

Policy Brief on Refugee Entrepreneurship

This policy brief assesses the potential of entrepreneurship to be used as a tool for the integration of refugees into the labour market. It discusses the challenges faced in business creation by these potential entrepreneurs, as well as the opportunities created by their situation. It also discusses different policy approaches used to support refugees in business creation and the keys to their success. This policy brief is part of a series of reports produced by the OECD on inclusive entrepreneurship. The series includes policy briefs on women's entrepreneurship, youth entrepreneurship, senior entrepreneurship, access to business start-up finance for inclusive entrepreneurship and entrepreneurship among people with disabilities, as well as the report series "The Missing Entrepreneurs".

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Key messages

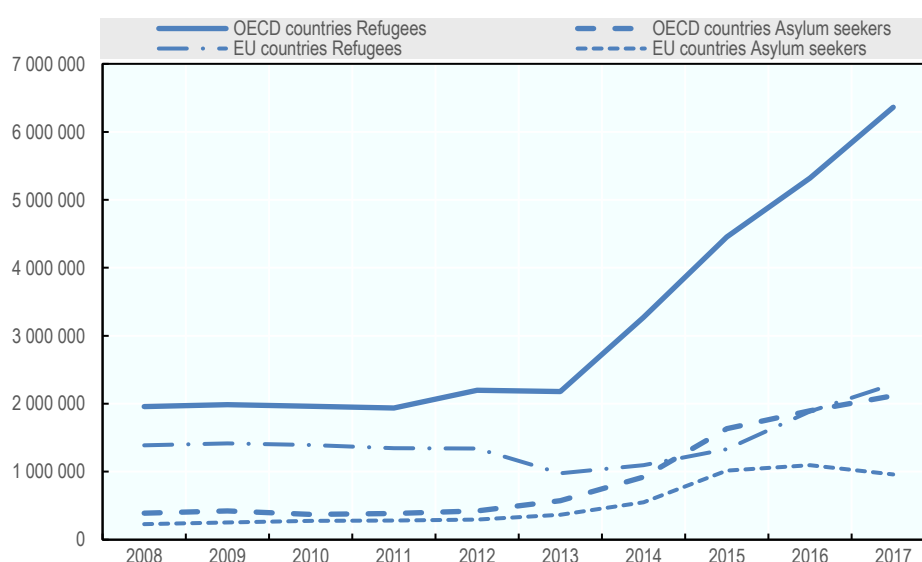
- The population of refugees has dramatically increased over the past decade and host countries have struggled to integrate them in the labour market. Refugees face high unemployment rates and struggle to close the gap with other migrants in terms of labour market outcomes.
- While entrepreneurship is unlikely to be a viable career choice for many refugees, evidence suggests that it could be a sustainable pathway into work for some.
- Refugee entrepreneurs face a number of challenges to business creation that are specific to their unique situation, stemming from their individual context (e.g. language and cultural barriers, skills gaps, limited access to finance and premises) as well as factors in their host environment (e.g. legal uncertainty, discrimination). These challenges restrict aspiring entrepreneurs' ability to realise their potential.
- Numerous programmes to support refugee entrepreneurs have been introduced in recent years. Many of these have been developed at the local level and the involvement of non-government organisations is common. These programmes are often small in scale and focus primarily on entrepreneurship training and coaching, while financial support is still a relatively underserved area.
- Although the evidence base on the impact entrepreneurship initiatives for refugees is thin, recent evaluations suggest that the most successful programmes combine multiple types of support and offer personalised assistance. Another key success factor is the use of tailored delivery methods, including the use of specialised staff that can speak the relevant languages and are knowledgeable about the local entrepreneurship support system as well as the challenges faced by refugees.
- There is an ongoing need to develop a stronger evidence base on entrepreneurship among refugees, especially on the effectiveness and efficiency of programmes.

1. What is the scale of the flow of refugees and humanitarian migrants?

There has been a significant increase in the world refugee population in recent years (Figure 1.1). In 2008, 1.96 million people held refugee status across OECD countries and another 390 000 applied for asylum (see Box 1.1 for an explanation of key terms). These numbers increased over the following decade, particularly after 2013. In 2017, the number of refugees in OECD countries reached 6.36 million while 2.12 million people had applied for asylum. This is due, in part, to the large population displacement caused by the Syrian Civil War. However, conflicts and humanitarian crises in other countries also contributed to this increase (e.g. in Afghanistan, Iraq, Sudan, the Horn of Africa, Central America).

Over the period 2011-17, children (under 18 years old) accounted for 29% of asylum seekers. In addition, three-quarters of working-age asylum seekers were men.

Figure 1.1. Refugees and asylum seekers in the OECD and the European Union



Note: Preliminary data for 2017. Refugees include individuals recognised under the 1951 Convention relating to the Status of Refugees; its 1967 Protocol; the 1969 OAU Convention Governing the Specific Aspects of Refugee Problems in Africa; those recognised in accordance with the UNHCR Statute; individuals granted complementary forms of protection; or those enjoying temporary protection. Since 2007, the refugee population also includes people in a refugee-like situation. Asylum-seekers are individuals who have sought international protection and whose claims for refugee status have not yet been determined, irrespective of when they may have been lodged.

Source: (UNHCR, 2018^[1])

This increase in the number of refugees and asylum seekers was experienced in many regions in the OECD. For example, European Union (EU) Member States received 4 million asylum applications between January 2014 and December 2017, three times as many as during the previous four-year period (OECD, 2019^[2]). This is due, in part, to the large population displacement caused by the Syrian Civil War. However, conflicts and humanitarian crises in other countries also contributed to this increase (e.g. in Afghanistan, Iraq, Sudan, the Horn of Africa, Central America).

Box 1.1. Key terms

The United Nations define **refugees** as vulnerable persons who are in need of protection from outside their country of origin due to a “well-founded fear of being persecuted for reasons of race, religion, nationality, political opinion or membership of a particular social group or political opinion”. Before these individuals’ request for refugee status has been formally processed and approved by the host country, they are referred to as **asylum seekers**. Refugees can be **resettled**, i.e. relocated from a country in which they have sought asylum to a third one that has agreed to give them a permanent residence status as refugees (UNHCR, 2011^[2]). Aside from the refugee status, other types of protected statuses can be granted, such as **subsidiary protection** (which is granted in EU countries to those who face serious harm in their country of origin but do not meet the criteria for a refugee status) or protection on “humanitarian” grounds.

It is important to recognise that the number of refugees represents a relatively small fraction of all forcibly displaced people worldwide. According to UNHCR data, as of June 2018, there were 68.5 million **forcibly displaced** people in the world, including 40 million who were internally displaced, i.e. had been forced by circumstances to leave their place of residence but had not crossed international barriers.

In addition to persons seeking international protection, there are other groups of **vulnerable migrants**. These include migrants finding themselves in situational vulnerability along their journey (e.g. exposure to traffic or abuse on irregular routes, risk of death on hazardous land or sea routes) or vulnerable due to individual characteristics (e.g. unaccompanied children, people with disabilities, survivors that cannot qualify as refugees).

