



Seven Steps to SUCCESS

REPORT

*Enabling refugee
entrepreneurs to flourish*



<http://www.cpd.org.au>
<http://www.opennetwork.net>

APRIL 2019

PHILIPPE LEGRAIN & ANDREW BURRIDGE

EMBARGOED Thursday 11 April 2019 6pm



Published by the Centre for Policy Development

© Centre for Policy Development and Open Political Economy Network 2019

Cover Image: 'African craftsman using cutting tool' by mavoimages via DepositPhotos. To view the original image please click here.

Image 1: 'English class' by Utrop. To view the original image please click here.

Image 2: 'Business team at seminar' by Rawpixel via DepositPhotos. To view the original please click here.

Image 3: 'Group of People Working Concept' by stock image via DepositPhotos. To view the original please click here.

Image 4: 'Start up business moving into office' via DepositPhotos. To view the original please click here

Image 5: 'A new generation of industrial leaders' by DFID – UK Department for International Development. To view the original image please click here.

Image 6: 'Islamic Young Woman' by ginosphotos1 via depositphotos. To view the original image please click here.

Image 7: 'Start up business idea' by stock photo via depositphotos. To view the original image please click here.

The icons were attained via www.flaticon.com. We would like to thank the following designers for their contributions: Smashicons; Freepik; Gregor Cresnar; dDara; Pause08; geotatah; Darius Dan; and prettycons.

AUTHORS

Philippe Legrain is a critically acclaimed writer and thinker. A political economist, he is the founder of Open Political Economy Network (OPEN), an international think tank on refugee, migration and other openness issues, and a senior visiting fellow at the London School of Economics and Political Science's European Institute. He is also a commentator for Project Syndicate, Foreign Policy, BBC, Al Jazeera and other international media outlets.

From 2011 to 2014 he was economic adviser and head of the team providing strategic policy advice to European Commission President José Manuel Barroso. Previously, he was special adviser to World Trade Organisation Director-General Mike Moore and trade and economics correspondent for *The Economist*.

Philippe is the author of four best-selling books, notably *Immigrants: Your Country Needs Them* (Abacus, 2007), which was shortlisted for the *Financial Times* Business Book of the Year award.

His two previous studies on refugee economic participation for OPEN and the Tent Foundation are *Refugees Work: A humanitarian investment that yields economic dividends* (2016) and *Step Up: How to get refugees into work quickly* (2017).



Andrew Burrige is an urban and political geographer who specialises in undocumented migration, the effects of border securitisation and immigration detention, and refugee reception and settlement. A lecturer in human geography and the convenor of the inter-departmental refugee studies major at Macquarie University, he is also research coordinator for the Cities and Settlement Initiative at the Centre for Policy Development (CPD).

From 2013 to 2016, he was based at the University of Exeter, where he was lead researcher on a project that investigated how asylum-seeker appeal outcomes in the UK vary across different tribunal locations. The project was a finalist in the Economic and Social Research Council (ESRC) Celebrating Impact prize for outstanding impact on public policy. From 2010 to 2013, he was a member of the International Boundaries Research Unit, a consultancy based at Durham University that works to minimise conflict associated with international land and sea boundaries.

Andrew received his PhD from the University of Southern California in 2009, where he focused on humanitarian aid practices in the Mexico-US borderlands. He is co-editor of the collection *Beyond Walls and Cages: Prisons, borders and global crisis* (UGA Press, 2012).



ACKNOWLEDGEMENTS

Research assistance was kindly provided by Lidwina Gundacker and Hiba Chamas at OPEN. The authors would like to thank everyone who contributed their time and insights to this report: Jock Collins, Andrew Kaldor, Terry Wilson, Paul Power, Charis Martin-Ross and Steven O'Neill from the working group on refugee entrepreneurship; Travers McLeod, Annabel Brown, Lisa Button, Caitlin McCaffrie, Shivani Nadan and all the CPD team; the Council on Economic Participation for Refugees; and everyone who kindly agreed to be interviewed. The authors would like to thank Peter Mares for his editing assistance. We would also like to thank the following external reviewers for providing feedback on the report: Bronte Adams, Clare Harding, Henry Sherrell, Huy Truong, Mahir Momand, and Rebecca Meddings.

