing from Qredits or present their application to other financiers.  Source : <a href="https://qredits.com/products-and-services/educational-programs.html">https://qredits.com/products-and-services/educational-programs.html</a>
<b>PerMicro</b>	<i>Italy</i>	PerMicro takes efforts to ensure that migrants / refugee enterers can participate in its general financial programme. In the accompanying busies development services special attention is paid to: Financial education as preliminary step, Developing networks for identifying potential clients, Selection, and preliminary assessment of potential beneficiaries, Developing strategic partnerships and Personalized tutoring activities through a one-to-one approach. Source : <a href="https://www.permicro.it/investing-in-migrant-women-permicro-at-the-edd2018/">https://www.permicro.it/investing-in-migrant-women-permicro-at-the-edd2018/</a>

<b>MicroStart</b>	<i>Belgium</i>	<p>Special Community Officers of MicroStart working at community level bring migrant and refugee entrepreneurs in contact with the organisation MicroStart pays special attention to</p> <ul style="list-style-type: none"> <li>• Developing (social) networks composed of public and social welfare authorities and business associations to exchange information</li> <li>• Mobilise interpreters and translators to act as liaison between the refugee community and the financial intermediary</li> <li>• Translating information training and promotion materials leaflet in a variety of languages</li> <li>• Adjusting its Business Development Services package (training and mentoring ) to meet the need of the new client groups</li> <li>• Internalising in the training programmes the context in which refugees and migrant live and operate</li> <li>• Developing special financial products meeting the expectations and needs of the new client group</li> </ul> <p>Source : <a href="https://microstart.prezly.com/persbericht-microstart-helpt-vluchtelingen-bij-het-opstarten-van-hun-bedrijf#">https://microstart.prezly.com/persbericht-microstart-helpt-vluchtelingen-bij-het-opstarten-van-hun-bedrijf#</a></p>
<b>Ethic Hub</b>	<i>Spain</i>	<p>An organization offering loans at relatively low interest rates for the end users making use of <i>block chain technology</i> to link communities in need of financing with possible investors. With this block chain technology there are no physical borders anymore in financing operations.</p> <p>Source : <a href="https://ethichub.com/en">https://ethichub.com/en</a></p>

Annex B.2. Business development service providers with mainstream programmes open for migrants and refugees

Name	Country	Summary
<b>Entrepreneurship and Integration, Fundación Tomillo</b>	<i>Spain</i>	<p>The Spanish Ministry of Employment supports an NGO-run pilot project entitled Support to entrepreneurship for migrants. The project <u>targets long-term unemployed migrant women</u> who have no access to regular loans. The programme participants receive training on entrepreneurship and management and loans (<u>in cooperation with a local bank</u>).</p> <p>Source: <a href="https://tomillo.org/en/">https://tomillo.org/en/</a></p>
<b>Forward Incubator,</b>	<i>The Netherlands</i>	<p>The focus of Forward Incubator has been to develop an effective, tailored, and personal approach to entrepreneurship programs for newcomers. It aims at nurturing nurture the talents, ambitions, and skills of newcomers to become economically independent. An tailor-made entrepreneurship training programme is linked to an process of empowering and <u>building up networks with local entrepreneurs an (informal) investors</u></p> <p><u>Source <a href="https://forwardincubator.com">https://forwardincubator.com</a></u></p>



Annex B.3. Special programme's / organisations for migrant or refugee entrepreneur

Name	Country	Summary
<b>EnterStart</b>	Netherlands	<p>EnterStart supports, through a pilot Micro-credit program, migrants' start-ups and SMES in their initial phase: building their business plans and <u>offering kick-start (subordinated) loans</u> of 5,000 euros as supportive loan (which can be provided in only 5 working days). If the business plan requires more funding, then they work with private investors. Of late they developed a <u>special webinar</u> to assist migrant entrepreneurs facing problems due to the Covid 19 outbreak and related public measures (in cooperation with YMCB).</p> <p>Source: <a href="https://enterstart.nl/">https://enterstart.nl/</a></p>
<b>Vienna Business Agency</b>	Austria	<p>The objective of the Vienna Business Agency is to increase the take-up of start-up support measures offered by the City of Vienna for immigrant and ethnic minority communities by offering tailor-made support. Target groups include potential start-ups, company founders and young enterprises in their early phase (up to three years after foundation). It does not offer specific entrepreneurial support but mainly aims to ensure migrant communities can benefit from support equally to the non-migrant community. The majority <u>of advisers in the team have a migrant background</u> themselves and are hence capable of better understanding specific cultural/socioeconomic barriers and can provide support in the native languages of the migrant entrepreneurs.</p> <p>Source: <a href="https://viennabusinessagency.at/consulting/migrant-enterprises-6/">https://viennabusinessagency.at/consulting/migrant-enterprises-6/</a></p>
<b>Foundation Ester</b>	Sweden	<p>The Ester Foundation supports women coming from a non-European background in starting their own business. In addition to information provision about financing possibilities and the support to develop a bankable business plan, the Ester Foundation <u>has its own microcredit system</u> through which participants to the training course can take out loans in a less costly way and with reduced risks. This is enabled through collaboration with Swedbank (one of the Swedish banks) and Johaniterhjälpen (a charity organisation). Their work supports driven and creative women to develop not just their business skills, but their self-esteem and confidence, too.</p> <p>Source: <a href="http://stiftelsenester.se/">http://stiftelsenester.se/</a></p>

