

WP 5.1 Working document Education needs for Migrant entrepreneurs, mentors/trainers/ staff of financial intermediaries

For YMCB – Klaas Molenaar, THUAS
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Why this working document on financial education needs?

For the newly arrived and longer staying refugees and migrants it is important to know what their financial needs and how to mobilise the necessary financing. Likewise, mentors and coaches would like to understand these needs of their clients and the context they are living to assist them effectively towards formulating focused financing plans before submitting those to external parties for financing. And finally, staff of the financial intermediaries needs to have a thorough understanding of those needs, as well as the possibilities of the new clients to meet existing financing requirements. In other words, they ought to see through the applications and be able to ask themselves whether they have a fair picture of the news clients approaching them.

Effective mobilization and deployment of (external) finance for migrants and refugees depend mainly on proper understanding of needs, possibilities and options and on the way the three actors – migrants/ refugees, coaches/ mentors and staff of financial intermediaries - engage and understand each other.

In this working document¹ we discuss the financial needs of (young²) refugees and migrants wishing to engage in self-employment or intending to start their own micro or small enterprise, with special reference to distinct phases they find themselves in (newly arrived, preparing to start , growing and integrating), identify appropriate financial instruments and packages (external / internal finance raised from formal and informal/virtual sources and composed of both short-term and long-term capital) and illustrate how professionals dealing with his target groups can ensure adequate service delivery.

For those interested to read further we added an annex with preselected literature whereby we also tentatively assessed whether the respective report, paper or book contains valuable insights and information for the development of financial education programmes for one or more of the three target groups (entrepreneurs, mentors/ coaches or staff of financial intermediaries).

¹ This working document is also based on experiences gained in the Community of Practice - CoP 2 “Access to Finance for migrant entrepreneurs”, of the European Migrant Entrepreneurship Network project (EMEN) , a sister project of this YMCB project see also <http://emen-project.eu/library/> .

² The YMCB project focuses especially on “young” migrants and refugees e.g. individuals up to 35 years of age. Any migrant / refugee entrepreneur faces issue that are discussed in this working paper; hence no explicit reference is further made to “young” in this text.

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Effective financing of migrant entrepreneurs requires financial education for all

Refugees and migrants (whether young or old, male or female) aspiring or taking initiatives to become self-employed can be driven by different motivations like any other individual: there might be the necessity to survive, the idea to explore an opportunity or the aspiration towards growth and expansion. Likewise, the form in which they will become self-employed can be different as well: it might be solo or hybrid self-employed, a micro or small enterprise, and even a medium sized one.

Not all refugees and migrants are the same, neither all enterprising migrants nor refugees are the same. Arriving migrant and refugee entrepreneurs are endowed with different talents, have different resource/ asset bases, and might be endowed with a variety of (previously acquired or latent) entrepreneurial capabilities along with their aspirations and long-term visions of staying in the new country of residence.

Every individual, whether he or she is seen as refugee or migrant or not, has his/her own drives, motivation and capacities when it comes to setting up a self-employment activity. And those are also determined by the experience gained over time, especially the entrepreneurial track- record. All those factors determine their eventual success as self-employed, micro or small entrepreneur in a new country. When it comes to refugee or migrant entrepreneurs, we may make distinction between three categories:

- i. *The necessity* entrepreneurs: migrants and refugees who seek ways to engage in self – employment to survive in society but not necessarily strive at nor aspire self-employment. Those are mainly migrants who upon arrival do not have access to the formal labour market or face severe difficulties to access 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 with low wages or just struggling to survive and not engaged in gainful self –employment or businesses. They often have relatively limited educational background and limited experience in businesses.
- ii. *Opportunity driven* migrant and refugee entrepreneurs: this is the migrant entrepreneur with previous experience in businesses, 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 an opportunity in the market in the country of residence. They are receptive to be assisted in developing a business plan and have the willingness to pursue their idea; and
- iii. *Growth oriented* migrant and refugee entrepreneurs: enterprising people with a strong entrepreneurial background, with the needed skills and maybe 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. It is a category that quite often arrives on their own and stay away from the general social support programmes in the new countries.

Despite the above-mentioned differences among prospective migrant and refugee entrepreneurs, both mentors and coaches working for business support organisation or staff working for financial intermediaries tend to treat them all the same way, assuming they all have similar needs. It is however more effective to take into consideration their differences in assets bases, their differences in entrepreneurial and human qualities and their distinct experiences or expertise.

To understand financial needs of migrant and refugee entrepreneurs, first step is to distance oneself from the persistent belief that migrant entrepreneurs need micro finance and more particularly micro loans. Of course, there are many migrants who by receiving a small loan regain self-confidence and feel empowered, start a small economic activity that generates some additional income and become a more respected member of society. Additionally, there are many migrants, who have already found a part-time job and want also to gain some extra income through additional self-employment. This type of hybrid migrant entrepreneurs can indeed be supported with a relatively small, micro loan. However, that is not the reality for full time migrant entrepreneurs. While some of them would be better off with a small grant just to kick start activities, others will need more complex financing.

For all three categories it is certainly true that migrants, refugees and their families might have to flee suddenly without having any opportunity to prepare for the departure and arrive with almost nothing. But that is not true for all. There is also a number of them that have prepared for their departure and have set aside assets and capital. There are migrants who are often quite resourceful when they arrive in the new countries of residence, enterprising and with more ambitions and assets than we seem to understand or see. They are people who have completed their education, and as professionals, they wish to participate in the host society. They are people who have crossed borders and by doing so, they have brought with them new insight and market intelligence that 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 societies or in the countries of origin. But many of them have limited or no access to formal financial services, as they often do not fit in the mind-set of bank staff or the evaluation schedules that banks use.

In assessing financing needs the business life cycle approach is an effective tool to define what type of (external) financing is needed at different stages of evolution. Whether one wishes to engage in self-employment (without people employed) or in micro or small enterprises all have varying financial needs at different stages of the realisation of their plans. This again must be related to their asset base at the different stages. The various categories of (migrant/ refugee) entrepreneurs have different financing needs during the life cycle of their businesses (Berger, 1998): they will use own funds (savings and borrowing from people in their immediate environment) at start-up and early stages and gradually require external financing during growth and expansion stages. A SME would thus seek support from banks in the growth stages and from venture capitalists at later stages. Over time entrepreneurs seek more comprehensive financing packages without focusing on one single financial service provider and making more use of internet and web-based facilities such as crowdfunding, peer to peer lending, business angels and informal investors, but also of locally operating savings and credit mechanisms

Next to the varying needs determined by the stage of development a small entrepreneur and his / her business is in, one needs to take a careful look into the steps taken in the migration path to come to a more balanced understanding of the actual financing needs of migrant and refugee entrepreneurs. That then must be the basis for any financial education programme directed to either the migrant entrepreneurs proper, their mentors and coaches or the staff of the financial intermediaries offering the required financing

1 Migrant and refugee entrepreneurs, their journey in life and related financial needs

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

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

1. *Pre-departure stage*
2. *Arrival stage and Preparation (business planning) stage*
3. *Resource mobilisation and starting stage*
4. *Growth and expansion stage.*

For refugees the first three stages play a more determining role in the process to start a business or engage in self-employment, than it will be for longer staying migrant. For growth-oriented migrant or refugee entrepreneurs, the last two stages are indeed more significant. To set up effective financial education programme a proper understanding of the varying financing needs per stage is indeed required.

1.1 Pre-departure stage, setting aside funds to leave

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

There is as well a group that before migrating or fleeing the country will prepare their departure composed of three sub-groups:

- (i) Those without much assets who decide to leave as migrant in search for greener pastures and more opportunities in life. They will leave with few assets and little capital (to invest later) and often without the intrinsic desire to engage in self-employment in the new countries of destinations (and hence will not prepare for that neither). Again, this is a group that just needs finances to pay for their trip and top overcome the first period of migration.
- (ii) Those running successfully a business but knowing that their situation might not be sustainable for social, political or economic reasons, will plan their departure in a deliberate way.
- (iii) And even those gainfully unemployed and still without any entrepreneurial aspirations are often in a position to plan their departure.

Both will set aside savings or borrow from relatives and will select and safeguard personal belongings (including key documents such as passports and diploma's or certificates) they wish to take with them.

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

With the present internet facilities, transferring funds and cash is not that difficult and will take place eventually. Gathering documents is also possible as well such as sending scanned copies by mail.

But, proofing their entrepreneurial record and capabilities, in other words, their entrepreneurial identity, will be much more difficult. This will be with respect to demonstrating that they are reliable customers or suppliers of services and products or presenting track records with the banks as reliable customer (either as borrower, depositor or user of other banking services). This is particularly true for those who have only operated at local, national level without any international contacts that could later vouch for them. Digital record keeping and sending them abroad in advance are then a way out.

For individuals and families who must flee unexpectedly, trying to save their lives, such planning is less obvious. Therefore, they will later have severe difficulties to proof anything. Nevertheless, their mainly non-physical assets will not be different from others upon arrival in the new countries of residence.

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

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

In the first scenario where the newcomer is taken up by social welfare and protection services, (s)he will receive social welfare allowances to meet regular costs. But it will often be in combination with comprehensive set of actions leading to presumed integration: language course, orientation programs, cultural information sessions aimed at mastering a new language, becoming accustomed to new ways of doing things in the host society, and finding a place to settle more permanently. Finding paid work in the labour market is then seen as the better or preferred way to integrate and promoting the creation of one's own business is considered a second less preferred alternative, for which prevailing regulations can even be most prohibitive: In some countries the law does not allow newcomers to engage in gainful self-employment during a number of years upon arrival; in other countries, the prospective self-employed loses social welfare benefits from the moment the business has been registered, not allowing them a gradually start.

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

process leading to acceptance and active participation in a new environment as self-employed, business owner:

- (i) Firstly, there are those who might present themselves upon arrival as refugee/asylum seekers and opt to first obtain the status and related permission to stay. Not depending on any social welfare or other public support programme, they decide to plan the launch of their new business after having obtained that official status.
- (ii) In a second group, we find the individuals (with or without their family) who first try to find out whether the start of a new business is feasible. They may decide to prepare for such start even before having obtained or granted an official status. Gradually, they follow a path that leads to the such status.³

The last two subgroups will thus depend fully on own resources and funds to meet daily costs. A situation that requires careful financial planning since those savings and resources will be needed as well in a later stage when the migrants start the new business.