This research would not be possible without the generous support of:



ABOUT CPD

The Centre for Policy Development (CPD) is an independent, values-driven, and evidence-based policy institute. Our motivation is an Australia that embraces the long term now. CPD's policy development is geared towards an Australia that is equitable, aspirational, and truly prosperous – and enlivened by the challenge of shaping a better future. CPD's core model is three-fold. We create viable ideas from rigorous, cross-disciplinary research at home and abroad. We connect experts and stakeholders to develop these ideas into practical policy proposals. We then work to convince government, businesses, and communities to implement these proposals. CPD has offices in Sydney and Melbourne and a network of experts across Australia. We are not for profit: donations to our Research Fund are tax deductible. More information about CPD is available at <https://cpd.org.au/>.

ABOUT OPEN

Open Political Economy Network (OPEN) is an internationally networked think-tank that focuses on refugees, migration, trade and other openness issues. Our mission is to inform, engage and influence both policymakers and public debate on openness issues. We are committed to producing independent, rigorous and accessible research and analysis in partnership with a diverse global network of thinkers, experts and like-minded institutions. We believe in being open to the world, open to everyone in society and open to the future and all its possibilities for progress. More information about OPEN is available at <http://www.opennetwork.net>.

ABOUT THE CITIES AND SETTLEMENT INITIATIVE

CPD's Cities and Settlement Initiative (CSI) aims to improve the economic participation of refugees in Australia by helping refugees to find jobs or start businesses more effectively. Our analysis tells us this would deliver a triple dividend: benefiting vulnerable Australians; boosting the budget; and improving community cohesion. We seek better governance and coordination connected to improved partnerships and delivery at the local level. CSI is supported by the Myer Foundation, the Vincent Fairfax Family Foundation, and a small team of volunteers from the Boston Consulting Group (BCG). It follows CPD's 2017 report, *Settling Better: Reforming refugee employment and settlement services*, released with BCG's support. More information about CSI is available at <https://cpd.org.au/2018/12/cities-settlement-initiative/>

GLOSSARY

ABS	Australian Bureau of Statistics
ASRC	Asylum Seeker Resource Centre
BSL	Brotherhood of St Laurence
CSP	Community Support Program
EU	European Union
FBW	Four Brave Women
HSP	Humanitarian Settlement Programme
MED	Microenterprise Development Program
MSDUK	Minority Supplier Development United Kingdom
NEIS	New Enterprise Incentive Scheme
NGO	Non-Governmental Organisation
ORR	United States Office of Refugee Resettlement
RFCCMED	Refugee Family Child Care Microenterprise Development
SEK	Swedish krona
SSI	Settlement Services International
TERN	The Entrepreneurial Refugee Network
UTS	University of Technology Sydney

NOTE ON THE REPORT

Currency conversions in this report are based on the exchange rates prevailing on 27 February 2019 when 1 Australian dollar = 0.72 US dollars = 0.54 British pounds = 0.94 Canadian dollars = 6.64 Swedish krona.

CONTENTS

AUTHORS	2
ACKNOWLEDGEMENTS	3
ABOUT CPD	3
ABOUT OPEN	3
GLOSSARY	4
NOTE ON THE REPORT	4
EXECUTIVE SUMMARY	6
Next steps	9
INTRODUCTION.....	10
Counting the benefits	11
Report structure	14
1. AGAINST THE ODDS: REFUGEES ARE THE MOST ENTREPRENEURIAL MIGRANTS.....	15
Greater challenges than most	15
Yet more entrepreneurial.....	16
Explaining the paradox	21
2. SMALL STARTS, BIG GAPS: CURRENT POLICIES AND INITIATIVES	23
2.1 Federal entrepreneurship programs.....	24
2.2 State entrepreneurship programs	26
2.3 Entrepreneurship programs for female refugees.....	31
Promising but patchy.....	33
3. RECOMMENDATIONS: SEVEN STEPS TO SUCCESS	35
Step 1: Strategic approach	35
Step 2: Upskilling	39
Step 3: Connections.....	41
Step 4: Capital.....	42
Step 5: Enabling environment	45
Step 6: Specific support.....	46
Step 7: Spotlight success stories	51
4. CONCLUSION	53

EXECUTIVE SUMMARY

Despite the huge challenges they face, refugees are the most entrepreneurial migrants in Australia and nearly twice as likely to be entrepreneurs as Australian taxpayers in general. Yet refugee entrepreneurship hardly features in public debate and receives little policy support. Even refugee settlement and employment services rarely recognise or encourage it.

