

EMN

Policy Note

March 2021

Microfinance supports Inclusive Entrepreneurship for migrants

This is a policy note to demonstrate the many ways in which microfinance actors support the objective of financial and economic inclusion for entrepreneurs with migrant backgrounds. It explores a number of activities that microfinance institutions (MFIs) have put in place, and a number of successful public-private partnerships that also address this goal.

Introduction

At all levels of governance, the social and economic inclusion of migrants is a priority goal, with ongoing efforts by public and private actors to support this objective. It is possible for people to participate in economic life when they have access to finance and when there are sufficiently low thresholds to pursue economic activities like entrepreneurship or self-employment.

Regretfully, several of the hurdles facing entrepreneurs are particularly challenging for migrants. Getting loans from banks, having access to relevant cultural and legal knowledge, getting recognition for qualifications, and several other factors pose specific challenges to potential entrepreneurs with migrant backgrounds.

Microfinance institutions help to specifically address a number of these issues, and as such are key actors to facilitate economic and social integration.

Innovative practices by microfinance institutions

Microfinance institutions have various innovative practices to support migrant entrepreneurs, adapting products and services to the specific barriers that a migrant might face. A few examples:

microStart (Belgium)

Community loan advisor/officer	Translation of the different institutional tools	Microloans that conform to certain Islamic laws	National Campaign of women entrepreneurship
<ul style="list-style-type: none"> - microStart employs advisors from migrant communities to serve those communities according to their needs. They explain to clients the national regulation, administrative requirements, and process to set up a business. - For example, microStart has a Syrian advisor in its Ghent office, a Burundian advisor in Brussels, and a Moroccan advisor in Liège. 	<ul style="list-style-type: none"> - Webinars, trainings, website, flyers, and financial plans in Arabic. 	<ul style="list-style-type: none"> - Do not require interest payments. - The cost of issuing the loan is instead recouped through an upfront administrative fee. 	<ul style="list-style-type: none"> - Awareness campaign in Belgium and Greece. - Mainly for migrant women. - Advocacy, focus groups, marketing, communications to support women empowerment and inclusion through entrepreneurship.

Adie (France)

"AGIR" Project	Adapted tools/tests	Adapted communication	Partnerships
<ul style="list-style-type: none"> - "<i>Accompagnement pour génération des opportunités d'emploi indépendant et salarié pour les réfugiés</i>". - Launched in 2016, AGIR is a network of 50 referent loan officers covering all 13 administrative regions of France, who collaborate to exchange good practices and test innovative ones to source, finance, and support refugees and newcomers and help them overcome the barriers they face. These practices and the lessons learned are then disseminated to the entire Adie network. 	<ul style="list-style-type: none"> - Interest-free microloans. Fees are charged upfront so as to be compatible with certain Islamic laws. - Accepting moral guarantees from grassroots organisations that support migrants, multiple guarantors, and group lending with cross-guarantee. - Administrative support: every week at a specific time, migrants/refugees can visit Adie's office with prior notice to get support on administrative issues such as tax declarations, accounting, etc. 	<ul style="list-style-type: none"> - Stories and portraits of migrants/refugees who have been financed and/or supported by Adie are published on social media to inspire others and gain visibility in communities. - Flyers about Adie's services are available in English, Arabic Pashto, Urdu, and Farsi. - Ambassadors with migrant backgrounds promote Adie among their friends and family. 	<ul style="list-style-type: none"> - Partnerships are built with grassroots organisation who support migrants/refugees to make them aware of entrepreneurship and Adie's offer: SINGA, Each One, and local training providers offering sessions on French civic values to migrants/refugees on behalf of the French Office for Immigration and Integration (OFII).



Good practices related to successful partnerships/ cooperation with public bodies

Various microfinance institutions have set up successful partnerships with public actors at different levels, usually with municipalities, regional authorities, and European Social Fund (ESF) managing authorities in different EU countries.

microStart (Belgium)

Collaboration with ESF regional body	
ESF ROM	microStart implemented a programme (from 2016-2018) in the Belgian city of Ghent to support Roma people in finding a job. microStart was responsible for the part of the programme related to entrepreneurship.
MOES, funded by ESF & Flanders (from 2016-2017) in collaboration with Syntra	The focus was on trainings & guidance (mentoring) for people with migrant backgrounds who wanted to start a business. More information is available here .
AZO project (2016-2020)	AZO is a two-stage project. The first stage is designed for refugees who want to start a business. The second stage is open to all people from different backgrounds who want to start a business in Flanders. The main tasks are to raise awareness, inform, follow-up, and support these people. mS is mainly involved in awareness-raising and providing access to finance.
Partnerships with local government	
Article 60 Belgian law (CPAS/OCMW)	Unemployed people receiving benefits from the government can follow a work placement programme at microStart, effectively working for the company but funded by the government. This helps them develop professional skills that allow them to subsequently be hired as full-time employees.
CPAS/OCMW	The initiative works as follows: the City of Ghent pays unemployment benefits to a migrant that has been unemployed for 1 year and, during this same year, microStart gives the migrant a loan to start a business therefore encouraging entrepreneurship. After this year, the person should have access to a job. For the moment, this initiative has been replicated in Liège and Charleroi but for a shorter period (3 months). mS is currently trying to implement this initiative in other cities in Belgium.