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

It is at this stage that migrants and refugees contemplating to become self-employed or start their own business do not differ so much from starting entrepreneurs in general except of course when it comes to knowing and understanding their new environment and the new markets they have entered. Both categories are facing the same challenge: freeing up their savings to start as well as finding external funders. For this stage, they need to have well thought-out business plans, they need to know what their real financing needs are, they should be well informed about the various channels through which they can raise external funds (loan funds as well as capital) and they need to have the right contacts and convincing skills to get others on board, e.g. to persuade them to (co)-finance their new business ventures.

At the market exploration stage ideas are considered feasible and plans are beginning to get shape and costs increase. But knowing the market in the new country will take more time. It is a new environment and the entrepreneur needs to wander through streets, visit other new cities and places to get a real feeling of how the new market will look like. He needs to know where possible suppliers are located, what kind of business outlets exist, how logistics and distribution work, and finally how possible consumers might react to the new business. Understanding markets and business practices cannot be taught by mentors or coaches. The latter may explain the importance of being open to new ways of working, thinking and doing business. They may stimulate the migrant and refugee to go out, walk, talk and absorb. But the actual understanding is a process that takes time. For local (starting) entrepreneurs, this is often implicit knowledge and does not require more studies than a mere market scanning. But for the newcomers with a different cultural background it

³ There might even be special arrangements allowing for such approach as is the with the Start UP programme in The Netherlands.

will take more time. It is a stage where own funds (savings, even if they are scarce) will have to be used, and those savings will decrease gradually, leaving less for the actual start.

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

- (i) seeking approval to prepare for the start stage while maintaining the right to receive social welfare and not being obliged to seek or accept formal wage employment, or
- (ii) deciding not to depend on social welfare and go one's own way (as long as the new status is not at risk, such possibility is indeed an option). But during that period, the migrant entrepreneur needs to have financing secured to support the family. Those daily costs must then be met from own savings, loans or advances from friends or relatives with a plan to become partner in the prospective business, by means of reversed remittances and in rare cases, part in the form of a formal – personal loan. But banks are very reluctant to extend such loans to newcomers for them to meet general costs during the preparation stages, even if they have faith in the new – still not started – business venture.

Given the special conditions refugee / newcomer entrepreneurs are confronted with during this stage – and considering that they are not at a level playing field here compared to other starting entrepreneurs – there might arguments here to (co)-finance this with grants of seed capital.

1.3 Starting stage: more finance needed than local starters

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

The (permanent) working capital needs are relatively high.

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

- (i) The new entrepreneurs have less contact in the markets and their reduced understanding of the socio⁴-cultural way of doing business may hamper implementation as well (in contrast to the background of the local entrepreneurs).
- (ii) The weak social contacts in the new country are a reason too. The less the newcomer understands the local market and local environment the more mistakes will logically occur. The consequences are higher permanent working capital needs as well as considerable fluctuations in the working capital as such.
- (iii) The start is often with members of the family temporarily engaged, but once the business is gaining ground, they are replaced by more permanently employed staff; it results in the increase of formal wages and thus of the working capital needs as well.

⁴ This will be less the case when the new entrepreneur kept communications with the country of origin open.

The investment loans required are rather high.

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

Secondly, the social welfare systems in many European countries push starting refugee entrepreneurs as well to go for larger investments: the individual depends fully of social welfare and loses all entitlements the moment (s)he engages in self-employment. The new business must thus be of such nature that it ensures a sustained and decent income right from the start. To start a business that guarantees such income, often larger sums of investment capital are needed. The starting entrepreneur would thus opt to start at a relatively larger scale and will need to apply for larger loans. (S)he is in disadvantaged position compared to local entrepreneurs who can plan for a gradual investment, often made possible by using first her/his own funds. The refugee/ newcomer more often would not have such savings at hand⁵. Secondly, when it comes to seeking support form external (formal) financiers, other problems emerge. Larger loans require larger repayment periods. But particularly in the case of newcomers/ refugees, local investors will question themselves how long the newcomer/ refugee will stay in the country.

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

1.4 Growth and expansion stage: like other MSEs need for financing packages

During the growth and expansion stage migrant entrepreneurs (and mainly the growth oriented small/ medium entrepreneurs) will see themselves confronted with the same challenges as locally existing SMEs. They need to simultaneously attract new capital to increase owner's equity and seek additional external finance for the financing of increased working capital and to pay for investments related to the actual expansion.

Like all established SMEs, migrant entrepreneurs will also make use of these new options to access (external) finance, with Crowdfunding and P2P lending platforms being the more obvious options as it offers new opportunities to create linkages beyond and across borders away from the traditional financial intermediaries. In addition, they can make use of special target-group linked facilities such as Diaspora funds.

The key challenge for the migrant entrepreneur at this stage is to access mainstream financing mechanisms. This will depend very much on the capacity of the migrant entrepreneur to overcome or better even to have overcome existing barriers (see also paragraph 3.4).

⁵ And when such would be available at for instance forcing – internet banking -accounts in which funds were deposited before the actual departure of the refugee/ newcomer form the country of origin, declaring such would hamper the status

For all stages it is also relevant to consider that the financing landscape has changed dramatically over the past decade. And those changes will continue at a rather fast pace. In the financial sector there are two (sometimes even interrelated) developments offering new opportunities

- (i) the fast innovations in IT technologies linked to providing new financial services on the one hand and
- (ii) the development of community based, often more self-controlled financing.

Internet / data driven innovations

The internet offers new opportunities for financial services. And some larger companies now offering non-banking services on the web/ internet are (becoming) active as well in offering financial services to their clients. What most has in common is their sense of exploiting the possibility to reach out to a large number of already existing clients through the internet with financial services at low costs. The latter is feasible for them building their service delivery systems around and on the already existing IT systems they use for their regular services. Most of those services are rather simple ones such as payment services, automatic offerings short term loans, insurances, and direct money transfers. More complicated ones such as operating bank accounts, long term loans, syndicated investments and mortgages, are unlikely to be offered.

Larger technology-based companies like Apple, Google, Facebook, Ali Baba or Amazon have become virtual players and will not imitate existing general banks (by for instance erecting building impressive bank office) but for certain will impact the financial services industry. Already by offering mobile wallets or integrated payment services, banks would lose access to one of their most vital big data streams: payments insights.

Back to the community

People show an increasing need of maintaining control over their money when it comes to saving and investing (EMN, 2014). This has changed the way in which people allocate their financial resources: they might prefer to invest in specific and new projects instead of giving their money to banks and losing any control on it. Also, the ongoing low-interest phase diminishes the returns on traditional saving products. In the last decades many individuals have accumulated capital and money. These individuals have become the new informal investors, ready to invest their talents, experiences and money in new ventures. The increased connection among individuals, enhanced by the use of social media and the development of information and communication technology allows addressing both aspects in a single approach: connecting people seeking finance with people interested in investing their funds in new projects and businesses. Online platforms support these individuals to “find each other” and to exchange their resources, to create networks that operate outside the traditional financial sector.

By focussing on enabling the individual as well as provider and recipient of funding, both crowdfunding and P2P lending services have the potential to strengthen the role of society in the financial system. Traditional financial institutions on the other hand tend to function independently of the communities that have created them, and have increased the distance to their clients, by introducing more and more impersonal elements in their provision of financial services. For these reasons, alternative finance models, such as crowdfunding and

P2P lending, can provide a way for individuals to become active and independent actors in the financial market in different ways.

Those changes are relevant for the SME sector at large and offer as well special opportunities for migrant and refugee entrepreneurs as explained in the next chapter. And Financial Education programmes need to cover those aspects as well next to the more traditional ways of financing.

2 Financing, a matter of offering the right mix and recognising barriers

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

2.1 The traditional ways

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

- Grants and (income) subsidies for kick off and starting periods
- Loans (ST, LT) with collateral
- Loan guarantees
- Participations

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

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

Loan guarantee systems experience a reliable and receive more attention as an instrument to create access to financing for specific groups.

2.1.1 Grants and subsidies

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

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

Many donating organisations think often that they can still exercise rights over the party receiving the grants. If there would be any obligation to return the money to the donating party once, one or more conditions are not met, one cannot talk about grants anymore. An issue very often overlooked by parties.

2.1.2 Loans and guarantees

Credit stems from the Latin word “*credere*” = having trust in somebody. Lending out money is very easy and nothing else than allowing a second party to use money of somebody else often against a payment (interest).

There are many forms in which loans can be extended to people in support of their (planned or existing) income generating activity and business ventures. In all cases the lender expect the borrower to return the money loaned out / given in temporary use. This can be very short or over longer periods; but also, with special conditions such as repaying after others have repaid (subordination). It can be to acquire assets (investment loans but also leasing), to keep a business running (working capital), to pay for purchases (trade credit) or to introduce changes in the business (innovation credit, loans for research), but also to overcome special problems stemming from others not paying in time (factoring). In all cases the repayment periods will differ as will the related risks and costs.

In essence it is in the interest of the lender that the borrower keeps on paying the interest (as long as that is more than the costs for the lender); so repeat lending and continuous lending is no exception in many cases (like in many micro finance programmes).

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

All SMEs may benefit from special loans as long at the right product is offered and in line with the need. Potentially successful enterprising members from underrepresented and disadvantaged groups experience the same problems as any other SME in accessing lending. On top of that there might be more intangible barriers that limit that access (see paragraph 3.4).

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

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

2.1.3 Participations

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

In some countries special investment vehicles have been set up to boost the creation and growth of small enterprises with specific objectives such as Innovation funds for technology related investments (sometime linked to universities) or regional development funds to boost local and regional economies in destitute areas⁶.

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

2.1.4 Other traditional financing instruments

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

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

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

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

Other financial resources are:

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

⁶ Like regional investment companies in the Netherlands such as GOM or LOM

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

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

2.2 New forms of financing

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

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

ICT, Internet, communications systems and travelling facilities have made the world smaller, and created access to new sources of financing, physically and virtually. The market trends in Dakar (Senegal) or Accra (Ghana) are directly passed on to an entrepreneur living in Middelburg (the Netherlands); political changes are known at the moment they take place; new technological applications are shared by people on the web who are not any more halted at physical borders.