Supporting refugee entrepreneurs has great potential: an ambitious but achievable target of launching 1,000 new refugee businesses each year could yield \$98 million in annual economic and fiscal gains. Within ten years, the boost to the economy could be nearly \$1 billion a year. There would be large social benefits too.

By focussing on these benefits we are not suggesting entrepreneurship is the best or only path for refugees to participate in the economy. The Centre for Policy Development's Cities and Settlement Initiative has made the case for more effective settlement and employment services across the board. An important part of this reform agenda is greater support for refugee entrepreneurs. Drawing on both Australian evidence and international best practices, this report sets out how best to foster greater refugee entrepreneurship in an inclusive and cost-effective manner. We identify Seven Steps to SUCCESS. Drawing on both Australian evidence and international best practices, this report sets out how best to foster greater refugee entrepreneurship in an inclusive and cost-effective manner and identifies Seven Steps to **SUCCESS**.



The Seven Steps are summarised in the graphic on page 8.

The top priority is to raise awareness of refugees' remarkable business contribution and potential. Launching Refugee Entrepreneur of the Year awards could have an immediate impact. We also identify promising existing initiatives that could be replicated and expanded. Substantial change, though, requires a strategic approach to make entrepreneurship a viable option for all suitable refugees.

Westfield founder Frank Lowy came to Australia as a refugee. Google co-founder Sergey Brin was a refugee to the United States. Alongside such exceptional individuals are many more refugee entrepreneurs who own small businesses or are self-employed sole traders.

Whether they run a shop or a café, drive for Uber, establish themselves as an independent professional or end up building a global empire, refugee entrepreneurs contribute to Australian society and gain personal economic, social and psychological benefits along the way.

Starting a business does much more than provide a job, an income and an opportunity to earn wealth. It boosts refugees' autonomy, self-confidence and social status. It generates a sense of pride and achievement. And it helps newcomers learn English, build connections and give back to the society that has welcomed them.

Refugee entrepreneurship also generates new products and services. It creates jobs for both refugees and locals. It increases local and international trade, brings in more tax and cuts welfare spending. Encouraging and celebrating refugee entrepreneurship would help dispel fears that refugees are a burden or even a threat.

While Australia has a generally favourable business climate, refugees face greater challenges than other entrepreneurs. They have typically endured years of suffering and dislocation. Most arrive speaking little or no English, with scarcely any savings, few contacts and little knowledge of Australian life and business conditions. Whatever skills or qualifications they have are typically not recognised here, and they often face discrimination too.

It is all the more remarkable that refugees are the most entrepreneurial migrants in Australia. They generate a higher median income from their businesses than Australians in general and, contrary to conventional wisdom, female refugees are more likely to report income from their own business than men. Refugees are disproportionately entrepreneurial in other countries too and while it is hard to compare data internationally, Australia's record looks pretty good by comparison.

Some refugees start a business out of necessity. Others spot opportunities that locals have missed. Many translate previous business experience to an Australian context. What they all share is the refugee experience itself: after being forced from home and making it to a new land where they desperately want to rebuild their lives, they are already equipped with the key entrepreneurial strengths of resilience, risk-taking and resolve.

Yet Australia is only scratching the surface of what refugee entrepreneurs could achieve with appropriate investment and support.

Regrettably, federal and state governments provide little specific support for refugee entrepreneurship. Programs to help refugees become economically active tend to focus on employment and neglect entrepreneurship – including the many people who combine self-employment or running a small business with a part-time job.

General entrepreneurship programs, such as the federal government's flagship Entrepreneurs' Programme and its New Enterprise Incentive Scheme (NEIS), which helps the unemployed start businesses, are open to refugees. But they do not cater for refugees' specific needs, notably for language training.