There has also been an increase in the inflow of refugees and asylum seekers in some non-EU OECD countries, particularly after 2015. Turkey is the country hosting the largest number of refugees worldwide with 3.5 million refugees at the end of 2017, a 21% increase relative to the previous year (UNHCR, 2018^[3]). In Canada, permanent entries for humanitarian reasons increased from an average of 25 000 per year over the period 2011-14 to 32 000 in 2015, to nearly 60 000 in 2016. The number of permanent entries for humanitarian reasons, however, declined by 30% in 2017 due to a decrease in the number of settled refugees, who comprise the majority of humanitarian migrants. The number of refugees resettled in the United States has declined rapidly in recent years. Over the period 2013-15, approximately 70 000 refugees were admitted per year. This number increased to 84 994 in 2016, but declined to 53 716 in 2017 and 22 491 for the first nine months of 2018 (U.S Department of State, 2018). In addition to resettlement, the United States also provides protection to asylum seekers. In Australia, the humanitarian programme granted visas to 17 555 refugees and other humanitarian migrants in 2015-16, up from 13 744 in 2011-12 (Department of Home Affairs, 2017^[4]).

The inflow of refugees and asylum seekers also increased in many Latin American countries such as Mexico, Chile and Colombia, notably due to people leaving Venezuela

because of the deteriorating economic and political situation. The United States and Spain have also had an increase in asylum applications from Venezuelan nationals.

While the migration flows to many OECD and EU countries have been high relative to historical trends, the number of humanitarian migrants to EU countries is much lower in absolute and relative terms than inflows experienced by countries neighbouring Syria, notably Turkey, Lebanon and Jordan. About 85% of the global refugee population was in developing countries at the end of 2017 (UNHCR, 2018^[3]).

This increase in the number of asylum seekers and refugees has implications for the labour market: as current humanitarian crises are more protracted, long term and permanent resettlement is becoming quite common for refugees and labour market integration is crucial for successful integration of migrants in recipient countries.

2. What role can entrepreneurship policy play in supporting labour market integration of refugees?

Refugees often have poor labour market outcomes...

Refugees often face difficulties integrating in the labour market of the host country. Employment rates among refugees tend to be low relative to the native population and labour market outcomes also lag behind other types of migrants who possess greater social capital (Damas de Matos and Liebig, 2014^[5]) (Hartog and Zorlu, 2009^[6]) (Sarvimäki, 2017^[7]).

These poor labour market outcomes are often due to a range of challenges that refugees face in seeking employment, including difficulties demonstrating formal qualifications and professional licences (Wauters and Lambrecht, 2008^[8]). Refugees that are able to secure employment often report that they are overqualified for their jobs (European Union and OECD, 2016^[9]) and are often unable to fully realise their potential contributions to society and to maximise their own wellbeing. OECD countries have taken different approaches to foster labour market integration of refugees (Box 2.1) but significant challenges remain.

Box 2.1. Policy approaches to integrating refugees into the labour market

Labour market policies used to integrate refugees vary considerably across OECD countries. In the EU, integration and employment policy are the responsibility of the Member States, and national governments often delegate activities to cities and local administrations. A 2018 EU Directive calls for labour market access to be granted to asylum seekers no later than six months after applying for international protection (EU, 2018^[10]). The EU has emphasised the involvement of all levels of government, including local and regional authorities, as well as civil society organisations (Hooper, Desiderio and Salant, 2017^[11]). In practice, a decentralised approach prevails in many EU countries, with programmes supporting refugees in employment and entrepreneurship being primarily implemented by sub-national authorities (Hooper, Desiderio and Salant, 2017^[11]). Many of these programmes are supported by EU Structural Funds (Rath, 2011^[12]) and typically provide training for the labour market, including language training, and improved access to housing, education and healthcare services. Several recent initiatives use skills assessments to certify qualifications (e.g. Austria) and/or use them to identify locations with relevant labour market opportunities (e.g. Finland) (OECD, 2016^[14]).

Other OECD countries place a greater emphasis on the role of the community in resettling refugees. In Canada, for example, the integration system is based on two main pathways. Government-assisted refugees (GARs) receive financial and other support services from the federal government (or the Province of Quebec) for up to one year. These account for about half of resettled refugees. The other major route to resettlement is through private sponsorships. This approach uses groups of five or more individuals who collaborate and agree to provide financial

sponsorship to refugees, including covering the first year's settlement costs. Private-sponsored refugees (PSRs) also benefit from the sponsors' networks and social capital. PSRs accounted for about 40% of refugees resettled in Canada in 2017. Private sponsorship programmes inspired by the Canadian model are being developed in other countries, including the United Kingdom and Australia (Hyndman, Payne and Jimenez, 2017^[13]).

For more information on approaches to integrating refugees into the labour market, please see (OECD, 2019^[15]).

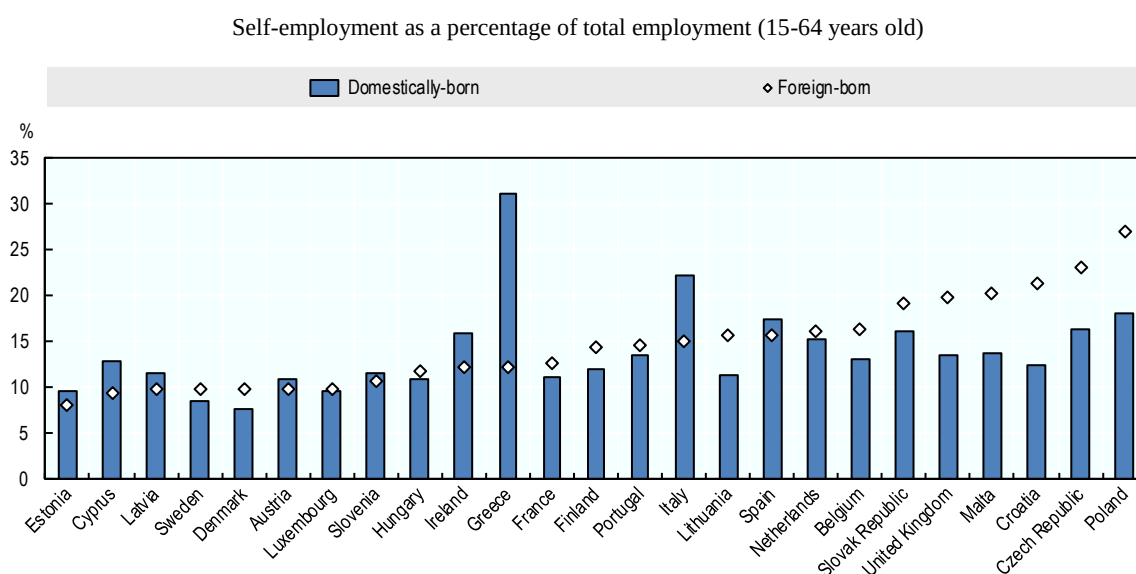
...therefore, entrepreneurship can offer an alternative route into work for some

The evidence on the proportion of refugees who start businesses is mixed, suggesting that the scale of self-employment activities by refugees is context-specific. Key determinants include the culture and country of origin, the institutional and regulatory environment in the host country, and the length of stay in the host country.

Recent figures from the Australian Bureau of Statistics suggest that around 10% of refugees had started their own business after staying in the country for five years and 30% had done so after ten years of stay (Legrain, 2016^[16]). Evidence from Canada shows that refugees are less likely to be self-employed than the native population during their first three years in the country, but the proportion of refugees who are self-employed doubles after five years and exceeds the proportion of the native population (Green, Liu and Ostrovsky, 2016^[17]).

By contrast, a more recent survey of 305 Syrian refugees in Austria, the Netherlands, and the United Kingdom found that although as many as 32% had owned a business in their home country, only a few had started a business in their host country and less than 12% had intentions to become entrepreneurs after their relocation (Deloitte, 2017^[18]).