Name	Country	Summary
<b>Human Safety Net</b>	Germany , France	<p>Generali Insurance Company has assisted in setting up a special refugee Start up Programme for refugees who want to become entrepreneurs in Germany. Participants in the program learn the basics of entrepreneurship: how to develop an idea and how to create a business plan. They benefit from wide-ranging support from experts, including coaching and training, and can use co-working spaces to exchange ideas with other aspiring entrepreneurs. Seed capital is provided as well.</p> <p>Source : <a href="https://www.thehumansafetynet.org/">https://www.thehumansafetynet.org/</a></p>
<b>The Enterprise and Diversity Alliance (EDA)</b>	UK	<p><i>Putting diversity on the agenda of large institutions</i>, including banks, has been the key success of the EDA. The initiative has helped to build mutual understanding between diverse SMEs and large institutions and, in doing so, improve access to finance and market opportunities for minority businesses, with a positive impact on their growth ambitions. This has been achieved by undertaking several activities: 1) raising awareness about minority enterprise through research and knowledge dissemination; 2) developing communication between minority businesses and large institutions by organizing events and creating a platform for knowledge exchange; and 3) facilitating mentoring for minority businesses and in doing so opportunities for support, networking and growth.</p> <p>Source: <a href="https://www.birmingham.ac.uk/research/we-lead/led-lab/index.aspx">https://www.birmingham.ac.uk/research/we-lead/led-lab/index.aspx</a></p>
<b>Entrepreneurs Without Borders</b>	Germany	<p>Entrepreneurs Without Borders provides information about ways of financing and funding during the provision of support and advice. This also includes information about microcredits.</p> <p>The organisation successfully implemented projects in the fields of business start-ups, business consulting and training as well as education and parental advisory for the last 15 years. The association's work focuses on strengthening the local economy, the promotion of business start-ups, particularly of people with a migrant background, as well as the participation of women in economic life.</p> <p>Source: <a href="http://uog-ev.de/verein/association/">http://uog-ev.de/verein/association/</a></p>

Name	Country	Summary
<b>BNP Paribas – Refugee Incubators</b>	<i>France (Montreuil)</i>	<p>BNP Paribas has dedicated 4.5 million euros (period 2018-2021) for the inclusion and integration of refugees. In France in Montreuil, a business incubator to help refugees create their company. The goal is to support classes of about thirty refugees in creating their company. Each class will receive <i>personalised support of 9 months towards entrepreneurship</i>, with the provision of IT tools, work rooms, access to training and workshops, individualised monitoring with a mentor and benefiting from a professional ecosystem.</p> <p>Source : <a href="https://group.bnpparibas/en/news">https://group.bnpparibas/en/news</a></p>
<b>Macken Co-operative - Macken Entrepreneurship Centre</b>	<i>Sweden</i>	<p>The objective is to assist new entrepreneurs with migrant backgrounds, and to provide a meeting point for this target group. An additional aim is to help families to become self-sufficient and leave the system of economic assistance provided by the state. While no financial support is provided by Macken, they <i>provide information and refer course participants to relevant financial service providers</i>. Those include Almi Entrepreneur Advice, a local microcredit fund which functions without interest rates, other regional funding opportunities, and JAK Banken which <i>offers loans that are interest free</i>. Some of these funding opportunities are particularly interesting as they enable possibilities for those that cannot take loans with interest rates due to religious, economic, or other reasons. However, in most cases the participants benefit from loans provided by families, friends, or relatives.</p> <p>Source: <a href="https://www.mackensforening.se/">https://www.mackensforening.se/</a></p>
<b>Norwegian Center for Multicultural Value Creation – NSFV</b>	<i>Norway</i>	<p>A competence center to support migrant entrepreneurs applying effectuation theory. The goal is to strengthen and develop the mainstream public business establishment service offerings, adjusted to the needs of migrant entrepreneurs leading to job creation and business growth. The programme offers comprehensive support by access to finance. <i>Information about funding opportunities</i> is provided to the participants through seminars with funding authorities, banks, and other investment actors. Support is given in order to develop the business plan. This kind of support is included in the <i>iStart business training for higher educated migrants</i>. Banks are part of the Center’s extensive network but there is no funding provision through this intervention.</p> <p>Source: <a href="https://fag.nsfv.no/index.php/en/about/about-nsfv">https://fag.nsfv.no/index.php/en/about/about-nsfv</a></p>