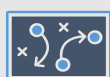
So it is welcome that NEIS's new Highly Disadvantaged Trial, which focuses exclusively on refugees and migrants, provides flexible training, enhanced mentoring and wide-ranging support, including with English. At state level, LaunchVic, an independent agency established by the Victorian government to support the local start-up ecosystem, is funding five projects specifically for refugee and migrant entrepreneurs in businesses with high growth potential.

Innovative non-governmental organisations foster refugee entrepreneurship too, both as part of general programs to encourage refugees' economic participation and on a stand-alone basis. Promising ventures include Settlement Services International's Ignite Small Business Start-ups, Thrive Refugee Enterprise and the Brotherhood of St Laurence's Stepping Stones to Small Business (which is specifically for female migrants and refugees). But unfortunately these lack scale and funding and are mostly limited to Sydney and Melbourne.

To improve on this situation in a systematic way, this report advocates Seven Steps to SUCCESS. These seven steps, each of which consists of three recommendations, form a coherent package, with key priorities set out below.

Seven Steps to SUCCESS

Recommendations



Strategic approach

All public-funded initiatives that help refugees to become economically active should present entrepreneurship as a *viable option*, about which suitable refugees can make *informed choices*.

1. Integrate self-employment and business formation pathways into the economic participation strategies of refugee settlement and employment services.
2. Include a strategy that addresses refugee entrepreneurs' particular needs and challenges in existing programs to encourage entrepreneurship.
3. Provide targeted and timely support for prospective refugee entrepreneurs, notably through an early assessment of their entrepreneurial potential.



Upskilling

Prospective entrepreneurs need suitable training to realise their ambitions.

4. Offer prospective refugee entrepreneurs appropriate business and language training.
5. Offer skilled refugees small loans to enable them to obtain local licenses and qualifications, and thus become self-employed or small business owners.
6. Incubators for refugee entrepreneurs should consider offering part-time employment opportunities to entrepreneurs with their business partners.



Connections

Supportive networks are also crucial for refugee entrepreneurs.

7. Establish an online platform to help connect refugee entrepreneurs to each other and to networks equipped to help them.
8. Create a network for the sharing of best practices about how to support refugee entrepreneurship.
9. Provide refugee entrepreneurs with structured help in connecting to potential customers and markets.



Capital

A lack of funding is perhaps the biggest stumbling block for prospective refugee entrepreneurs.

10. Provide access to capital through partnerships with financial providers as a component of support programs for refugee entrepreneurs.
11. Encourage a diversity of funding sources, with the overarching aim of greatly increasing refugee entrepreneurs' access to capital.
12. Provide loan guarantees backed by federal and state governments to enable refugee entrepreneurs to obtain low-cost loans from commercial banks, together with partners such as Thrive.



Enabling environment

Lifting regulatory and welfare barriers is also important for encouraging refugee entrepreneurship.

13. Lower federal and state regulatory barriers that impede entrepreneurship by refugees and other disadvantaged groups.
14. Continue providing government welfare support to refugee entrepreneurs for the first year after their business launch.
15. Create additional visa places for would-be refugee entrepreneurs to come to Australia via the business talent pathway.



Specific support

To be effective, assistance needs to be properly targeted.

16. Target support for refugee entrepreneurs at different stages of business development.
17. Provide, where possible, intensive, one-on-one, ongoing support in the pre-incubator and accelerator stages, leverage support from incubator hubs and volunteer networks to keep costs down.
18. Target support at the needs of specific groups – notably young people, women and refugees in regional and rural areas.



Spotlighting success stories

Recognising refugee entrepreneurs' achievements and communicating them more widely are vital.

19. Celebrate successful refugee entrepreneurs as role models, to inspire other refugees and to create a more positive narrative about refugees in Australia.
20. Create an annual Refugee Entrepreneur of the Year awards program.
21. Encourage local areas with substantial refugee communities to develop local Community Hero awards.

Next steps

To create the conditions for meaningful change, the immediate priority is to raise awareness of the outsized contribution and huge potential of refugee entrepreneurs among policymakers, practitioners and the public. Publicising the findings of this report and launching Refugee Entrepreneur of the Year awards would be a good start.

Beyond that, one path forward is to improve, replicate and expand the piecemeal but promising initiatives we identify, such as Thrive, Ignite, Stepping Stones and NEIS's Highly Disadvantaged Trial.