The internet and the World Wide Web in combination with the social media offer new opportunities to enter into financing arrangement across physical borders. New opportunities to reach large numbers of potential investors who are willing to become lenders or even investors (partners in businesses) with relatively small amounts. Small amounts represent small risks and allow people to be connected financial without the risk of losing large sums. The first initiatives were still structured and organized by third parties, like KIVA or MyC4 linking micro entrepreneurs, micro investors and micro finance institutions and the cell phone-based money transfer systems (of MoneyGram for instance). It already demonstrated that the internet offers new opportunities to invest across borders. The past years more individualized, and more informal systems have emerged of which crowdfunding is a good example. Individuals in need of money to finance the start of a new business or the printing of a book, or the production of a new theater play approach friends, family and friends of friends through the social media and offer them investment opportunities either in the form of loans or as participations. Payment of the principal or interest/ dividends are often taking place in kind such as a copy of the book printed or an entry ticket for the play, but it can also be in the form of money transfers. The interesting point of this all is that there is no physical boundary anymore between the investee and investors: a small or micro entrepreneur in Kampala can be supported by lenders from UK, France but also Indonesia or Tanzania.

2.2.2 New (informal) investors and peer2peer lending

All over the EU the post-war generation is in the process of retiring. Many of them have acquired considerable wealth in terms of capital and money over the past years. This accumulation of wealth finds its origins in inheritances from a generation that has been working hard in reconstructing our society and saved significantly over the past decennia. Next to that they invested in buildings and industries which they left to the post war generation. Many of them have been privileged over the years with attractive salaries and significant returns on their investment (before crises broke out). They are the new informal investors: still active, interested to invest part of their wealth and capital

in new innovative businesses, and socially committed. They are not willing to donate their money but would prefer to invest their talents, experiences and money in new ventures. They do not like to entrust their funds in the hand of investment funds but would be on the forefront. They organize themselves informally making use of modern communication technique. New informal investors or business angels offering new chances for innovative and growth oriented small and medium enterprises.

The IT also offers new opportunities for the informal investors; again, here the new investors do not feel restricted to investing close to their home. They even use it as a pretext to make interesting trips to combine investing with leisure.

2.2.3 Target group focused

Specific groups especially those with a relatively strong internal cohesion, feeling excluded for formal financing may decide to set up their own financing mechanisms. This may be specific migrant groups or faith related groups leading to either the emergence of Diaspora investment fund or more formalise Islamic banking. Each will be in position to offer special financing instruments to their members.

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

The charities sometime take over the role of the state that withdraws more and more. They now provide grants as seed capital or income subsidies in support of people who want to break way form total exclusion

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

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

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

The traditional sources for financing (business angels and venture capitalists) have increasingly been moving their investment activities upstream in recent years, preferring larger investments in more developed companies and not in start-ups or smaller enterprises so often the steppingstone for Diaspora entrepreneurs in their efforts to set up businesses.

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

Members of the Diaspora are inclined to invest relatively small amounts of funds in new ventures. Through crowdfunding mechanisms - and especially with a Peer2Peer character - those smaller contributions could be pooled and invested in a cost-effective manner.

2.2.4 Back to the community

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

Informal savings and lending groups emerge below the radar of the formal system, often made possible since many migrants and minority groups brought such experience with them from the countries of origin. But we also see new structured initiatives such as the CAF groups that are received positively. The informal savings and credit groups are extremely effective in reaching out to really excluded people and thus as well to migrant entrepreneurs who are given the chance to start with very small amounts of money. For larger financing those schemes are less effective.

The basic approach: individuals come together at regular intervals (mainly monthly and in some cases even weekly) and deposit a (fixed) amount in a common fund. Members of the group are entitled to apply for a loan from that common fund. Together the members will decide whether an application will be approved. Other systems allow each member to receive monthly (or weekly) the entire amount saved assuming that each member will continue attending meetings and regularly making their contributions. The idea is that members retain control over their own funds and feel committed together on the actual use. This type of common saving and lending systems function best at community/ local level with minimum of (physical) distance between the members and with strong feeling of belonging. It is very much in line with cooperative principles and commonly known in many countries as a first step towards financial inclusion. In many countries of origin of migrants, it functions already for centuries as a way of accessing financing for those excluded from the formal financial system⁷. For migrants it is thus a well-known and attractive options to raise small

⁷ Under a variety of names such as Susu (Ghana), Stokvel (South Africa), and often brought under the general heading of Rotating Credit and Savings Association (ROSCA's), Accumulating Savings and Credit Associations (ASCA's), Self Help Groups (SHGs) or Savings Groups like Village *Savings & Loan Associations* (VSLA).

amounts from fellow migrants to finance the (kick) start a self-employment activity or meet unexpected costs.

Self – employed - mutual insurance schemes. For the (solo or hybrid) self-employed access to insurances to cover loss of income due to accidents or long-term health problems is rather difficult. The same is true when it comes to building up a pension. The prevailing monthly or annual premiums are prohibitive, and many will decide not to buy such insurance or pension. Often, they prefer to run that risk often even unconsciously. In some countries we see mutual insurance schemes emerging where self-employed deposit monthly a fixed amount for the aforementioned risks. Together they decide on the level of monthly payments for those losing the capacity to earn their living as self-employed due to disability or accidents. (see for instance the *Broodfonds* set up by groups of self-employed in the Netherlands⁸).

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

SME Credit unions. Owners of small and medium sized enterprises denied access to formal financing will seek ways to bypass such institutions eventually. One way is to extend loans to each other without such formal financial intermediary (bank). Based on cooperative principles they (can) form a credit union. Members are expected to deposit a (fixed) amount in a central account or be willing to join in combined financing. A participating member is in theory then subsequently eligible for a loan from that account (up to a certain maximum often not more than three times the member's deposits/ savings⁹), but the actual decision to grant such loan is in the hands of fellow members. Once approved an application the lending members will normally also be willing to assist the borrower with technical and professional advice.¹⁰

Successful Migrant entrepreneurs can also set up such SME credit union to assist newcomers. And with internet banking expanding fast, it might be expected that such SME credit unions will eventually be set up in a virtual way as well.

2.3 Packages rather than one single product

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 evaluation of their ventures, at certain stages they are better off with grants and over time they look for a package of financing services composed of both loans and investment capital, of short 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. But the prospective migrant entrepreneurs may still be better off with a package. Credit analysts and other technical staff of financial intermediaries dealing with migrant entrepreneurs would be more effective in assisting the new clients by first assessing the

⁸ <http://www.broodfonds.nl/>

⁹ This is the formal way credit unions operate; per credit union there might be deviations from this basis rule.

¹⁰ See also <https://www.dekredietunie.nl/> and <https://www.samenwerkendekredietunies.nl/>

actual financing needs and then seek to compose a basket of finance bringing together the offer of various financial intermediaries.]

2.4 The barriers in access to finance

Suppliers of financial services, in particular the formal ones, discriminate indirectly and unconsciously members of underrepresented and disadvantaged groups. In general, there is a tendency to shy away from starting SMEs. The unknown makes unwanted. Refugee / migrant entrepreneurs are indeed people without a track record, making financial institutions to claim that they have difficulties in assessing their risk profile (using the present evaluation systems).

The barriers that starting refugees/ migrants may be confronted with or meet (or create by themselves) are manifold and it is warranted to pay attention to those. They can be divided into four categories¹¹:

- Those related to the *attitude* in the recipient society towards migrant entrepreneurs. It is related to the question of whether that society is aware of the presence of them and the role they can play in their society. Acceptance is a result of such awareness. In the absence of such awareness, *perceptions and prejudices* about migrants and thus migrant entrepreneurs will persist.
- Those related to *policies*, procedures, rules and regulations. The question here is to what extent does a level playing field exist and if policies allow the active participation of migrant entrepreneurs in society. Again, proactive participation in the policy dialogue is required to create such an enabling environment. That is better than awaiting others taking the necessary steps.
- Those related to *organisations and institutions*. Apparently, an external factor but very often the isolation of the migrant entrepreneurs and the poor use of services available for all entrepreneurs can be a result of the way it has organised itself.
- And the ones related to *specific personal traits*, characteristics and qualities of migrants as individuals, and not as entrepreneurs, and the specific traits of the people working at the service providers. The three most common barriers in this category are:
 - a. *Information barriers*. The language one speaks and uses and the way one is understood and addressed at, are not always the same. It is not only the actual spoken language but also the business language that can differ in various cultures. Understanding this will help prospective migrant entrepreneurs in their dealing with service providers.
 - b. *Knowledge and skills levels* – the fact that one does belong to a disadvantaged or underrepresented group does not imply that one does not need to acquire the skills and capabilities to set up and run a business. People must understand that attending training to acquire such skills and knowledge is a prerequisite for success and must not be seen as a ticket to ride, e.g. as condition to obtain financing.
 - c. Last but not least comes the capacity to build a necessary *asset base* to start businesses. This can be weak financial capital (own funds and ability to raise external finance) but might as well relate to weak social (networks, relationships) or human capital (know-how, information). On the one hand, there is the migrant/ refugee who

¹¹ See also: Molenaar, N. (2014) SME Financing for Disadvantaged and underrepresented groups, paper prepared for OECD on **Access to Business Start-up Finance for Inclusive Entrepreneurship**

had left all behind in the country of origin and who has no starting capital, who cannot submit financial track records, who has a weak social network and a limited understanding (because of language and culture) of rules and regulation. And on the other hand, there are those with a rich entrepreneurial experience, with assets and funds hidden away who cannot make use of such assets since prevailing rules and regulation would not permit so.

There is a tendency to blame external parties, and particularly the banking sector, for barriers to financing. While this is generally true for disadvantaged and underrepresented groups in society and thus as well for enterprising migrants and refugees, the issue is more complex than that. It is not just that barriers exist, it also relevant to see how the individual deals with such barriers. Just referring to the barriers and complain that they exist will not remove them. Once one falls in the victim's role by just complaining that barriers exist will end up in self-fulfilling prophecy: the barriers are there to stop the launch of a new business ventures. That attitude creates an unwanted distance and provides the banks with the arguments to justify their lack of interest or limited capacity to attend the underrepresented and disadvantaged.¹²

Experience has shown us that we need policies to take down such barriers, but it is also clear that the specific groups being affected need to play different roles (pro)actively in overcoming or demolishing them.

In table 1, a list of barriers that one may expect financial service providers and refugee/migrant entrepreneurs respectively are faced with is presented.

¹² 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.