Name	Country	Summary
<b>Singa France</b>	<i>France</i>	<p>Singa provides contacts to refugees and asylum seekers for financing possibilities. Moreover, it has an agreement with ADIE (microcredit) in Paris and the bank BNP (general funding). Singa supports the ADIE and BNP employees engaged in this collaboration through training and Singa's support of entrepreneurs is considered as a plus when the entrepreneur asks for a credit. Singa <i>facilitates refugees' and asylum seekers' connection with investors and has developed a network of business angels</i>. This is the case, for example, with organisations such as Social 3.0 that support entrepreneurs through funding and advice. Singa also provides opportunities for refugees and asylum seekers to showcase their products/services in strategic events thus allowing them to attract funding for their venture. At these events, the refugees can directly meet investors.</p> <p>Source: <a href="https://www.singafrance.com/">https://www.singafrance.com/</a></p>
<b>Windmill</b>	<i>Canada</i>	<p>Windmill Microlending is a registered charity serving newcomers since 2005. Funded by the public and private sector, Windmill is Canada's largest and most successful micro-lending program for immigrants and refugees.</p> <p>Windmill Microlending empowers skilled immigrants and refugees to achieve career success and economic prosperity by providing microloans and support. Windmill provides microloans of up to \$15,000 to skilled immigrants and refugees so they can succeed in their careers and obtain the Canadian licensing or training required to work in their field, or to secure a position which matches their level of education, skills and experience. The loan can pay for professional exams, training, assessments, professional association fees, books, and materials, living allowance and other expenses related to</p> <p>Source: <a href="https://windmillmicrolending.org/">https://windmillmicrolending.org/</a></p>

Annex B.4. Organisations/programmes, set up, run, and controlled by migrants and/ or refugees

Name	Country	Summary
<b>Wajenzi</b>	<i>The Netherlands / Africa</i>	<p>Wajenzi democratises access to unique investment opportunities in Africa. Bringing Africa equity deals within reach of the Diaspora and worldwide impact investors. Wajenzi applies <i>crowdfunding techniques</i> to create communities where investors (whether from Amsterdam, New York or New Delhi, London, or Accra) are linked to investment opportunities in SMEs especially run and managed by migrants/ refugees.</p> <p>Source : <a href="http://wajenzi.fund/page/how-it-works">http://wajenzi.fund/page/how-it-works</a></p>
<b>Zidi Circle</b>	<i>The Netherlands/ global</i>	<p>Zidi Circle is using an innovative <i>Peer-to-Peer lending technology</i> to enable sustainable businesses in various African countries to raise funds internationally. Zidi Circle works mainly with the African emigrant networks, and with the people inside of those networks who wish to set up a business, or that already have one in their countries of origin. Access to finance is always the major problem for migrant entrepreneurs. In the Netherlands, Zidi Circle trains these people on entrepreneurial skills (such a building a business model), and then, in a second stage in which a sound business model is ready, to use the Zidi Circle platform to raise funds.</p> <p>By investing in selected and sustainable African business, Zidi Circle is trying to contribute to economic growth and poverty eradication in the country of origin of migrant entrepreneurs.</p> <p>Source: <a href="https://zidicircle.com">https://zidicircle.com</a></p>
<b>DiasporaFinance</b>	<i>United Kingdom;</i>	<p>Factoring financing for SMEs in general by partly controlled by Diaspora investors</p> <p>Launched in 2017, Diaspora is a Fintech challenger reinventing the world of digital banking. Headquartered in London with a global reach, Diaspora operates a complex, yet simple financial ecosystem designed to make access to finance more democratic and inclusive of SMEs. 85% of SMEs suffer from credit constraints and are looking for business partners as opposed to mere service providers. By unlocking liquidity for SMEs, it fosters growth and increase trade without borders or barriers.</p> <p>Source: <a href="https://www.diasporafinance.com">https://www.diasporafinance.com</a></p>

Name	Country	Summary
<b>MAZ</b>	<i>The Netherlands</i>	<p>MAZ is a private initiative of a Syrian entrepreneur who has developed a programme to link starting entrepreneurs with existing migrant businesspeople and entrepreneurs making use of dedicated Facebook pages Together they develop and formulate new business and financing plans and explore financing. Key in the financing is to mobilise either own funding stimulating the new entrepreneur to use funds kept abroad or seek inventors amongst their own migrant community.</p> <p><a href="https://acumen-business.com/">https://acumen-business.com/</a></p>
<b>CAF Winkomun</b>	<i>Spain, Italy, The Netherlands / Global</i>	<p>Winkomun is a community investment system. It promotes a methodology based on saving groups op called Autonomous Community Finance Groups (CAF Groups), whose members regularly save and jointly decide on lending amongst each other.</p> <p>Winkomun is a free platform that offers support and tools to learn the methodology, create groups and contact groups that operate under the same system worldwide. CAF groups are found in Spain, Italy, and The Netherlands. Members often belong to the migrant communities.</p> <p>Source: <a href="http://www.winkomun.org/">http://www.winkomun.org/</a></p>