However, delivering substantial change across Australia requires a strategic approach that makes entrepreneurship a viable option for all suitable refugees. Measures such as assessing refugees' entrepreneurial aptitude promptly, providing appropriate information and training, and creating online platforms for knowledge sharing ought to be readily achievable.

Trickier, but also crucial, are measures that require more public funding, notably to enable skilled refugees to acquire local qualifications, to guarantee small-business loans and to maintain welfare payments to entrepreneurs in their first year of starting a business. Yet the upfront cost would quickly pay for itself by yielding large financial, economic and social returns for local communities and society.

Underpinning all our recommendations is a change of mindset. Refugees should be viewed not as passive recipients of assistance but as dynamic actors. With a hand up and their own hard work, they can and will flourish.

EMBARGOED Thursday 11 April 2019 6pm

INTRODUCTION

Refugees can make a great economic contribution to Australia – not just as employees, but also as entrepreneurs.

The founders of some of the world’s most successful enterprises were refugees, including Google co-founder Sergey Brin, hedge-fund manager and philanthropist George Soros and Hong Kong magnate Li Ka-shing.

Australia’s standout refugee entrepreneurs include Frank Lowy, Harry Triguboff, Tan Le and Huy Truong (pictured below first, third, second and fourth from the left, respectively). Lowy, who fled post-war Czechoslovakia, co-founded the international shopping-centre group Westfield and was listed in 2016 as Australia’s fourth-richest person, with a net worth of US\$5 billion.¹ Triguboff is a second-generation refugee. His parents fled from Russia to China and he escaped the Communist takeover there to come to Australia as a teenager. Founder of the Meriton property development group, Triguboff ranked third on Australia’s 2016 rich list, with a net worth of US\$6.9 billion.²



Tan Le, a refugee from Vietnam, co-founded Emotiv, which produces headsets that read brain signals and facial movements to control technology in computer games and apps, and was 1998 Young Australian of the Year.³ Huy Truong, who arrived in Australia at the age of seven on a small fishing boat carrying 40 other Vietnamese people, went on to found online gifting site Wishlist Holdings, private-equity group Yarra Capital Partners, and specialist insurer A.L.I. Group.⁴

These extraordinary success stories highlight the huge contribution that refugees can make and can help dispel the myth that refugees are victims and charity cases. Superstar entrepreneurs can also be role models for other refugees, and indeed for all Australians.

But they are not typical. Most entrepreneurs are small business owners or self-employed sole traders. They own restaurants, shops and farms. They are sub-contractors in construction or deliver social services. And they are independent IT consultants, dentists, Uber drivers, cleaners and much else besides.

This study defines refugee entrepreneurs in a suitably broad manner as people who arrived on a humanitarian visa, or who obtained refugee status in Australia, and who have an Australian Business Number (ABN). They could be an employer or self-employed.

¹ https://en.wikipedia.org/wiki/List_of_Australians_by_net_worth

² *Idem*

³ “Asylum seekers could be our next wave of entrepreneurs”, The Conversation, 26 October 2015 <http://theconversation.com/asylum-seekers-could-be-our-next-wave-of-entrepreneurs-49591>

⁴ <https://www.bloomberg.com/research/stocks/private/person.asp?personId=34562673&privcapId=51616398>

Counting the benefits

Entrepreneurship can provide big benefits for both refugees and society. For refugees, the benefits are economic, social and psychological:

- **Economic.** Starting a business provides a job, an income and the potential to accumulate wealth.
- **Social.** Running a business builds connections with others, notably customers, employees, suppliers, the local community and local authorities. It also helps refugees learn English.
- **Psychological.** Being a business owner provides social status, a sense of achievement, autonomy and pride in giving something back to the country that has welcomed them.

For society, refugee entrepreneurs generate economic, fiscal and social benefits. They provide valuable products and services. They create jobs, both for refugees and others. They boost both local economies and international trade. They pay taxes and reduce welfare outlays. More broadly, they make a visible contribution to society and a demonstrable commitment to the local community that helps to dispel misperceptions that refugees are a burden or a threat.