More broadly, the proportion of immigrants who are self-employed is higher than the proportion of the native population in the majority of OECD countries (Mestres, 2010^[19]; OECD, 2011^[20]). For example, in 2015, the proportion of working immigrants that were self-employed exceeded the native population in 14 out of 24 OECD countries where comparable data were available (Figure 2.1). There is also evidence to suggest that self-employed immigrants are as likely as the native-born self-employed to create jobs. Approximately 28% of the self-employed had employees in 2016, regardless of where they were born (OECD/EU, 2017^[21]).

Figure 2.1. Self-employment rates for immigrants in European countries, 2015

Source: (Eurostat, 2018^[22])

While their businesses tend to have limited growth potential...

Overall, the existing evidence suggests that many refugee entrepreneurs appear to operate low value-added businesses. Consequently, few are likely to operate businesses that create employment for others. Information on participants in entrepreneurship programmes for refugees in Austria, Australia, Canada, Italy, and the Netherlands suggests that the vast majority of self-employed refugees do not have employees (Betts, Omata and Bloom, 2017^[23]).

These outcomes tend to be driven by the entrepreneurs' motivations and type of markets and opportunities that they pursue. Many refugee entrepreneurs start businesses due to obstacles faced in the labour market. They often imitate others in their community, and operate in markets with low barriers to entry such as retail and wholesale trade or restaurants (Wauters and Lambrecht, 2008^[8]) (Lyon, Sepulveda and Syrett, 2007^[24]) (Wauters and Lambrecht, 2006^[25]) (Collins, 2003^[26]). These markets tend to have excess supply and do not offer substantial growth opportunities. Consequently, the earnings of refugee entrepreneurs are, on average, much lower than other entrepreneurs (Wauters and Lambrecht, 2006^[25]).

... some refugees operate successful businesses that create jobs

Refugees are a heterogeneous group and vary greatly in terms of skills and previous employment and entrepreneurship experience. While the prevalence of entrepreneurship varies across regions of origin, many refugees in recent waves come from countries with a developed entrepreneurship culture, which may give them an advantage in entrepreneurship.

Refugee entrepreneurs can be well-placed to cater to niche "ethnic" markets but this strategy can also limit earnings (Achidi Ndofor and Priem, 2011^[27]). Refugee entrepreneurs with higher human and financial capital are typically more successful in targeting

mainstream markets, which are more profitable (Achidi Ndofor and Priem, 2011^[27]). Accessing these markets is a key to success for refugee entrepreneurs (Kloosterman, Rusinovic and Yeboah, 2016^[28]).

Although some insights can be gleaned from existing research, these findings should be interpreted with care. The collection of data and evidence on refugee entrepreneurship is limited and most conclusions are drawn from relatively small-scale surveys. Further, very recent research can only offer limited insight on the labour market integration of refugees since the labour market and entrepreneurship outcomes of refugees can only be observed with a time delay.

3. What are the benefits of promoting and supporting entrepreneurship among refugees?

Entrepreneurship can improve economic outcomes and quality of life for refugees...

Supporting refugees in entrepreneurship can have several benefits for individuals. First, it offers another route into work for refugees. This gives them an ability to generate income and improve their quality of life.

Second, entrepreneurship can provide many non-financial benefits for individuals, including self-empowerment, improved self-confidence, stronger and larger social and professional networks, and greater social capital. Research from the United Kingdom shows that the majority of refugee entrepreneurs stated that running their own business led to a wider socialisation with the local community, enabling them to break out of co-ethnic circles, improving their overall integration (Lyon, Sepulveda and Syrett, 2007^[24]). Similarly, evaluation evidence of an Australian entrepreneurship training programme for refugee women found that the acquisition of skills and knowledge helped boost the self-confidence of participants and also helped them grow their networks (van Kooy, 2016^[29]). Another evaluation from an Australian programme found that participants had larger social networks and improved their language abilities (Collins, 2017^[30]).

Third, refugees that are not successful in business creation or participate in an entrepreneurship support programme without becoming entrepreneurs can improve their employability through the acquisition of new skills and experiences. One particular benefit that has been noted is improved language proficiency (Collins, 2017^[30]).

... as well as generate economic and social benefits for the host country

Supporting refugees in entrepreneurship can also have economic and social benefits for society more broadly. First, supporting refugees in entrepreneurship can help mobilise inactive economic resources. In some cases, this may also help address issues of skills mismatch, as high-skilled workers that could not move into qualified traditional employment due to skills recognition issues may be able to use their transferable skills and experience to run successful businesses. Entrepreneurs may also contribute innovations, creating added value for the economy (Collins, 2017^[31]).

Second, refugee entrepreneurs have the potential to contribute to local development and create jobs. For example, one in five refugee entrepreneurs in Kampala, Uganda report having employees, of which 41% were Ugandan nationals (Betts, Omata and Bloom, 2017^[23]).

Third, policies supporting entrepreneurship for refugees may reduce expenditures on social welfare payments for those who become self-employed as well as generate tax revenue from those who successfully launch a business. There is therefore the potential for these policies to create savings for public expenditures. For example, an evaluation of the Ignite programme in Sydney, Australia (see Box 5.3) estimated that the programme had generated annual savings of AUD 880 000 from reduced social welfare payments to the 240 participants over three years (Collins, 2017^[30]).

4. What challenges do refugees face when starting a business?

All entrepreneurs face a range of challenges in starting and sustaining businesses. Refugees face many of the same challenges, but also face some unique barriers relative to the mainstream population and to other groups of migrants.

Economic migrants typically have time to plan and organise their departure, to save money, learn the local language or prepare beforehand for the cultural changes that await them (Lyon, Sepulveda and Syrett, 2007^[24]) (Wauters and Lambrecht, 2006^[25]). They are also more likely to be assisted by pre-existing social and professional networks in the host country (Wauters and Lambrecht, 2006^[25]). In contrast, refugees are a much more vulnerable group. They are less prepared and often lack personal connections in the host country. They have also faced persecution and traumatic events, which lowers their self-confidence (Wauters and Lambrecht, 2006^[25]). When compared to other migrant groups, refugees tend to be slower to “close the gap” with the rest of society in terms of labour market outcomes (Scholten et al., 2017^[32]).

Nevertheless, some research shows that past engagement in entrepreneurship and cross-cultural experiences result in a high entrepreneurial spirit amongst refugees, and migrants more generally (Rengs et al., 2017^[33]) (Vandor and Franke, 2016^[34]), which could be harnessed if some of the barriers could be removed.

Challenges for refugee entrepreneurs tend to stem from two broad areas: individual limitations, and limitations in their surrounding environment.

4.1. Individual challenges

Low levels of human capital and entrepreneurship skills

A major barrier to entrepreneurship for refugees is low levels of knowledge and skills that can be exploited in entrepreneurship. Evidence suggests that a high educational attainment as well as prior self-employment experience are important success factors for refugee entrepreneurs (Fong et al., 2007^[35]) (Wauters and Lambrecht, 2006^[25]).

Evidence suggests that recent refugees to Europe from Syria and other war-torn countries tend to be, on average, less educated than other types of migrants or the local population (Adecco, 2017^[36]) (European Union, 2016^[37]). However, the observed educational attainments of refugees varies by host countries. For instance, an EU study on refugee integration in Austria, Germany and Sweden found that the share of refugees having completed tertiary education ranged from 18% in Germany to 30% in Sweden (Konle-Seidl, 2018^[38]). Another study, however, based on interviews with Syrian refugees in the United Kingdom, Austria and the Netherlands reported that 38% had a university education (Deloitte, 2017^[18]). Educational attainment also varies across countries of origin. Syrian refugees in the EU, on average, are more educated than refugees from Afghanistan, Iran, Iraq, Somalia, or Eritrea (European Union, 2016^[37]).