Table 1 Barriers and possible policy issues and interventions

LEVEL OF INTERVENTION	BARRIERS FOR FINANCIAL SERVICE PROVIDERS	BARRIERS FOR CLIENTS
Awareness and culture	Perceived prejudgments	Perceived prejudgments about providers
	Perception of the real client is negative	Attitude towards service suppliers
Policies	Rules and procedures	Rules and regulations
	Evaluation systems	Capacity to lobby/ advocacy
Organisation/ institutions	Understanding of reality limited	Mutual support missing because of lack of networks
	Language, culture creating distance	Mainstreaming not accepted
	Attitude of staff and understanding of their client base	Knowledge about the various forms of (traditional and new) financing and skills to access those are limited
Services and products	Accessibility of the services	Language spoken different/with difficulty
	Products / services offered uniform/ "one size fits all"	Capital / asset base limited

Source: Molenaar, N. (2014) *SME Financing for Disadvantaged and underrepresented groups, paper prepared for OECD on Access to Business Start-up Finance for Inclusive Entrepreneurship*

3 Traditional financing for (small) entrepreneur and self-employed and new, emerging solutions

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 products/ services adaptations and by technological innovations. It has resulted in both the broadening of the range of services offered by the formal, traditional channels, and in the emergence of all kind of new organizations (physical as well as virtual ones) applying FinTech based methods and processes that offer all kind of new products one never thought of. Refugees, asylum seekers or migrants, they all can 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 P2P lending platforms.

For the four key stages (pre-departure, arrival/ preparation, starting, growth/expansion) we have identified needs and the probable ways those can be met through the traditional and the new virtual or digital ones.

3.1 Traditional and new financing options at pre-departure

In the departure stage the individual takes the necessary actions to be ready to leave. Just closing his or her business, liquidating the assets and taking the cash are not that realistic option. It might generate suspicion. Still one needs to find ways to free and export funds and ensures that those are again accessible once arrived in a new country. And all must be done without informing third parties in order not to generate social resistance or legal or physical blockages. There is also the need to ensure that proof of one 's identity, track records and experience can be done (see previous chapter). New technological innovations offer new chances as shown in table 2.

Table 2 Financing related needs and solutions - Pre departure stage (preparing to leave)

Need	Traditional solutions	New (FinTech/ Internet/ Web based) solutions
Setting cash aside	Keeping it physically at home or with one	Converting cash in virtual currencies (such as Bitcoins)
Transferring funds	Bank transfers Transfer agencies Sending it through individuals	Internet transfers Virtual currencies transfer or safekeeping in cloud Internet accounts
Liquidating assets	Selling to third parties and receiving cash or bank transfers	Selling with payments in virtual currencies (such as Bitcoins)
Safekeeping property documents	Photocopying, scanning	Digital safes in the cloud ¹³
Track record with banks	Printing records, copying	Digital safe Internet statements
Proof identity (passports/ identity cards)	Photocopying	Digital safes
Entrepreneurial track record	References by clients/ suppliers on paper and tape	Statement by clients/ suppliers by webcam, digital data
Settling financial obligations		Agreeing to postpone and making payments through internet

¹³ See for instance The Promise of Blockchain and Safe Identity Storage for Refugees by Monique J. Morrow, President and Co-Founder, The Humanized Internet a.o. – re <https://www.unhcr.org/blogs/wp-content/uploads/sites/48/2018/04/fs.pdf>

3.2 Financial needs, traditional and new solutions at arrival stage/ preparation

Upon arrival apparently not much time or opportunities will be there to make the immediate start of a new business or self-employment activity possible. All is directed towards seeking permission to stay, finding shelter and protection, understanding the new environment and markets one now lives in and language courses. In the beginning it is mainly a period where one needs to get accustomed to a new situation and has limited time yet to prepare for the start of a new enterprise or to engage in self-employment. Gradually time comes that the newly arrived can explore possibilities to engage in self-employment. However, such is often not really stimulated by the social welfare authorities. The latter are more inclined to promote gainful wage-employment. Furthermore, in integration programmes the option “self-employment” is not that much promoted.

Still much can be done to make an eventual swift start more feasible and indeed possible. And much can already be done before such arrival, particularly when the person has made a planned choice to leave the country. In table 3 those needs and possible new ways to meet them are presented, reflecting again that the innovations in technology and the internet offer the chance to carry out a variety of preparatory steps well before the actual arrival.

Table 3 Financing related needs and solutions Arrival stage

Need	Traditional solutions	New (FinTech/ Internet/ Web based) solutions
	<i>Indirectly related to a quick start</i>	
Protection	Only upon physical arrival at official places	Before arrival obtaining permits through internet
In addition to above: keeping up standards	Use of own funds/ savings if physically imported	Freeing and transferring funds from external accounts
Housing	If in official process: social welfare benefits Use of own savings	
Education	If in official process: social welfare benefits Use of own savings	Enrolment ensuring through internet E-Learning programmes
Language training	If in official process: social welfare benefits Use of own savings	Started through internet in advance, web searches
Market orientation		Started through internet in advance
Orientation labour/ MSME market		Started through internet in advance
Business plan formulation		Started through internet in advance, e-learning modules
	<i>Directly finance related</i>	
Exploring start – preparation	General information through project staff and counsellors	Started through internet in advance
Exploring start - implementation	General information through project staff and counsellors	Started through internet in advance
Orientation of financing options	General information through project staff and counsellors	Started through internet in advance

3.3 Financial needs, traditional and new solutions at starting stage

Once settled and formally accepted as a new member of the country, more precise steps can be taken that can lead to the actual start of a new business venture or the engagement in gainful self-employment. Many of those actions do not differ so much from those that local starting entrepreneurs would also take. Both are facing the same challenge: freeing their savings to start and finding external funders. In order to tackle those barriers both groups need to have well thought-off business or action plans, to know what their real financing need are, and ought to be well informed about the various channels through which they can raise external funds (loan funds as well as capital).

Still the newcomers are in a different position: They cannot opt for a gradual start or a start for instance from a formally employed position with regular income, nor can they rely yet on a second or third source of income at the household from partners or family. Also raising funds from direct relatives or friends will be more complicated. FinTech companies applying all kinds of methodologies offer new opportunities to meet such specific needs as shown in table 4.

Table 4 Financing related needs and solutions - Starting stage / preparation

Need	Traditional solutions	New (FinTech/ Internet/ Web based) solutions
Market orientation	Support (advices, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through internet in advance; follow up through internet with crowd advising or remote counselling
Plan formulation	Support (advices, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through internet in advance; follow up through internet with crowd advising or remote counselling
Orientation on financing options; financial engineering	Support (advices, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through internet in advance; follow up through internet with crowd advising or remote counselling
Financing plan and formulation of application	Support (advices, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through internet in advance; follow up through internet with crowd advising or remote counselling
Proof of ownership of assets/ properties (to serve as collateral)	Hard (photo) copies	Digital safes
Proofing identity and track records	Written statements	Digital safes
Start – Financing – equity	Own savings, friends, family, informal investors	P2P and individual capital participation (internet based), Crowdfunding ¹⁴ , Community based schemes, reversed remittances
Start – external finance – equity (investment, permanent working capital)	Banks, microfinance institutions, guarantee funds, special projects schemes	P2P schemes, Crowdfunding, Diaspora funds, Community based schemes, reversed remittances
Track records (with banks, market partners)	Printed documents, letters, statements	Digital safe

¹⁴ For relatively smaller capital injections

3.4 Growth and/or expansion stage

As mentioned under paragraph 2.4, during the growth and expansion stage migrant entrepreneurs will see themselves confronted with the same challenges as locally existing SMEs. The need to simultaneously attract new capital to increase owner's equity and seek additional external finance for the financing of increased working capital and to pay for investments related to the actual expansion.

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

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

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

A related way out will be to obtain (part of) the needed external financing in the form of a subordinated loans. This could ideally be considered as quasi capital and improves the financial structure. But again, few financial intermediaries serving the SME sector are not sufficiently conversant with this type of services.

Growth-oriented (migrant) entrepreneurs can also seek additional financing through the internet making use of the Peer2Peer facilities. Migrants also may make use of special Diaspora funds to raise additional loans or capital and consider crossing borders to attract additional financing. See table 5

Table 5 Financing related needs and solutions – Growth/ expansion stage

Need	Traditional solutions	New (FinTech/ Internet/ Web based) solutions
Market orientation	Support (advices, guidance, training, covering small costs) from social welfare programmes, projects and specialized organizations	Started through internet in advance
Growth Plan formulation	Support from special business advisers or special financing advisers/ brokers	Started through internet in advance
Orientation on financing options; financial engineering	Support from specialised business advisers or specialised financing advisers/ brokers	Started through internet in advance
Financing plan and formulation of application	Support from special business advisers or specialised financing advisers/ brokers	Started through internet in advance
Increased capital	Family, friends, informal investors, retained earnings, issuing shares	Peer 2 peer schemes, Diaspora funds
Increased loans	Formal banking sector, eventually with guarantees, Subordinated loans, leasing, factoring, B2b financing	Peer 2 peer schemes, Diaspora funds, cross border B2B borrowing, SME credit unions

4 Role of coaches, mentors and staff of financial intermediaries

The need for assistance from coaches and mentors as well as from staff financial intermediaries (loan officer, credit analysts) to assist migrant and refugee entrepreneurs accessing financing or making proper use of available funds (own and external) will vary over time whether they are contemplating to become self-employed or preparing for growth of their business. It is important to know which role the professionals can play (coach or mentor) how the support services are linked to financial services and which financial issue need to be given specific attention to. Financial education programmes will be effective if they cover the right issues, and when the working methods applied are in line with the capabilities, capacities ad expectations of the respective categories of migrant and refugee entrepreneurs. Various organizations have developed programmes in which they pay attention to financial education for migrants and refugees. The core of such programmes is rendering business support services with business advisers playing a key role. In new programmes on financial education incorporating lessons from existing programmes is recommended.

4.1 Coach or mentor?

In the overall process towards becoming an independently functioning owner of a sustainable business, migrant entrepreneurs could benefit from different forms of external support. It can be given to them by staff of financial intermediaries directly or by contracted (paid or volunteers) business advisers. Those professionals can either act as coach and act as problems solvers and general business development advisers or mentors counselling and guiding new entrepreneurs in finding their own solutions and taking their own decisions. There are distinct differences in the coaching or mentoring roles that one can adopt: at certain moments entrepreneurs will benefit more from information shared with them; at other times, they need problems solvers, expert advice, general business support or just counselling. Staff thus need to know when to act as coach/ adviser or as mentor/ counselor. Effective support in accessing and making use of financing depends fully on a clear understanding of the type of service needed at a certain period.