Qredits (Netherlands)

Collaboration with the Albeda College, the municipality of Rotterdam, and the Dutch Council for Refugees	
EigenBaas Migrantenprogramma	<p>This consortium set up a programme of 10 weeks (3 hours of classes & 3 hours of tutoring per week) of training, coaching, and e-learning courses to inform migrants about entrepreneurship in the Netherlands.</p> <p>Entrepreneurs learn how to draw up a business plan, learn what a financial plan looks like, they gain knowledge about laws and regulations in the Netherlands, and get networking opportunities and support from other participants. The course includes themes such as: Personal development, SWOT analysis, market research, financing, and social media usage.</p> <p>On a case-by-case basis, Qredits can also issue business loans to migrants/refugees with short-term residence permits (shorter than loan term) if they come from countries currently listed as 'not safe' and if an extension of the permit is expected.</p>

Adie (France)

Projects in partnership with local actors active in the field of inclusion of migrants	
Project of training, resuming education, and mentoring (since 2017)	Adie is engaged in a project whose main goal is the inclusion of migrants through the development of trainings, resuming education, and mentoring. Adie's role in the project is to support potential entrepreneurs through training and financing.





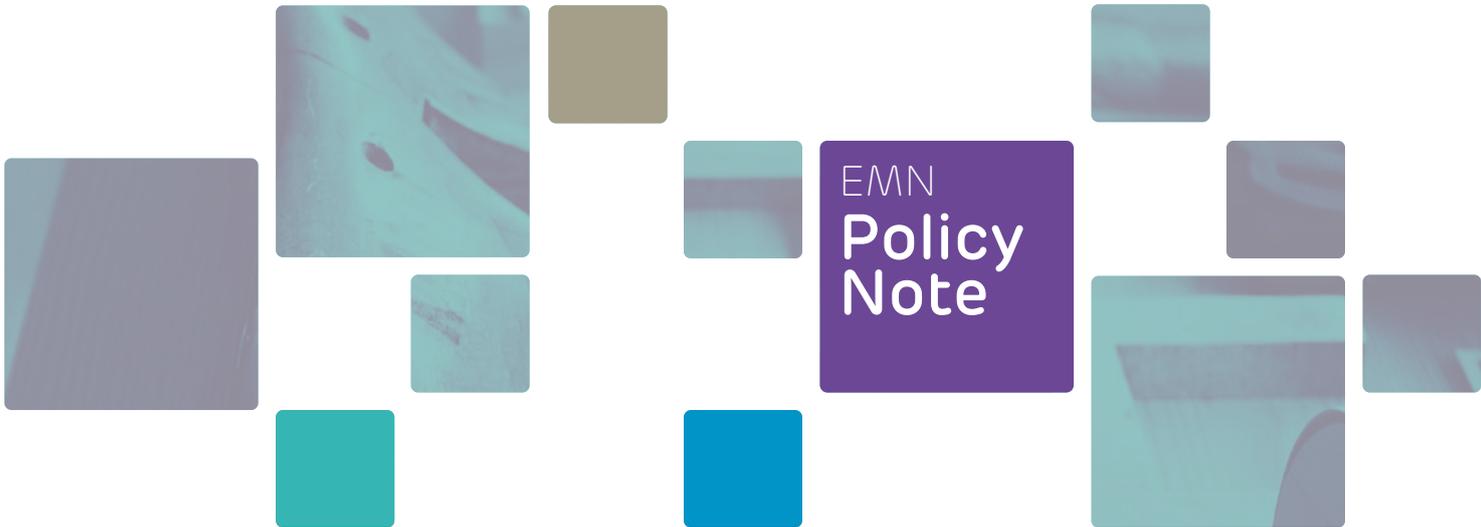
Continuity and new support initiatives from the EU

As is evident from the initiatives listed above, microfinance institutions carry out several activities at city, regional, and country level, and do so in collaboration with strong public and private stakeholders who are all working towards common goals. This is a very positive force for addressing the skills gaps and labour shortages in the EU and it facilitates the economic and social inclusion of migrants.

The EU also plays an essential role in providing a supportive ecosystem for these activities. EU action can complement and strengthen measures put in place at national or local level by providing funding as well as ensuring that member states maintain inclusive national entrepreneurship policies.

To have a maximal impact at European level, we recommend the EU to:

1. Reinforce budget allocation to the new programme that will ensure the continuity of the EaSI programme, including:
 - a. Both the Guarantee axis (for the loans) and Capacity Building axis (for Technical Assistance)
 - b. Increasing support for non-financial coaching and mentorship that MFIs provide. These "*Business Development Services*" help ensure the best possible outcomes for the entrepreneurial projects. This is especially impactful with respect to the barriers that exist for migrant entrepreneurs, as the soft skills and cultural support involved often make a crucial difference.
2. Reinforce the ESF+ local actions/initiatives to ensure that:
 - a. ESF+ is thematically focused and powerful enough to deliver strong programmes related to inclusive employment and entrepreneurship for migrants.
 - b. Managing Authorities are strengthened and aware of the benefits that come from working with microfinance providers. They should have access to best practices and networks of stakeholders (microfinance institutions among them) to help build partnerships.



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