Some refugees have faced interruptions in their path of acquiring human capital. In their home country, they have faced war, political instability or natural disasters, all of which affect one’s ability to complete education, training or acquire work experience. Time spent in transit and processing also interrupts the careers of asylum seekers and refugees, which can affect their employability.

Lack of language skills

Recent Syrian refugees in Europe report that language is one of their greatest barriers in securing employment (Deloitte, 2017^[18]). Language is a multi-faceted barrier in entrepreneurship.

A lack of language skills presents a challenge for completing the administrative steps necessary for starting a business (e.g. registering the business, obtaining tax and payroll accounts) (Rath, 2011^[12]). It can also make it more difficult to understand legal and regulatory obligations; identify and build relationships with partners, suppliers and customers; build networks; access finance; and seek out other support services (OECD/EU, 2014^[39]).

Learning the local language can be very beneficial for entrepreneurs, particularly to obtain business licences, build professional networks with business partners, and develop relationships with customers (Kloosterman, Rusinovic and Yeboah, 2016^[28]) (Fong et al., 2007^[35]) (Lyon, Sepulveda and Syrett, 2007^[24]). One way for refugee entrepreneurs to get around this challenge is to set-up a business that focuses on customers from the same community and to seek suppliers that also speak the same language (OECD/EU, 2014^[39]). However, entrepreneurs that provide services and products to the mainstream market are generally more profitable (Kloosterman, Rusinovic and Yeboah, 2016^[28]).

Under-capitalisation and difficulties accessing finance

Another challenge faced by all entrepreneurs is a lack of capital and difficulties accessing debt or equity finance. This challenge is greater for refugees than for most entrepreneurs because many lack access to a bank account (Lyon, Sepulveda and Syrett, 2007^[24]). Consequently, they cannot demonstrate a credit history. They also often lack savings and collateral, which hinders their access to traditional bank loans (Betts, Omata and Bloom, 2017^[23]).

A lack of stable residence status also affects refugees' access to external finance (European Commission, 2016^[40]), as does operating a business in low-growth sectors (Wauters and Lambrecht, 2008^[8]).

As a result, migrants and refugees tend to seek finance through other channels, including informal loans and community-based mechanisms. These types of finance tend to provide access to small amounts of funding, limiting the scale of operations they can support, and are often much more expensive than formal loans. This propensity to rely on informal networks for financing is also found in migrants in general, notably due to biases encountered in the banking sector (OECD, 2011^[19]).

Under-developed entrepreneurship networks

Forced migration is much less co-ordinated and less driven by social networks in the receiving country than other forms of migration. Consequently, asylum seekers and refugees tend to have small social networks.

Social interactions are at the centre of entrepreneurial networks. It is usually difficult to clearly distinguish between personal and business networks for an entrepreneur and separating them is rather artificial (Halabisky, 2015^[41]). Small social networks mean that some refugees will have no one to turn to for support or assistance when looking for help in setting up a business (Wauters and Lambrecht, 2008^[8]).

Another challenge for refugee entrepreneurs is developing diverse networks. Dense social networks within a specific community can support early-stage entrepreneurship but can also be very restrictive, limiting the opportunities for profit generation and expansion into broader markets.

Difficulties in securing operating premises

Access to material resources, such as physical working spaces or storefronts to run their business from, is also an obstacle that disproportionately affects refugee entrepreneurs. This is due to difficulties in identifying appropriate locations as well as financial constraints (European Commission, 2016_[40]) (Lyon, Sepulveda and Syrett, 2007_[24]). Lack of knowledge on the importance of location as a success factor for businesses is also an issue for refugee entrepreneurs (Wauters and Lambrecht, 2008_[8]).

Mental health challenges

A significant number of refugees experience traumatic events in their country of origin or during their journey and the prevalence of post-traumatic stress disorder (PTSD) and depression are significantly higher than in the general population (UNHCR, 2002_[42]). In addition, the journey of a migrant seeking international protection is often long, and reception procedures are rarely swift. Stress and other mental health issues are among the greatest barriers in the integration of refugees into employment within the EU (Scholten et al., 2017_[32]). This has also been shown to be a significant barrier for business creation due to low self-confidence (Lyon, Sepulveda and Syrett, 2007_[24]) (Wauters and Lambrecht, 2006_[25]).

Gender-based cultural norms

Gender-based cultural norms can influence the likelihood of refugee women starting a business (Rath, 2011_[12]). In practice there are very few women refugee entrepreneurs (Wauters and Lambrecht, 2006_[25]), which is partly due to their lower levels of human and financial capital and work experience. In addition, social attitudes in some cultures may discourage women from working on starting and operating businesses because the women are expected to allocate the bulk of their time towards family responsibilities and childcare (van Kooy, 2016_[29]) (Rath, 2011_[12]) (Lyon, Sepulveda and Syrett, 2007_[24]).

4.2. Institutional challenges

Gaining access to the labour market

The process of applying for refugee status can be long and not all applicants are granted refugee status. For example, asylum application processes range from 3 to 12 months in length, on average, in the EU.

In many host countries, asylum seekers are not eligible for a work permit for at least part of the processing period of their asylum request. With the recent increase in the number of asylum seekers, some countries are seeking to expedite access to the labour market. The EU issued a directive to allow asylum seekers to work six months after requesting asylum (EU, 2018_[10]) to help increase the chances of a successful labour market integration (Scholten et al., 2017_[32]) (European Union, 2016_[37]). However some countries use labour market tests to restrict access to the labour market by requiring employers to demonstrate that the vacancy could not be filled by a citizen (Scholten et al., 2017_[32]).

In addition to decreasing the chances of a successful integration, the period of inactivity between the application for asylum and the point of gaining access to the labour market can also push people into the informal economy. However, recent studies found only a minimal amount of informal labour market activities among recently arrived refugees (Deloitte, 2017^[18]).

Some countries also allow asylum seekers to create a business before being granted refugee status. In the EU, eight countries¹ allow asylum seekers to become self-employed, usually under specific circumstances or with additional conditions. A notable case is that of Malta, where asylum seekers are granted simplified access to self-employment over other third-country nationals (Wauters and Lambrecht, 2008^[8]) (Eurofound, 2016^[43]). While business creation can provide a means to generate income, develop professional networks and facilitate social integration and community building, it is risky for individuals to make large investments into entrepreneurial ventures before being granted refugee status.

Moreover, business creation can also be risky due to the length of residency permits granted. While recognised refugees obtain permanent residence immediately in Canada and Australia, residence permits are usually temporary in the EU and five EU countries reduced the length of residence permits in 2015 and 2016 (AIDA, 2016^[44]). This can create uncertainty about the ability of the refugee to remain in their host country and also a disincentive to start a business since they may not be able to sustain their business long enough for it to be established. This may also hinder the development of longer-term business relationship with financial institutions and providers. Similarly, the residency status of family members can also influence decisions to start a business.

Recognition of qualifications

Another factor that affects refugees in entrepreneurship, and in the labour market more generally, is the difficulty to obtain recognition of their diplomas, qualifications and previous work experiences. In addition to the common challenges related to the recognition of qualifications obtained abroad, refugees often find it difficult to produce certifications and documents as they are frequently left behind or lost in travel (Wauters and Lambrecht, 2008^[8]).

As a result, refugee entrepreneurs may find themselves unable to start a business related to their experience or expertise, particularly in regulated professions (e.g. health sector, accounting).