4.1.1 Coaching

Coaching services are often rendered on a contract base (although such is not often that obvious) and aimed at providing the clients (the micro entrepreneurs) with skills, knowledge, external information and solutions. In the coaching process specific milestones can be defined clearly in advice and incorporated in the coaching process and in an accompanying contract that can be drawn up at the start. And those can be measured and evaluated over time and corrective measures can be taken if deviations take place.

4.1.2 Mentoring

Mentoring is more on the basis of equals (between the mentee - the entrepreneur- and mentor – the external professional-). It is a service aimed at the personal and professional development of the mentee. The mentor again needs to be an experienced person but must adopt to allow the mentee to gain insight and understanding of a problem perceived. The latter is expected to learn how to solve an issue and works with the mentor more on a basis exchange of views and deliberations sometimes enriched with practical advice and information from the mentor. In the mentoring process again specific learning goals (and competences to be gained) may be defined in advance and those may go beyond business related issues but can also include issues such as work-life balance, self – confidence and well-being at large. The mentor is a facilitator in those processes, not the one who solves problems. Evaluating that process is more complicated; in the course of the process both parties best discuss at regular intervals progress and results achieved and felt (!) and define whether

they are satisfied with the process and the relationship or not and come to a mutual understanding which corrective measures eventually need to be taken.



- The coach asks specific questions to define the entrepreneur's problem.
- The coach decides what facts (s)he needs to solve the entrepreneur's problem.
- The coach works out the alternative solutions for the entrepreneur.
- The coach presents solutions.
- The coach works out the recommended action plan.
- The coach suggest the entrepreneur what can be done
- The coach has actually ownership of solutions and actions

Expected results and effects: *The entrepreneur obtains solutions to*



- The mentor asks open ended- questions to help the entrepreneur to define his/her problem.
- The mentors stimulates the entrepreneur to think what facts (s)he needs to solve the problem.
- The mentor motivates the entrepreneur to work out his/her own solutions.
- The mentor supports the entrepreneur in deciding what to do
- The mentor assists the entrepreneur in drawing up the action plans.

Expected results and effect: *The entrepreneur understands what (s) he could do, acquires insight and skills to solve things and owns solutions and action plans.*

The external support persons supporting migrant entrepreneurs need to adjust those *roles* to the type of entrepreneurs/ self-employed and to the stages in which their clients are operating in.

In table 6 a summary of those possible roles and functions is given.

Table 6 Business life cycle, needs for coaching/ mentoring and prevailing roles¹⁵

Phases	Most prominent need	Prevailing role of external party assigned to the client					
		<i>Solo or hybrid Self-employed (out of necessity)</i>		<i>Micro / small entrepreneurs – opportunity driven</i>		<i>Small /medium enterprise – growth oriented</i>	
		<i>Coach</i>	<i>Mentor</i>	<i>Coach</i>	<i>Mentor</i>	<i>Coach</i>	<i>Mentor</i>
Idea to start one own business or to become self employed	Information	Information provider/ trainer – problem solver		Information provider		Information provider	
Decision to become self-employed	Knowing the environment/ context	Information provider/ trainer – problem solver	Sounding board/ guide	Information provider/ trainer – problem solver	Sounding board/ guide	Information provider	
Preparing the business plan	Information, guidance, assuring business, referral to source of information, market and technology data	Simple action plan formulator		Business plan formulation		Growth plan formulation	
Preparation for the start (or start of next phase in case of growth)	Taking final decisions, negotiations with external partners		Sounding board, motivator		Sounding board, motivator		Counselling

¹⁵

 Dominant role as coach
 Dominant role as mentor

Table 6 Business life cycle, needs for coaching/ mentoring and prevailing roles - cont.

Phases	Most prominent need	Prevailing role of external party assigned to the client					
		<i>Solo or hybrid Self-employed (out of necessity)</i>		<i>Micro / small entrepreneurs – opportunity driven</i>		<i>Small /medium enterprise – growth oriented</i>	
		<i>Coach</i>	<i>Mentor</i>	<i>Coach</i>	<i>Mentor</i>	<i>Coach</i>	<i>Mentor</i>
Actual start/ entering next phase	Implementation plan, solving unexpected problems that were not included in the business plan, dealing with external parties (banks, financiers, government, suppliers, client)	Business adviser, expert	Motivator	Business adviser, expert	Motivator	Business adviser, expert	
First years of operation	Dealing with daily problems		Counsellor	Problem solver	Counsellor		
Growth	Dealing with growth					Problem solver	
Formal financiers						Information provider, broker	
Diversification or winding up down the business	Discussions in which direction to go and developing of diversification or exit plan					Expert in exit or diversification plan	Motivator

4.2 Linking coaching and mentoring to finance

Staff of financial intermediaries dealing with applications for financing actually operate as coach or mentor in that process. In many situations this might be effective and sufficient provided the staff is aware of its advising or counseling role and possesses the required qualities and capabilities. It is more often that the financial intermediary considers the rendering of such services a separate activity. In that case there were two major ways organizing financing and business development/ support services¹⁶:

- The *integrated approach* whereby clients were expected to make use of a complete package of training, financial services and mentoring and coaching and staff of the financial intermediaries actually render such services.
- The *interrelated and parallel approach* acknowledges that MSMEs would benefit from either coaching/ mentoring or financial services but would not necessarily need these at the same time.

The integrated approach implies that the financial intermediary offering the services decides to offer them all at the same time to the clients. The intermediary would then need to have all resources in house to deliver such services in house. And thus, must have all professional qualities within the organisation.

In the *interrelated (or parallel / partner) system* in each field there are operators or service providers that function independently of each other and offer the service independently to the clients. Those can be done independently (parallel) or each other or in joint coordination (partner approach).

Irrespective of how the two are organized formally it is relevant to determine clearly which role coaches and mentors can and need to play at different stages of development of the business to be set up by migrant entrepreneurs while considering the type of entrepreneur as well they have to deal with.

In the annexes the specific roles to play and the type of issues to look into are presented for respectively the solo or hybrid migrant self-employed operating out of necessity, the migrant micro or small entrepreneur that is opportunity driven or the growth-oriented small or medium migrant entrepreneur (with previous business experience).

4.3 Specific financial issues to consider in financial education for migrant/ refugee entrepreneurs

In a recent study carried out by the author for EMN financial issues faced by the different types of entrepreneurs have been identified. Many of those issues entrepreneurs and self-employed are struggling with have an (in) direct effect on the financial performance of the business and on the financial well-being of the entrepreneur. Coaches and mentors thus need to pay attention to those while assisting their clients. In aggregate form those are mainly

- How to separate private and business finance
- How to manage and deal with personal and business cash budget
- How to deal with costing and pricing
- How to deal with debtors/ creditors

¹⁶ See also Synergies through Linkages: Who Benefits from Linking Micro-Finance and Business Development Services? (Sievers, 2007)

- How to deal with financial planning (including setting aside funds for future needs/ investments)
- How to set up a (simple) administrative system

Those issues can be related to the segments in the market e.g. the type of entrepreneurs to deal with. In table 7 those are presented.

Table 7 Segments of migrant/ refugee entrepreneurs universe and prevailing Financial Issues

Issues and segments	Solo and hybrid Self-employed – necessity driven ¹⁷	Micro and small entrepreneur - opportunity driven	Small entrepreneur - growth oriented
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 (un-expected) events			
Dealing with financial problems of business			
Setting up an administration for the business			
Calculating 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)			

¹⁷ Details/ explanation:

- Key issues for solo self-employed out of necessity
- Issues that deserves attention for solo self-employed
- Key issues for micro entrepreneurs- opportunity driven
- Key issues for micro entrepreneurs- opportunity driven
- Key issues for growth-oriented entrepreneurs
- Issues that deserves attention for growth-oriented entrepreneurs

4.4 Building upon existing programmes

New programmes on financial education for either migrant / refugee entrepreneurs, mentors and coaches or staff of financial intermediaries are best based upon lessons learned in existing programmes and projects and must of course reflect the issues raised in the preceding paragraphs.

By various organisations and projects, a range of initiatives have been launched that aim at improving the position of migrant entrepreneurs. Some of those focus primarily on rendering business development services (by coaches, mentors or business advisers), others on offering training. Access to finance is indeed covered as well by various programmes. Most programmes have been tailored to the needs of specific target groups including migrant and refugee entrepreneurs. Hardly any of them concentrates on financial education only. But in many there is specific attention to access to finance and some even provide. But when it financial education is taken up it also becomes evident that there does not exist one uniform approach in this field.

See table 8 with overview of a selection of relevant and illustrative programmes and projects¹⁸. Many of the projects and programmes listed take place in industrialised countries in Europe. Financial Education receives quite some attention in a number of emerging economies (Global South) as part of policies to promote a more inclusive financial sector. Such experiences have often been ploughed back in the initiatives in Europe (based on what we call the South-North Knowledge Transfer)¹⁹. To illustrate this a few examples from the Global South have been listed as well.

¹⁸ Even though this table is far from being inclusive, it provides the reader with an idea of how diverse the these tailor-made programmes look like in their respective countries.

¹⁹ The OECD plays a rather proactive role in this process – see also the literature the annex of this paper.

Table 8 selection of programmes and projects dealing with finance and financial education related issues

	Name	Country	Summary
1	Kompass Zentrum für Existenzgründungen GmbH	<i>Germany</i>	Kompass – Centre for Entrepreneurship offers comprehensive support to entrepreneurs in Germany, including migrant entrepreneurs. When it comes to material support, Kompass <i>provides both direct funding and cooperates with banks and other private and public actors to increase the financial support</i> to the entrepreneurs. Furthermore, Kompass offer free/cheap access to working spaces. For example, it offers four-month free facilities. Source: www.fuer-gruender.de
3	Einstein	<i>Netherlands</i>	Plan Einstein is more than just a place for encounters and exchanges. Plan Einstein offers courses and activities for both refugees and local residents, including courses at varying levels of English and an entrepreneurship course. Plan Einstein is therefore a place where people meet, learn and work together. A place where new social and professional contacts are made and where you take a step in your (professional) development. <i>It refers clients to third parties for financing.</i> Source: www.plan-einstein.nl/en/
4	Foundation Ester	<i>Sweden</i>	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 <i>has its own microcredit system</i> through which participants to the training course can take out loans in a less costly way and with reduced risks. This is enabled through a 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. Source: http://stiftelsenester.se/
5	The RAISE project - Foundation Ana and Vlade Divac	<i>Serbia</i>	The RAISE project was initiated to integrate Internally Displaced Persons (IDP) and refugee households into rural communities throughout Serbia. The project supported residing in collective centers to start-up small businesses in rural environments, primarily in agriculture, livestock and handicraft. The key objective: to offer tailored assistance and support in order to make the beneficiaries, who were not even paying their electricity bills during the years of living in the collective centers, economically and socially independent again. Source: https://www.divac.com/en/Home

Table 8 selection of programmes and projects dealing with finance and financial education related issues - cont.