Distrust of public services

Another frequently cited difficulty for refugee entrepreneurs is difficult experiences with public services. Initial negative experiences with state services upon arrival tend to breed distrust among refugees towards the state in the future (Lyon, Sepulveda and Syrett, 2007^[24]). This increases the likelihood that refugee entrepreneurs will not use public support programmes.

¹ These countries are Austria, Belgium, Germany, Malta, the Netherlands, Portugal, Slovenia and Spain. In Germany, only recognised asylum seekers (who have received temporary political asylum as opposed to having a pending refugee application) and migrants with tolerated residence status can become self-employed.

Business regulatory barriers

There are two barriers related to regulations. Overall, there is a lack of clarity about regulations related to refugee businesses, including whether or not they are permitted to start businesses, when and under what conditions. The regulatory environment varies greatly across countries, which can add to the confusion as others in an entrepreneur's personal or family network may have a very different regulatory environment.

Moreover, there are challenges in seeking support to meet regulatory obligations due to insufficient or inappropriate communications about regulations and related support services (Berns, 2017^[45]) (Lyon, Sepulveda and Syrett, 2007^[24]) (Rath, 2011^[12]).

Negative cultural bias and discrimination

Refugees may have trouble establishing themselves as entrepreneurs due to discrimination. Press coverage of refugees has recently focussed on the costs to host countries, rather than the potential benefits that they can bring. A study of five EU countries commissioned by the UNHCR found that humanitarian themes and security concerns were omnipresent in press coverage on refugees (Berry, Garcia-Blanco and Moore, 2015^[46]). As a result, there are low levels awareness about the potential of refugees as entrepreneurs. Previous studies have described how discrimination can reduce chances of integration in the job market (Kloosterman, 2010^[47]) (OECD, 2013^[48]), as well as securing loans (Wauters and Lambrecht, 2008^[8]).

5. What can policy do to support entrepreneurship among refugees?

Refugee entrepreneurs face more and greater obstacles than entrepreneurs coming from the mainstream population. Policy interventions can play a strong role in supporting business creation for those with entrepreneurship potential as well as improving the quality of start-ups. Evidence suggests that entrepreneurship programmes for refugee entrepreneurs are most effective when they are clearly targeted, well-co-ordinated and offer support measures as part of comprehensive packages (OECD, 2016^[14]) (OECD/EU, 2014^[39]). Entrepreneurship support programmes may complement other labour market integration support mechanisms by promoting alternative opportunities for gainful employment and supporting the acquisition of transferable skills.

5.1. Raise awareness about the potential of refugee entrepreneurship

Goal

Awareness campaigns have two purposes. First, they aim to increase awareness of refugee entrepreneurship and its benefits broadly, so that these entrepreneurs are accepted and supported in society. Second, they seek to increase awareness among refugees about the potential of entrepreneurship as an opportunity to enter the labour market, and the support services available.

Approaches

Policy makers can use a range of approaches to increase awareness about the potential of entrepreneurship among refugee communities. First, they can use labour market support initiatives, as well as community-relevant media, networks and organisations to disseminate information and raise awareness about the potential of entrepreneurship as a labour market activity for refugees. It is important to include entrepreneurship in the menu of possible labour market activities and to ensure that frontline staff that work with refugees can direct those interested in business creation to appropriate sources of information and support initiatives.

Second, while it is possible to disseminate positive messages and demonstrate the positive contributions that refugee entrepreneurs can make through media campaigns, it is often more effective to tell stories about refugee entrepreneurs. This approach involves identifying role models who can tell inspiring stories about their activities and motivations to inspire others in their community. These stories can be shared directly by the role models themselves at events and schools, or disseminated through relevant media. For example, the Association of Ethnic Entrepreneurs IFS in Sweden (*Internationella Företagarföreningen i Sverige*) has produced films on successful refugee entrepreneurs to inspire others to consider entrepreneurship and help spread positive messages about refugee entrepreneurship more broadly in society.

Third, it is also important to raise the visibility of entrepreneurship support initiatives so that potential entrepreneurs know where to go to get further information and professional support. The greatest impact will likely be achieved by distributing promotional information through community leaders and commonly used community organisations. Partnerships with existing community organisations and networks are a good strategy for organisations that are not used to engaging with refugees (European Commission, 2016^[40]).

It can also be helpful to use low-cost methods such as social media to promote entrepreneurship initiatives, provided the messages are delivered through appropriate channels that are used by the targeted communities.

When seeking to shift the public perception of refugee entrepreneurship, approaches that facilitate interactions between refugee entrepreneurs and the local community are often the most successful. Policy makers can use various approaches, including public events such as business fairs, networking events or co-working spaces. Alternatively, there are many examples in the EU of art exhibitions such as “Telling the stories of refugee entrepreneurs” in Essex, Scotland (United Kingdom) that showcase the work of refugee entrepreneurs through photos, narratives, interactive maps, videos and other visual aids.

An innovative and more intensive approach is the Utrecht Refugee Launch Pad (Box 5.1), which combines co-habitation, networking and business support to not only support refugee entrepreneurs but also to promote refugee entrepreneurship in the local community.

Box 5.1. Utrecht Refugee Launch Pad (U-RLP), Netherlands

Target group: Young asylum-seekers, refugees and local youth.

Intervention type: Shared living and business development facility, training.

Description: Launched in late 2016, the Utrecht Refugee Launchpad (U-RLP) is a shared housing and learning structure that brings local youth and asylum seekers together. The initiative was designed as a reception facility within a neighbourhood where residents can develop future skills and social networks together with asylum seekers. The objective of the initiative is to foster integration while helping participants develop skills in self efficacy and resilience applicable both in and outside the Netherlands (Urban Innovation Action, n.d.^[49]).

In practice, the launch pad offers co-housing and start-up training to asylum-seekers, refugees and locals. Training courses notably include English language, entrepreneurship and international business. Coaching and local networking activities are provided along with incubation space. The initiative aims to enhance labour market integration and business creation by forming connections between people of different backgrounds. It also aims to reduce prejudice (Compas Oxford, 2018^[50]).

The initiative is managed by multiple partners including the City of Utrecht, non-governmental organisations (the Social Impact Fund and the Dutch Council for Refugees), higher education institutions (Utrecht University, People’s University of Utrecht, Roehampton University, Oxford University), and private sector partners.

Results achieved: The programme is expected to strengthen both local citizens’ and refugees’ social capital. An independent evaluation of the programme is currently ongoing by researchers from Roehampton University and the University of Oxford. The results are expected to be presented in 2019.

Lessons for other initiatives: While the programme evaluation has yet to be published, the initiative displays some factors that have been associated with successful outreach methods, in particular, targeting the local community as well as refugees.

5.2. Offer entrepreneurship training programmes that include language training

Goal

Entrepreneurship requires a variety of skills including trade-specific know-how and business management. Refugees interested in entrepreneurship often lack some of these capabilities and generally lack context-specific knowledge, an issue that affects other migrants to a much lesser extent.

Approaches

A common approach to helping refugees acquire entrepreneurship skills is to offer dedicated training programmes. These training programmes typically include seminars and workshops that cover a similar range of entrepreneurship skills as mainstream entrepreneurship courses. However, they typically differ from mainstream programmes in two ways: they place a greater emphasis on issues such as the regulatory environment and administrative obligations, and use adapted delivery methods.

Training programmes for refugee entrepreneurs need to cover core business management topics such as business and financial planning, identifying markets and customers, financial management, and more, but must also address specific challenges that refugees face. It is important to expand the training curriculum for refugee entrepreneurs to also cover the implications of different migrant legal statuses and citizenship, as well as administrative obligations and the local regulatory environment, including the acquisition and renewal of relevant permits, and tax payment.

Another important challenge faced by refugee entrepreneurs is language barriers. To support the acquisition of language skills, many entrepreneurship training programmes for refugees include tailored language classes which focus on business- and sector-relevant vocabulary. For example, the Immigrants Working Centre in Hamilton, Canada provides English language courses that help potential entrepreneurs develop occupation-specific vocabulary (Box 5.2). Entrepreneurship training and language training can positively reinforce one another as language proficiency improves an entrepreneur's chances for success and training programmes offer an opportunity to expand networks. Evaluation evidence from the United States indicates that integrating language training into entrepreneurship training programmes increases the likelihood that refugee entrepreneurs will seek further business support (Changemakers, 2017^[51]).

Box 5.2. The Immigrants Working Centre (IWC), Canada

Target group: Immigrants, but many participants are refugees.

Intervention type: Entrepreneurship training, networking.

Description: The Immigrants Working Centre (IWC) is a non-governmental organisations in Hamilton, Ontario. The IWC provides a range of supports to help immigrants integrate into the labour market. In recent years, many of the offers have been adjusted to meet the needs of Syrian refugees that have settled in the city. It receives financial support from several federal ministries (i.e. Immigration, Refugees and Citizenship Canada; Employment and Social Development Canada; Ministry of Citizenship and Immigration), the Province of Ontario, the City of Hamilton, as well as private foundations.

One of the key features of the IWC offer is occupation-specific language training. Other training offered covers business start-up and trade-specific safety regulations. The technical safety training allows participants to obtain provincial certification for particular work regulations (e.g. 43 refugees have completed a safe food handling certification through the programme). To facilitate participation in training programmes, the IWC provides free childcare services with trained educators that helps children integrate into the Canadian school system.

The organisation offers other services, including citizenship test preparation. It also created a newcomers' networking club designed to support professional networks and facilitate the establishment of businesses as many Syrian newcomers had experience running small businesses.

Results achieved: In 2016-17, the programme supported 681 newcomers back into work through employment and self-employment.

Lessons for other initiatives: Local initiatives allow for flexibility and customisation to meet the needs of the local community. The combination of language courses and other types of training improves outcomes on both fronts.

The effectiveness of entrepreneurship training programmes can be improved by adapting the delivery methods for the target clients. This includes the provision of training and/or training materials in various languages, using trainers who come from various ethnic and migrant communities, and offering complementary support (e.g. language training, individual coaching, access to finance). A good example of an entrepreneurship training programme for refugees is Ignite in Melbourne, Australia (Box 5.3). This modular programme has been designed to meet the individual needs of each participant. Each receives core entrepreneurship training that is paired with other individual supports, including improved access to microcredit.

An alternative approach is to improve access to mainstream training programmes for refugees through modified in-take and selection mechanisms. This approach is often favoured by local initiatives in areas where there is not a sufficient population of refugees to deliver tailored programmes. The main benefits of this approach are that it allows refugee entrepreneurs to build networks with the local business community and they can more easily move into mainstream entrepreneurship support programmes.

Box 5.3. Ignite programme, Australia

Target group: Newly arrived refugees.

Intervention type: Individual business counselling, mentoring, networking, referral to microfinance.

Description: The Ignite Small Business Start-ups initiative is an entrepreneurship support programme for newly arrived refugees in Sydney. The first step in the programme is a meeting with applicants to assess their entrepreneurial potential. Those accepted into the programme work with an advisor to identify their skills needs and appropriate training sessions. They are also matched with a mentor and are invited to networking sessions. When the business is launched, participants are supported in building websites, developing promotional material, and preparing a bookkeeping system. In the final stage of the programme, support is scaled back and participants are referred to mainstream business support programmes.

Results achieved: 240 clients were accepted into the programme over three years and 66 new businesses were created, which generated an additional 20 new jobs. The programme is considered a success because clients improved their English, expanded professional and social networks, and social security payments were reduced² (Collins, 2017_[30]). However, the evaluation noted that the programme's financial and human resources were not sufficient to help all clients as needed.

Lessons for other initiatives: The comprehensiveness of the support provided or facilitated by the programme was identified as a key success factor. Adaptability over time and responsiveness to individual needs were other central features of the programme that are believed to have contributed to successful launches and sustainable ventures.

5.3. Support access to finance, including through microfinance and other alternative financing methods

Goal

Limited access to finance is a barrier for many refugee entrepreneurs. Policies in support of access to finance generally seek to address market failures at the origin of the restrictions, such as information asymmetries.

Approaches

While direct (e.g. grants, loans) and indirect (e.g. loan guarantees) financial supports are commonly used to support entrepreneurship, they are less commonly included in support programmes for refugee entrepreneurs.

Loan guarantees are used to help entrepreneurs overcome market barriers to accessing bank financing such as a lack of collateral. The advantage of loan guarantee schemes is that they leverage private sector know-how through the financial institutions participating in the programme. Key features of loan guarantee schemes are that the final lending decision is

² The savings in social welfare payments generated by the programme were estimated at AUD 880 000 per year for 240 participants over three years.

usually made by a financial institution and that both the financial institution and government carry the risk of default. Default rates are typically higher than for typical bank loans, but this is partially offset by the higher rates of interest charged. Loan guarantees can improve credit conditions for SMEs although the evidence of their effectiveness in terms of increasing the number of loan beneficiaries is inconclusive. They can be operated directly by governments, through public-private partnerships or by non-government sector institutions, generally with partial public support. Many public initiatives use loan guarantees to help refugee entrepreneurs access bank loans, especially at the municipal level. An example of such an approach is the CNA World-Dedalo Project in Italy (Box 5.4).

Box 5.4. CNA World-Dedalo Project, Italy

Target group: Migrant and refugee entrepreneurs.

Intervention type: Credit guarantees, legal and regulatory advice, business training, and networking.

Description: The initiative provides access to finance, offers start-up information and supports access to credit and micro-credit. Since its first iteration in Turin in 2000, the Dedalo Project (*Progetto Dedalo*) has been scaled-up to become the CNA World Programme with 25 similar projects running throughout Italy. CNA World was founded as an association within the National Confederation of Crafts and Small and Medium Enterprises (CNA). CNA World has established a Credit Guarantee Consortium (*Consorzio Fidi* within CNA) to facilitate access to credit for the members. Their main activity is to provide credit guarantees to favour the granting of loans to their members. Through a permanent help desk, CNA World offers and bundles individualised support to migrant entrepreneurs, mainly sole traders.

Key partners include the National Confederation of Crafts and Small and Medium-Sized Enterprises (CNA) Turin, Turin Chamber of Commerce, and Intesa Sao Paolo Bank.

Results achieved: The initiative has assisted a total of 472 start-ups since its inception in 2000. Approximately 120 start-ups are supported per year, with 85% survival rate 24 months after business foundation.

Lessons for other initiatives: This credit guarantee scheme is integrated with other important business supports, which increases the chances of success for those who receive bank credit.

Another instrument used to support refugee entrepreneurs is microfinance, which is commonly defined as a small loan of less than EUR 10 000. These loans are typically targeted at “unbankable” clients, who have little savings, collateral or credit history. Due to the risk associated with these loans, interest rates are typically above market rates. In most cases, microfinance is not self-sustainable so public funds are used to subsidise the schemes. The objective of microfinance is to help users build a credit history, improving their access to mainstream financial products. There are a number of fixed costs in setting up a microfinance scheme, including loan capital, operating and refining costs, loan assessment and monitoring costs. Additional support services (e.g. training) also increase fixed costs. The Ester Foundation (Sweden) is an example of a scheme including a dedicated microloan offer to refugee and migrant women (Box 5.5).