	Name	Country	Summary
6	Dortmund city authorities	<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>credit union that could provide microfinancing to local businesses</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: https://nordhand.com/mikrofinanzierung/
7	The Enterprise and Diversity Alliance (EDA)	<i>UK</i>	<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. Source: https://www.birmingham.ac.uk/research/we-lead/led-lab/index.aspx
8	ENPOWER - Stichting Krachtbedrijf	<i>Netherlands</i>	In 2013 Krachtbedrijf Foundation – international name: ENPower Foundation – started its entrepreneurship program for survivors of violence, such as prostitutes, abused men and women, and refugees. The organization uses entrepreneurship as a tool to make a new beginning in one’s life, both economically and personally. The program is a unique combination of <i>offline and online learning</i> , with digital workspaces, workshops, individual coaching, field visits and consultation. Source: www.krachtbedrijf.nl
9	Entrepreneurs Without Borders	<i>Germany</i>	Entrepreneurs Without Borders <i>provides information about ways of financing and funding</i> during the provision of support and advice. This also includes information about microcredits. 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. Source: http://uog-ev.de/verein/association/

Table 8 selection of programmes and projects dealing with finance and financial education related issues -cont.

	Name	Country	Summary
10	Norwegian Center for Multicultural Value Creation – NSFV	Norway	A competence center to support migrant entrepreneurs. 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 iStart business training. Banks are part of the Center’s extensive network but there is no funding provision through this intervention. Source: https://fag.nsfv.no/index.php/en/about/about-nsfv
11	Enterprising libraries - British Library (BL) Arts Council England (ACE) Department for Communities sand Loc(al Government DCLG)	UK	Librarians do not provide advice on access to finance but can signpost users to relevant information about sources of finance, market research reports and other information, and advice provided by local business support agencies. Some libraries organize <i>workshops on finance-related issues</i> , for instance how to find investors for business, getting your idea ready for start-up funding, and becoming cash flow confident. One of the scheme’s partners in London provided a small amount of funding for young entrepreneurs through a business idea pitching competition. Source: https://www.bl.uk/business-and-ip-centre
12	Singa France	France	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. Source: https://www.singafrance.com/

Table 8 selection of programmes and projects dealing with finance and financial education related issues - cont.

	Name	Country	Summary
13	Entrepreneurship and Integration, Fundación Tomillo	<i>Spain</i>	The Spanish Ministry of Employment supports an NGO-run pilot project entitled Support to entrepreneurship for migrants. The project targets long-term unemployed migrant women who have no access to regular loans. The programme participants receive <i>training</i> on entrepreneurship and management and loans (<i>in cooperation with a local bank</i>). Source: https://tomillo.org/en/
14	Macken Co-operative - Macken Entrepreneurship Centre	<i>Sweden</i>	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 actors</i> . These actors include Almi Entrepreneur Advice , a local microcredit fund which functions without interest rates, other regional funding opportunities, and JAK Banken which offers loans that are interest free. 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. Source: https://www.mackensforening.se/
15	Enterstart	<i>Netherlands</i>	Enterstart leads migrant entrepreneurs and refugees the way through Dutch bureaucracy by explaining legal laws and financial regulations, connects them to business mentors, and supports them with financing applications. When they start their businesses, they are supported in tax, administrative and accounting matters. At the beginning, the services are free for the first six months. If the entrepreneur wants to continue using the services afterwards, they can purchase a subscription to the organization's support. Source: https://enterstart.nl/
16	Favoriser, Accompagner les Initiatives Économiques (FAIE) (Facilitate and Accompany the Economic Initiatives)/ SIAD	<i>France/ Africa</i>	SIAD was founded by a group of volunteers who shared a conviction: Africa's development will be driven by local people who will create wealth and sustainable jobs by businesses creation. Since then, SIAD has continued to evolve and adapt to realities on the ground. SIAD has become a unique organization supporting economic initiatives in France and Africa. It <i>promotes entrepreneurship</i> and supports project leaders, residing in Africa or members of the diaspora, in their business creation. Source: http://www.siad.asso.fr/

Table 8 selection of programmes and projects dealing with finance and financial education related issues - cont.

	Name	Country	Summary
16	Eliemental: Breaking down barriers to enterprise	<i>EU level</i> (United Kingdom, Poland, Greece, Romania)	The Eliemental project aimed to achieve four objectives targeted at migrant and other vulnerable groups, including minority ethnic groups underrepresented in business start-ups (including the Roma community). Among the central objectives was the provision of entrepreneurship training. Once cultural barriers had been identified and analysed, specific training material was created, and the targeted groups were trained in entrepreneurship. The skills acquired were useful not only for creating a new enterprise, but also for facilitating inclusion in the labour market in general. The activities, training and mentoring were shared by different vulnerable groups and their experiences increased the knowledge about the socio-cultural barriers they face when entering the labour market or starting a new business project. The main strengths of Eliemental are the <i>business training and the mentoring</i> , which are specific and adequate for migrants and other vulnerable groups. Likewise, the networking and its powerful visibility campaign for the target groups have had a significant influence on the impact of the scheme. Source: http://www.eliemental.org/
17	Vienna Business Agency	<i>Austria</i>	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 of <i>advisers in the team have a migrant background</i> themselves and are hence capable of better understanding specific cultural/socioeconomic barriers and can provide support in the native languages of the migrant entrepreneurs. Source: https://viennabusinessagency.at/consulting/migrant-enterprises-6/
18	JA (Junior Achievement)	South Africa	JA (Junior Achievement) is one of the largest global NGOs dedicated to addressing fundamental social and economic challenges of young people by <i>educating and empowering</i> them to transform their futures and own their economic success. Through the delivery of cutting-edge, experiential learning in financial literacy, work readiness, and entrepreneurship, we effectively broaden the canvas of possibility for young people and enrich their ability to both engage in their own economic development and contribute to the strength of their families, communities, and economies. With more than 100 member countries, the JA Worldwide network is powered by over 450,000 <i>volunteers and mentors</i> from all sectors of society, reaching more than 10 million young people around the world every year. Source: www.ja-africa.org

Effective financial education? 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 prejudgements. 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 capitals *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, assets – they are not poor by definition.

Financial education programmes need to be designed keeping the foregoing in mind. And they must reflect a clear understanding that there are various stages along the journey of the migrant and refugee entrepreneur with distinct financial needs and possibilities(!) at departure, arrival, preparation, starting and growing stages.

Last but acknowledge as well that there are many, yet unseen financing mechanisms, next to the traditional financing schemes such as:

- Refugee to refugee (R2R) and Migrant to Migrant (M2M) schemes,
- There are internet-based scheme: crowdfunding and P2P
- There are Diaspora Funds and
- Informal savings and credit programmes, community-based schemes.

Those can all be set up in a formal / traditional way and virtually. And since migrant and refugees are used to think across border those virtual schemes are again offering new opportunities we are inclined not to consider.

Financial education programme must also be encompass a clear understanding that there are indeed specific barriers for migrant and refugee entrepreneurs, which make it hard for them to deploy their capitals/ assets. Joint efforts to identify them and to seek ways to either overcome circumvent or demolish them must be part of financial education as well. And again, it must reflect an understanding that barriers exist at all levels: migrants and refugees face barriers as do mentors coaches and staff of financial intermediaries.

Lastly financial education programmes need to discuss as well new ways to finance the start and development of self-employment activities. One very relevant element is to assist the prospective entrepreneurs to start in a hybrid way: combining self-employment with either part time formal wage employment or partial social welfare benefits.

And finally, even if we guide migrant and refugee towards special financing arrangements, we still have to take steps to ensure mainstreaming as soon as possible to avoid segregation in society.

Financial education is not just about tricks and templates on financial issues, it all depends on understanding the context the migrant and refugee entrepreneurs are operating in, acknowledging their capabilities, capacities and assets base and considering the many and often unseen forms financing can be offered! *In brief: look for the unseen!*

Further reading?

A selection has been made literature sources that deal with migrant entrepreneurship in general terms. For each publication two interrelated aspects have been assessed:

- i) whether they deal with financial education (relevant/ less relevant) and
- ii) whether and how they dealt with the explicit subjects of migrant entrepreneurs, mentor/coaches and financial institutions.

Sources	Entrepreneurs	Trainers/mentors	Financial institutions
Baycan-Levent, T., & Nijkamp, P. (2009, July). Characteristics of Migrant Entrepreneurship in Europe. <i>Entrepreneurship & Regional Development</i> , 21(4), 375-397.	This paper aims to investigate and compare various modalities of migrant entrepreneurship in European countries in order to design a systematic classification of migrant entrepreneurship and to high key factor of migrant entrepreneurship in Europe.		
Policy Guide on Entrepreneurship for Migrants and Refugees. (2018). Retrieved March, preface 1, p. III 2019, fr	Background information on the rise of migrant and refugee entrepreneurship	Entrepreneurship promotion and issues related to migration and refugees concern many areas of government, as well as stakeholders (e.g. private sector, non-governmental organizations (NGOs), education providers, donors, investors, agencies and associations).The case studies and good practices highlighted throughout provide guidance on the types of activities policymakers may wish to support and also offer insights for implementing organizations on effective practices and challenges encountered.	Background information on how to improve the access to finance for entrepreneurs. Link access to finance (cash or in-kind) to entrepreneurship education and financial literacy programmes (70pp).