Box 5.5. Ester Foundation, Sweden

Target group: Unemployed immigrant women; since 2017 the foundation has been also targeting women refugees.

Intervention type: Entrepreneurship training, coaching, financial support.

Description: The programme provides training to immigrant women entrepreneurs in the early stages of their projects. The programme is implemented and funded by the city of Helsingborg. Its pilot was supported by the Swedish Agency for Economic and Regional Growth and the Region of Skåne.

The programme is structured around three six-month long units and includes business-related modules along with other complementary subjects such as Swedish culture, communication and leadership. Participants also receive individual support: they are assigned a business adviser that can assist them in various areas including communication, regulation and networks. Participants receive help for the development of a business plan and feasibility study. They can receive support in applying for public grants. A mentoring service is also provided in later stages.

Aside from the training, participants receive financial support for the duration of the programme, to ensure that their living expenses are covered and they can focus on developing their project. The foundation has also developed a microcredit programme in partnership with a Swedish financial institution (Swedbank), acting as a guarantee. Loans range from SEK 20 000 to SEK 300 000 (approximately EUR 2 140 to 32 120) and have a repayment period of three years or under. Participants can also receive start-up support from the Swedish Employment Agency and traditional loans from Swedbank provided their business plans have been approved by the agency (European Commission, 2016_[40]).

Results achieved: Over the 2012-16 period, the programme has supported 21 women, leading to the creation of 11 companies, out of which 10 are still in operation. Four have part-time or full-time employees. The programme is also believed to contribute to skills acquisition and increased self-confidence among participants. Replication of the project in other cities in Sweden is being discussed (European Commission, 2016_[40]).

Lessons for other initiatives: Partnership is a sustainable strategy to providing financial support to entrepreneurs. Moreover, the holistic approach adopted by the programme, combining multiple types of support, is thought to have been a central factor in its success.

Source: (European Commission, 2016_[40]).

Another model of microfinance is community-based savings groups, which is commonly found in southern EU countries. In this model, a small group of people pool their savings and grant each other small loans on a rotating basis. Subsequent loans cannot be made unless prior loans have been repaid. In Spain, for example, the *Associació de Comunitats Autofinançades* (ACAF, or Association of Self-Funded Communities) is a non-profit organisation that fosters the creation and development of Self-Funded Communities (SFCs), which is a methodology that was developed in Latin America.

Another commonly used approach to support access to finance for refugee entrepreneurs, especially in the EU, is to refer them to relevant sources of finance. These initiatives also typically provide assistance in applying for mainstream or alternative funding sources.

Evidence suggests that appropriate training in business plan development and personalised guidance can increase chances of success in obtaining private funding. However, direct financial support generally generates greater impact (European Commission, 2016_[40]).

Finally, some programmes promote awareness about refugee entrepreneurs among financial institutions in order to reduce prejudice and prevent discrimination (European Commission, 2016_[40]).

5.4. Provide premises for refugee-operated businesses

Goal

While location is a critical factor for success in many sectors, refugees often face more difficulties than other entrepreneurs in identifying and securing appropriate facilities to develop and operate their business from. Refugees may not know how to identify an optimal location for their venture due to minimal knowledge of the local economy and often underestimate the importance of location. High costs also affect access. Policy interventions can help address this obstacle by supporting access to premises in initial stages in order to allow viable refugee-led business concepts to reach implementation stages.

Approaches

The most common approach to providing refugee entrepreneurs with a business location is through business incubator programmes. Business incubators are a business support structure that offer “tenant” entrepreneurs a location for their business, as well as access to training, workshops and other business support services (e.g. bookkeeping). Some initiatives also host fairs and pop-up or permanent shops where entrepreneurs can showcase their businesses and/or sell their products. Many of the recent initiatives are programmes that are fully dedicated to supporting refugee entrepreneurs, but there are also examples of business incubators that host both refugee and non-refugee entrepreneurs. The advantage of the latter approach is that it can help refugee entrepreneurs build wider personal and professional networks and facilitate peer-learning (European Commission, 2016_[40]). An example of this approach is the FabLab initiative. FabLab is an innovation space for refugees in Greece, which is open to refugees and those in the local community (Box 5.6).

In setting up business incubators for refugees, one of the key decisions for policy makers is whether a public initiative should be launched, or whether it would be more effective to support an initiative that is managed by a non-governmental initiative. The advantages of a public initiative is that linkages with other public supports can be made more easily and its objectives will be fully consistent with integration policies. However, non-government organisations may be more experienced in working with refugees and operating business incubators.

Finally, individualised assistance can be provided to help refugee entrepreneurs identify and obtain suitable spaces to rent. Advisers can provide advice on potential locations and support in negotiating a lease.

Box 5.6. FabLab: An innovation space for refugees in Greece

Target group: Young refugees and youth in the local community.

Intervention type: Offer of a physical workspace with various production tools and equipment.

Description: The FabLab is a pilot project that is located in the Community Centre of Ioannina. The project is operated by *Terre des hommes*, a Swiss organisation for children's aid. It operates with the support of a large number of partners, including the public sector (e.g. the United Nations, the UN Refugee Agency, UNICEF, various regional and local governments), private sector sponsors and other foundations.

The FabLab opened in April 2017 and is based on the philosophy of "Do it Yourself". The FabLab aims to be both a workspace with advanced digital manufacturing technologies for innovators and entrepreneurs, as well as an innovative informal education tool for youth refugees to provide them with practical digital skills. Workshops are offered regularly in the space to help youth learn technical skills and enhance their creativity. Most of these workshops are organised in collaboration with the University of Ioannina.

Results achieved: The FabLab has had more than 3 800 visitors in 2017, of which more than half were female and 92% were refugees. The pilot will now be replicated in other countries such as Burkina Faso. Similar projects are also anticipated in Ukraine, Romania and Kenya.

Lessons for other initiatives: The experience to date has required the initiative to be flexible because participants were mostly 10-12 years old, which was younger than anticipated.

Source: (TDH, 2017^[52])

5.5. Provide entrepreneurship coaching and mentoring

Goal

Entrepreneurship coaching and mentoring can support refugee entrepreneurs in several ways, including building and strengthening entrepreneurship skills, building entrepreneurship and social networks, and facilitate personal development to facilitate the integration into a new community. Policy makers can use coaching and mentoring programmes to provide guidance to refugee entrepreneurs to improve the chances of success of their businesses, and also to provide social support as refugee entrepreneurs settle into their new community.

Approaches

Coaching and mentoring are professional relationships that support both the acquisition of entrepreneurship skills and personal development. Coaches and mentors offer tailored advice and constructive feedback to support entrepreneurs in developing themselves and their business.

Coaching and mentoring are similar concepts. Within the context of entrepreneurship, coaching is typically viewed as a personal relationship between an experienced

entrepreneur or a professional counsellor (i.e. the coach) and a less experienced entrepreneur, or an entrepreneur who is seeking to overcome a specific challenge (i.e. the coachee). In this relationship, the coach works with the coachee to develop specific goals or targets and helps them to achieve them. Coaching is often focused on business challenges. Coaches work with the coachee to design a programme that meets the needs of the coachee, typically through structured meetings where the coach provides support and advice.

Mentoring is similar, but is usually a longer-term relationship that is more focussed on personal development rather than only business-specific issues. These relationships are typically managed in a similar manner.

When designing entrepreneurship coaching and mentoring schemes for refugee entrepreneurs, it is important to consider the unique needs of refugee entrepreneurs. They will likely need support with business legal issues, familiarising themselves with support providers and business networks in the local community, finding and securing a business location and adjusting to a new (business) culture. This may also include helping with language and cultural barriers and helping refugee entrepreneurs establish their legitimacy. Initiatives should also be designed to allow for the coaches/mentors and entrepreneurs to have the flexibility to manage their relationships. Schemes that use professional coaches and mentors are typically more effective.

One good example of this approach is the Business Coaching for Ethnic Minorities initiative in Denmark, which has established a network of professional business coaches to support entrepreneurs from various refugee and ethnic minority communities in developing their businesses, as well as integrating into Danish society (Box 5.7). A key success factor in this initiative was the ability of the programme manager to identify and secure a commitment from coaches that come from a range of backgrounds and who can speak a large number of languages.

Box 5.7. Business Coaching for Ethnic Minorities, Denmark

Target group: Newly arrived refugee and other migrant entrepreneurs

Intervention type: Professional coaching

Description: The initiative started in Vejle (municipality) in 2005. It helps build personal and professional relationships between entrepreneurs from migrant and ethnic minority communities by offering professional advisory services from someone from the same community. The role of the advisor/coach is to provide professional advice pertaining to the regulatory and social norms in the new country and to build and strengthen ethnic minority social networks. Consultations are provided through informal and flexible arrangements. The initial focus is on the business plan to identify and develop the central elements of the business idea such as the opportunity, the market, financing needs and the competences of the entrepreneur. Based on these discussions, the coach refers participants to formal business and entrepreneurship training provided by regions and municipalities. Following business start-up, participants can continue to receive coaching and mentoring from their counsellor to help them develop and grow their business.

Initially, most of the supported entrepreneurs were Turkish, however participants now hail from a broader range of areas, including North Africa, the Horn of Africa, and Central and Eastern Europe.

Results achieved: 210 people out of nearly 900 participants have set up their business (23%). The initiative self-reports that nearly all coached businesses operate for a least one year. The project won the European Trailblazer Award in 2007 and was selected as a European best practice in the Interreg IVC project, Entrepreneurial inspiration for the European Union Enspire (EU) in 2011.

Lessons for other initiatives: This initiative demonstrates that the use of business advisers and coaches who belong to the client group improves the ability to attract potential clients to the support offering. It can also increase the speed at which trust can be built between the coach and the client because they are more likely to share cultural values and attitudes. Another key lesson is that the use of professional advisers provided clear added value.

A key factor to success for the provision of coaching and mentoring to refugee entrepreneurs is to quickly establish trust with the entrepreneurs, so that they seek professional support rather than rely solely on their personal networks. This can be accomplished by offering support in various languages and from members of their community. An effective approach used by some public sector initiatives is to establish partnerships with organisations that have experience in supporting refugee entrepreneurs. Such partnership with specialised organisations can be made through grants or different forms of public-private partnerships. The Microenterprise Development Programme in the United States is a successful example of such an approach (Box 5.8). Other key success factors include a strong expertise of the business support staff and the availability of individual support at different steps, with an emphasis on the proof of concept stage (European Commission, 2016_[40]).

It should be noted that most coaching and mentoring services tend to focus on the early start-up stage of business creation while few services exist with an explicit focus on strengthening existing small businesses by migrants or refugees (Rath, 2011_[12]). This has

implications for firm survival and development and makes formal coordination with mainstream support services all the more important.

Box 5.8. Microenterprise Development Program (MED), United States

Target group: Refugees

Intervention type: Financial support, training.

Description: The MED programme provide grants to organisations supplying aspiring refugee entrepreneurs with business training, and microloans (up to USD 15 000) (Office of Refugee Resettlement, 2017^[53]). Organisations may be public or non-government organisations. The programme is under the responsibility of Office of Refugee Resettlement (ORR) of the Department of Health and Human Services. In 2016, 22 programmes were supported across 17 states and the District of Columbia for a budget of USD 4.5 million. These programmes disbursed 645 loans and contributed to the creation of 1160 jobs (Office of Refugee Resettlement, 2018^[54]). They provided support in the shape of short-term training, individual counselling, business technical assistance (including business plan preparation) and services.

As actual support is provided by intermediary organisation, it can be tailored to local needs, evolve over time and adapted to the specific obstacles that refugees face, likely contributing to the good results of the programme.

The programme also supports the Microenterprise Development – Home-Based Child Care Initiative which supports refugees (primarily women) in operating childcare businesses. Initiated in 2011, the programme notably provides participants with information about federal and state-level regulations as well as applicable cultural norms. Aside from providing economic opportunities, the programme aims to encourage acquisition of language and other skills (e.g. financial) as well as expand culturally-relevant childcare options to allow refugee women to enter the workforce in other ways (Office of Refugee Resettlement, n.d.^[55]).

Results achieved: Between 1991 and 2015, the programme has provided 24 000 refugees with micro-loans, amounting to USD 10.03 million. Repayment rates are higher than average, and so are survival rates of participating businesses; they outperform the national average and that of businesses in other microbusinesses programmes (Collins, 2017^[31]).

Lessons for other initiatives: Combining financial support with adapted capacity building and coaching is conducive to successful business creation. Partnership with local specialised organisations is a good way to leverage specialised knowledge in order to deliver tailored support to aspiring entrepreneurs.

6. Conclusions

Refugees face difficult personal situations, and many challenges in integrating into their new host society and labour market. Business creation represents one possible way of contributing to the economy and society, but it also presents many obstacles. Nonetheless, many refugees are motivated by both positive (e.g. strong entrepreneurial culture, past experience, innovative ideas) and negative factors (e.g. difficulty securing employment) to become entrepreneurs.

Although data on business creation and self-employment by refugees is very limited, existing evidence suggests that there is potential for some individuals among these communities to be successful in entrepreneurship. Those with the greatest levels of human and social capital appear to have the most successful businesses because they are able to break out of niche markets into mainstream markets.

Public policy is active in supporting these groups with a range of instruments. Keys to success include the use of integrated initiatives to address the multiple barriers faced. In practice, doing so often proves difficult due to the small scale of the initiatives. This calls for the development of partnerships and linkages between different support providers so that refugee entrepreneurs can easily access the full range of support needed. In addition, policy makers should ensure that the regulatory environment is conducive to entrepreneurship by refugees. In particular, their status should not impose unnecessary restrictions on entrepreneurial activities.

Entrepreneurship support is delivered within the context of other supports and social welfare programmes. Therefore they must be designed to fit in the wide range of integration policies so that entrepreneurship activities do not interfere with these benefits and requirements. Linkages to other programmes will strengthen the efficiency of entrepreneurship support while ensuring that incentives are aligned. This may include making sure that requirements for access to housing and educational support are compatible with entrepreneurship, or that entrepreneurship support programmes are designed to accommodate for compulsory language training and other required activities. It is important to go beyond entrepreneurship and to help with integration into society. Experience from Canada shows that the private sponsorship route is effective since it relies on social capital and pre-existing networks.

Finally, it is also important for policy makers to develop a stronger evidence base to allow for better assessment of the potential for entrepreneurship of different profiles of migrants and refugees and better alignment of support programmes to the needs of entrepreneurs, leading to more efficient and cost effective support. It will also enable policy makers to get a more comprehensive picture of labour market integration through entrepreneurship for refugees, including the prevalence of different types of businesses and their medium- and long-term viability.

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