<p>Beckers, P., & Blumberg, B. F. (2013). Immigrant entrepreneurship on the move: a longitudinal analysis of first-and second-generation immigrant entrepreneurship in the Netherlands. <i>Entrepreneurship & Regional Development</i>, 25(7-8), 654-691.</p>	<p>This paper uses newly available data from Statistics Netherlands (1999–2004) to compare the differences between the business success of second- and first-generation immigrant entrepreneurs. Contrary to expectations, the higher levels of socio-cultural integration of second-generation immigrants do not necessarily lead to better business prospects. While high levels of human capital and social integration foster entrepreneurial success, they are no guarantee of good business prospects.</p>		
<p>Betts, A., Sterck, O., Geervliet, R., & MacPherson, C. (2017). Talent displaced. The economic life of Syrian refugees in Europe. Oxford: Deloitte/Oxford University RSC</p>	<p>The report suggests that there are a number of drivers behind the low level of refugee employment. Perhaps most significant is the overwhelming barrier for refugees who settle in a host country where they do not know the local language.</p>	<p>There is also evidence that many work-eligible refugees lack adequate assistance to find work. They are often worried about forfeiting government support, lack the training opportunities needed to encourage movement across sectors, or lack confidence in how to navigate the labor market.</p>	
<p>Bizri, R. M. (2017). Refugee-entrepreneurship: A social capital perspective. <i>Entrepreneurship & Regional Development</i>, 29(9-10), 847-868.</p>	<p>This paper seeks to identify the characteristics of refugee-entrepreneurial start-ups, which distinguish them from other immigrant entrepreneurial ventures. The findings revealed five distinctive attributes that characterized that start-up and which corresponded to the three dimensions of social capital. Those attributes were: a ‘one-way-ahead’ attitude, a pseudo family business perception, collective bootstrapping, a distinct network structure, and opportunity-seizing proliferation.</p>		

<p>Chrysostome, E. (2010). The success factors of necessity immigrant entrepreneurs: In search of a model. Thunderbird International Business Review, 52(2), 137-152.</p>	<p>This study proposes a profile for the necessity immigrant entrepreneur as well as for the opportunity immigrant entrepreneur. Based on different existing theories, the study suggests a theoretical explanation of the survival factors of necessity immigrant entrepreneurs. This contributed to propose a theoretical model of survival factors of necessity immigrant entrepreneurs. This model, which represents the major contribution of this study, suggests five categories of survival factors: ethno-cultural factors, financial factors, managerial factors, psycho-behavioural factors.</p>		
<p>Dumond, J., Liebig, T., Peschner, J., Tanay, F., & Xenogiani, T. (2014). How are refugees faring on the labour market in Europe? A first evaluation based on the 2014 EU labour force survey ad hoc module. OECD/EC.</p>	<p>Refugees are much more likely to be overqualified than other migrants. In total, almost 60% of employed tertiary-educated refugees in the EU are overqualified for the jobs they occupy, more than twice the level of the native-born and also well above the levels for other migrant groups. The reasons for the observed large discount of refugees' formal qualifications relate to the fact that most of them have foreign qualifications which employers may have difficulties in evaluating and they also often lack documentation of their degrees.</p>		

<p>Engbersen, R., Dorenbos, R., & Lagunas, D. (2018). Ondernemerschap: Een kans voor statushouders? Een verkenning door de ogen van ondernemende nieuwkomers. Den Haag: Platform 31.</p>	<p>In this project we investigate how the financial and social self-sufficiency of newcomers can be increased, and what the contribution is to this from newcomers themselves, professionals, volunteers and (neighbourhood) residents. Special attention is paid to the role that the municipality can play and which instruments can be used for this.</p>	<p>There are a series of recommendations for migrant entrepreneurs (1) Do not bet on 'getting started as an entrepreneur' too quickly. Good language proficiency, adequate training and familiarity with Dutch culture are important building blocks. (2) Guide migrants better due to the complicated Dutch bureaucracy. (3) Better equip the municipality for the guidance of migrants. Intensifying contact between municipality and status holder is necessary to be able to help them better and with more urgency and effectiveness. (4) Invest in language training and related entrepreneurial education. (5) Facilitate mentoring projects for migrants. (6) Organize networking projects. One of the most important steps that migrants must take when starting a business is building a network.</p>	
<p>Huijnk, W. (2018). Werk, bijstand en de ervaren financiële situatie. In J. Dagevos, W. Huijnk, M. Maliepaard & E. Miltenburg (Eds.), <i>Syriërs in Nederland. Een studie over de eerste jaren van hun leven in Nederland.</i> Den Haag: Sociaal en Cultureel Planbureau.</p>	<p>This research reports on the first survey that was carried out as part of a project that aimed at Syrians who received the legal Dutch status between 1 January 2014 and 1 July 2016. The vast majority of Syrian status holders are satisfied with their lives in the Netherlands and feel at home here. The report also shows that Syrians are still at the very beginning of their integration. Very few have a job and the large majority are in social assistance. Syrians are preparing for their lives in the Netherlands, visible in the massive participation in language courses. How their integration will proceed further is mapped within this project through new survey research.</p>		

<p>Konle-Seidl, R., & Bolits, G. (2016). Labour market integration of refugees: Strategies and good practices.(No. IP/A/EMPL/2016-08). Brussels: DIRECTORATE GENERAL FOR INTERNAL POLICIES/Policy Department A: Economic and Scientific Policy.</p>		<p>Recommended policies include an early offer of language tuition and skills assessment to asylum seekers with good prospects for being allowed to stay, quality counselling to develop an individualised integration plan, recognition of foreign credentials including alternative methods of assessing informal learning and work experiences, job search assistance making use of targeted entry subsidies and quality mentoring. Civic integration and democratic values can be enhanced through integration courses, as part of language classes and through participation in sport and other civil society activities. Whereas all migrants face intensive demands adjusting to a new society, most refugees also need to redress personal, social and economic disadvantages they have faced as part of their refugee flight and require specialized supports like access to specialized health services. Once language is no longer a major obstacle, refugees can benefit from training measures and other support for all unemployed.</p>	
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<p>Naudé, W., Siegel, M., & Marchand, K. (2017). Migration, entrepreneurship and development: Critical questions. <i>IZA Journal of Migration</i>, 6(5)</p>	<p>This paper poses and answers a number of critical questions about the relationship between migration and entrepreneurship in the process of economic development. In doing so, we show that the standard policy response to migrants and migrant entrepreneurs are often based on an inadequate understanding of migrant entrepreneurs. The questions we pose are the following: (i) Are immigrants really more entrepreneurial than natives? (ii) Are migrant remittances likely to fund entrepreneurship in their home countries? (iii) Are return migrants more likely to be entrepreneurial than non-migrants? And finally, based on the answers, (iv) Does migration matter for development?</p>		<p>We conclude that one must avoid seeing migrants as super-entrepreneurs and that the (positive) developmental impact of migration is more significant through other channels. Removal of discriminatory barriers against migrants and against migrant entrepreneurs in labour, consumer and financial markets will promote development in both sending and receiving countries, not least through reducing the shares of migrants that are reluctant entrepreneurs.</p>
<p>OECD. (2010). Open for business: Migrant entrepreneurship in OECD countries. OECD Publishing. doi:http://dx.doi.org/10.1787/9789264095830-en</p>	<p>Migrants contribute to the economic growth of their host countries in many ways, bringing new skills and competencies with them and helping to reduce labour shortages. An aspect that has received only limited attention up to now is migrants' contribution to entrepreneurial activity and employment creation in their host countries. In OECD countries, entrepreneurship is slightly higher among immigrants than natives and the total number of persons employed in migrant businesses is substantial, although the survival rate of these businesses is often lower than that of their native counterparts. Migrant entrepreneurship has gone beyond traditional ethnic businesses, into a wide range of sectors and innovative areas.</p>		<p>Greater knowledge of migrant entrepreneurship is essential if policy makers are to better support migrant enterprises and their role in economic growth and job creation. In addition, increasing awareness of the positive role that migrants can play as entrepreneurs could contribute to a more balanced public debate on immigration. Taking a cross-country perspective, this publication sheds light on these issues and more, discussing policy options to foster the development and success of migrant businesses. It is a compilation of papers presented at a June 2010 conference organised by the OECD Secretariat, with the financial support of the Swedish and Turkish authorities, and the Dutch-Turkish Businessmen Association (HOTIAD).</p>

<p>Collins, J. (2017) From refugee to entrepreneur in Sydney in less than three years : final evaluation report on the SSI Ignite small business start-ups program. Settlement Services International University of Technology Sydney</p>	<p>The Ignite Program was designed to assist newly arrived humanitarian immigrants or refugees to set up a business in Sydney. Humanitarian immigrants faced perhaps the greatest barriers to setting up a business enterprise in Australia: they had no financial capital, no social capital, their human capital was not recognised, they did not know the Sydney market or the business red tape.</p>	<p>The Ignite Small Business Start-ups initiative was based on the Sirolli model – tried and tested around the world as a successful way to assist in small-business start-ups – but it had never been applied to aspiring entrepreneurs who faced the barriers that newly arrived humanitarian immigrants faced in a cosmopolitan global city like Sydney</p>	<p>By any measure, the Ignite Small Business Start-ups initiative has been very successful: To date 61 new business enterprises have been set up over three years. This is a success rate of 25%. It is also important to note that many of those Ignite clients who had not set up a business did not fail: it was not that they lacked the passion, the business idea or the commitment and ability to realise their entrepreneurial dream. Rather, the constraint was that the time of the enterprise facilitators had been exhausted on the successful clients. With more resources to hire additional enterprise facilitators the success rate would have been much higher.</p>
<p>Hansen, L.M.P. (2018) Finance for refugees: the state of play. NpM.</p>	<p>Not all refugees are poor, but the competition for scarce resources, income opportunities, and services is most pronounced among people at the lowest economic echelons in any community. Like poor nationals, poor refugees face challenges of finding affordable shelter and income generating opportunities, meeting increasing food prices, and accessing social services – and refugees may in addition face precarious access to legal and social protection.</p>		<p>Lack of access to financial services can represent a major impediment to income opportunities and economic welfare of individuals, particularly for the poor and vulnerable, and those engaged in the informal economy. Affordable access to financial services can help refugees cope with negative shocks, reduce exposure to risk, and stimulate economic activity at community levels. Recent focus on refugees in some areas of the world has led to initiatives by stakeholders to increase visibility, registration, data sharing, and access to services by refugees and the financial institutions considering them are customers. An eco-system is emerging, and financial inclusion of refugees has increased, even if uptake among FSPs remains subdued. Importantly, across borders, refugee customers of FSPs perform as well or better than nationals in terms of loan repayment.</p>

<p>FSD Africa (2018) Refugees and Their Money: The Business Case for Providing Financial Services to Refugees. REDUCING POVERTY THROUGH FINANCIAL SECTOR DEVELOPMENT</p>	<p>Refugees have a strong need for comprehensive financial services to support their livelihoods. Similar to other relatively low-income segments, refugees need the following: savings or transaction accounts to safely store their income and minimise the risk of theft; loan products to support business ventures and other personal needs; insurance to minimise the financial impact of unpredictable events; and convenient access to financial services channels to receive remittances. The refugees' demand for financial services has become even more apparent as the World Food Programme continues to shift its humanitarian support from food assistance to cash-based transfers.</p>		<p>The study had two objectives: first, to provide market intelligence to build a sound business case for financial institutions to profitably serve the forcibly displaced persons (FDPs) population; and second, to better understand the financial needs of the FDP population in Rwanda to enable financial service providers (FSPs) to effectively target the segment.</p>
<p>UNHCR (2017) SERVING REFUGEE POPULATIONS: The Next Financial Inclusion Frontier Guidelines for Financial Service.</p>	<p>In conclusion, while refugees face additional barriers to financial inclusion as compared to their national peers, their potential as a viable market segment does not differ significantly from nationals in terms of their entrepreneurial potential, economic strategies, or demand for financial services. While much research is still needed, a new picture is emerging of a large segment of refugees as resourceful and presumably bankable economic agents, who already form part of the informal economy as consumers, traders, producers, and employers, and whose additional trans-national networks might actually augment their potential success as FSP clients.</p>		<p>These guidelines seek to examine why refugee populations are financially excluded and how FSPs can successfully reach and serve this untapped financial market segment. While the guidelines specifically intend to present refugee populations through the lens of financial service providers as potential clients, they do not attempt to address all aspects of an FSP's engagement with a new client segment. Rather, they focus on the unique aspects of serving refugees, based on questions and concerns emerging from the research and interviews with experts and practitioners. It is our hope that the guidelines will increase interest among FSPs in serving more refugees to expand this new frontier of financial inclusion</p>

Annex Financial needs and options, and roles of coaches /
mentors and links to finance

Financial education needs for migrant entrepreneurs, coaches, mentors, trainers and staff of financial intermediaries

Solo (and hybrid) self-employed starting out of necessity, financial needs and options, and roles of coaches / mentors and links to finance²⁰

Feature/ issues and Stages ->	Arrival	Preparing for the Start	Starting	Consolidation	Growth and expansion
The target group and financing needs					
<i>Key characteristics for the target groups/ segment</i>	Orientation - not yet knowing what the future will be but contemplating to earn own living and to make ends meet	Willing to prepare plans but still afraid to engage in self-employment; seeking formal wage employment as well	Having finalised an action plan and seeking resources (financial, human, material) to start	Being in business and intending to continue operating as such without real plans for expansion - focus on fully integrating in neighbourhood where business is located	n.a.
<i>Special - assumed - issues limiting of promoting self employment</i>	Depending on social support programmes and not yet knowing what future will be	Depending on social support programmes and afraid of losing status- willing to use own savings but afraid to declare such.	Dependency on social support programmes may slow down process if starting implies losing full income support.	Struggling to make self employed a success - most likely that other members of household support activities without pay or generate additional income	
<i>More likely form of engaging in self employment</i>	Not yet sure in what to do	Considering (hybrid) self-employment or part time employment;	Seeking ways to combine integration programmes / social welfare support with (hybrid) self-employment or part time employment;	Gradually becoming solo self - employment on full time basis ;	
Specific - financial - needs and solutions					
<i>Specific - financial - needs emerging per stage for this segment</i>	Income support to meet household expenses	Income support while preparing plans	Start up financing	Working capital (permanent and fluctuating); small investment finance	
<i>Appropriate financing solutions</i>	Income support	Grants to formulate plan	Small seed capital/ kick start loans, short term working capital financing	Short term working capital financing, small investment finance	
Financing options					
<i>Own contributions</i>	Limited to none	Small savings from formal wage employment	If hybrid start is made possible income formal wage employment		
<i>Possible financial instruments or other contributions by formal FIs</i>	Public support schemes	Special schemes, projects, micro finance	Special schemes (income support), projects and micro finance (small loans)	Micro finance and bank (personal loans)	
<i>Other traditional financing</i>	Family and friends	Family , friends	Own savings, family , friends, crowdfunding	Trade credit, personal loans, leasing	
<i>Possible financial instruments or other contributions by internet based FIs/ Fintech / data cy based</i>		Crowdfunding	Crowdfunding	Crowdfunding	
<i>Other options (Diaspora/ community based financing)</i>		SHGs (informal , mainly for social purpose)	Diaspora Funds, time banks, SHGs		
Role of coaches/ mentors and key issues to deal with	Listening, motivating, informing , training	Assisting in formulating action plan, cash and financing plan; answering questions, providing information, guiding, training	Referring to FIs (with special programmes) , assisting in drawing up implementation plans, coaching, problem solving	Assisting in formalising	

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- Most relevant area of attention for the respective target group
- Still, but less relevant area of attention for the respective target group

Opportunity driven micro / small entrepreneur –, financial needs and options, and roles of coaches / mentors and links to finance

Feature/ issues and Stages ->	Arrival	Preparing for the Start	Starting	Consolidation	Growth and expansion
The target group and financing needs					
<i>Key characteristics for the target groups/segment</i>	Orientation - not yet knowing what the future will be but contemplating to earn own living and to make ends meet	Willing to prepare plans but still afraid to engage in self-employment; seeking formal wage employment as well	Having finalised business plans an willing to start once resources (financial, human, material) to start are made available	Being in business and intending to continue operating as such	Not considering unless opportunities arise, but will be moderate
<i>Special - assumed - issues limiting of promoting self employment</i>	Depending on social support programmes and not yet knowing what future will be	Depending on social support programmes and related business support services	Dependency on social support programmes may slow down process if starting implies losing full income support.	Fully independent	
<i>More likely form of engaging in self employment</i>	Not yet sure in what to do but seeing self employment as a realistic option	Decisive to engage in self-employment or starting micro enterprise	Seeking ways to combine integration programmes / social welfare support with (hybrid) self-employment or part time employment;	Gradually becoming fully engaged in own business	reluctant to grow
Specific - financial - needs and solutions					
<i>Specific - financial - needs emerging per stage for this segment</i>	Income support to meet household expenses	Income support while preparing plans	Start up financing	Working capital (permanent and fluctuating); ;small investment finance	Moderate investment capital
<i>Appropriate financing solutions</i>	Income support	Grants and small loans to formulate plan	Small seed capital/ kick start loans, short term working capital financing, small investment loans	Short term working capital financing, small investment finance	Small investment loans, capital contributions
Financing options					
<i>Own contributions</i>	Own savings	Own savings, income from temporary (in)formal wage employment	Own savings/retained earnings,	Retained earnings	If possible additional capital investments (by freeing funds abroad - borrowing)
<i>Possible financial instruments or other contributions by formal FIs</i>	Public support schemes	Special schemes, projects,	Banks, special schemes	Formal bank financing (investment and working capital loans)	Formal banks loans, guarantees
<i>Other traditional financing</i>	Family	Family , friends, crowdfunding	Own savings, family , friends, remittances from relatives abroad	Trade credit, leasing	Ad hoc seeking partnerships amongst friends / family
<i>Possible financial instruments or other contributions by internet based FIs/ Fintech / data cy based</i>			Crowdfunding , P2P financing	Peer 2 Peer loans, crowdfunding	Peer 2 Peer loans,
<i>Other options (Diaspora/ community based financing)</i>				Community based funding (informal)	Community based funding (informal)
Role of coaches/ mentors and key issues to deal with	Informing , guiding (based on explicit questions of prospective entrepreneur)	Listening, motivating, informing	Assisting in formulating business and financing plan; answering questions, providing information, training	Referring to FIs (with special programmes) , assisting in drawing up implementation plans, coaching, problem solving	Assisting in moderate growth or expansion

Growth oriented small/ Medium entrepreneur, financial needs and options, and roles of coaches / mentors and links to finance

Feature/ issues and Stages ->	Arrival	Preparing for the Start	Starting	Consolidation	Growth and expansion
The target group and financing needs					
<i>Key characteristics for the target groups/ segment</i>	Orientation - not yet knowing what the future will but decisive start one own business (again)	Taking initiatives to prepare business plan and	Starting already while preparing business plan and seeking ways to free resources abroad and additional resources locally (financial, human, material) to start	Logical step after fast start to invest in gradual expansion	Focus on growth and expansion (diversification if needed) - looking beyond - physical - borders , seeking opportunities in country of origin as well
<i>Special - assumed - issues limiting of promoting self employment</i>	Not directly interested on social support programmes but excepting such to obtain status/ residence permits	Feeling blocked by social regulations impeding to start on his/ her own	Distancing from social support programmes - appreciating professional support/ advice		
<i>More likely form of engaging in self employment</i>	Consciously working towards starting a new small/ medium enterprise - seeking market niches	Considering starting a new small/ medium enterprise as a logical step in life			Considering growth as a logical step in (personal) development
Specific - financial - needs and solutions					
<i>Specific - financial - needs emerging per stage for this segment</i>	Income support to meet household expenses while orienting market	Income support while preparing plans	Start up financing in combination with own funds	Working capital (permanent and fluctuating); investment finance	Expansion equity and external funding
<i>Appropriate financing solutions</i>	Income support	Grants to formulate plan	Small seed capital/ kick start loans, short term working capital financing	Short term working capital financing, investment finance	Capital participation and long term funding
Financing options					
<i>Own contributions</i>			Own savings/ investments capital, family , friends,	Retained earnings	If possible additional capital investments (by freeing funds abroad)
<i>Possible financial instruments or other contributions by formal FIs</i>	Public support schemes	Special schemes, projects,	Banks, special schemes	Formal bank financing (investment and working capital loans)	Formal banks loans, guarantees
<i>Other traditional financing</i>	Family	Family , friends, crowdfunding	Own savings, family , friends, crowdfunding	Trade credit, leasing, factoring	Attracting formal (and cross border) investors, special SME investment funding,
<i>Possible financial instruments or other contributions by internet based FIs/ Fintech / data cy based</i>	Freeing savings at cross border internet accounts	Freeing savings at cross border internet accounts	FinTech based financial services	Peer 2 Peer loans, FinTech based financial services,	Peer 2 Peer loans, FinTech based financial services,
<i>Other options (Diaspora/ community based financing)</i>			Diaspora Funds	Diaspora Funds	Diaspora Funds
Role of coaches/ mentors and key issues to deal with	Informing , guiding (based on explicit questions of prospective entrepreneur)	Assisting in formulating comprehensive business and investment plan; answering questions, providing information,	Mediating re financing partners, assisting in drawing up implementation plans, coaching, problem solving	Problems solving and advisory service based on requests and queries from entrepreneur	Assisting in drawing up (parts of) growth and/ or expansion plans and related financing package