Facilitating the launch of many more refugee-owned businesses would deliver large economic and fiscal benefits. We estimate that the average economic and fiscal boost of each successful new enterprise is at least \$98,200 a year. An ambitious but achievable target of launching 1,000 new refugee businesses annually could yield at least \$98 million in the first year, \$184 million in the second year, and so on. Within ten years, this would add nearly \$1 billion a year to the Australian economy (Box 1). If some of those businesses were to fail, the cumulative benefits would be smaller but still substantial. The net gains would greatly outweigh the one-off investment of \$10,000 or even \$20,000 to help promising refugees start a business.

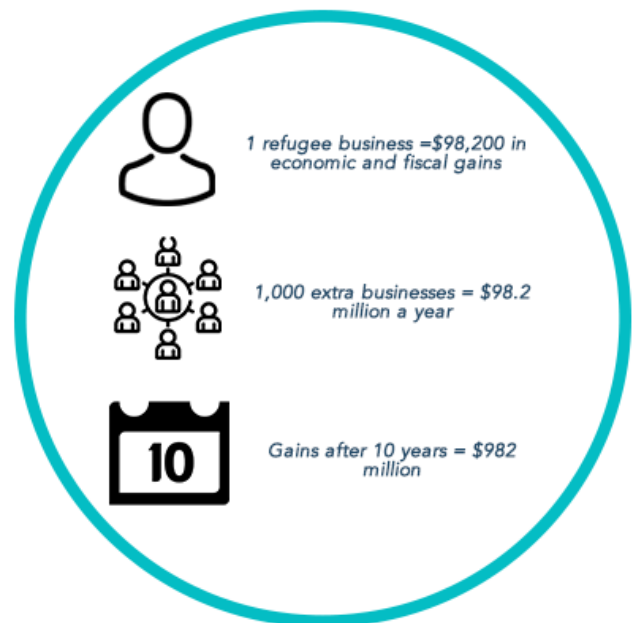


Image 1

Box 1: Estimating the economic benefits of refugee enterprises

Refugee businesses provide economic, fiscal and social benefits to Australia. They create **economic gains** by providing profits to their owner(s) and wages to their employees (which are a cost to the business, but a benefit to society as a whole). The size of this added value varies immensely. A sole trader with a market stall may earn \$15,000 a year, while a big global company generates millions in profit.

We assume that on average each refugee business earns \$20,000 a year in pre-tax profits⁵ and creates 1.2 jobs (including the business owner).⁶ Assuming (conservatively) that those jobs pay the minimum wage of \$719.20 a week, or \$37,398 a year, each business pays \$44,878 a year in wages. This means that each refugee enterprise creates \$64,878 of added value annually (see Table 1). These figures underestimate the true economic value of refugee enterprises, since they ignore knock-on benefits of such things as new ideas and competitive pressures on other firms that increase productivity.

The **fiscal gains** are lower welfare spending and higher tax revenues as previously unemployed refugees who formerly relied on welfare become taxpaying small business owners. We assume that each refugee business saves the government \$33,333 in welfare payments and generates an additional \$9,877 in tax revenues, through corporation tax on business profits and income tax on employee wages.⁷ So the direct fiscal benefit of each refugee business averages \$43,211 a year. Again, the real gains would be greater, since these calculations ignore the knock-on benefits such as the higher tax payments by the suppliers of refugee businesses. They also omit goods and services tax (GST), which must be charged once businesses have an annual turnover that exceeds \$75,000.

In total the economic and fiscal benefits of each new refugee business add up to \$98,211 as set out in Figure 1 (since the \$9,877 in tax revenues are already counted as part of the economic value added, they aren't counted again when the economic and fiscal gains are added together). In addition there are social benefits that are hard to measure in dollars, such as stronger communities and happier, more self-confident and self-reliant refugees.

Table 1. Economic and fiscal benefits of refugee enterprises

Economic value added		
Owner wages	\$37,398.40	52 weeks @ \$719.20/week
Employee wages	\$7,479.68	0.2 jobs @ \$719.20/week
Profit before tax	\$20,000.00	
Total economic value added	\$64,878.08	
Fiscal gains		
Corporation tax	\$5,500.00	27.5% of profit before tax
Income tax	\$4,377.24	19% of wages above \$18,200 threshold
Total tax revenues	\$9,877.24	
Welfare savings	\$33,333.33	
Total fiscal gains	\$43,210.57	
Total economic and fiscal gains	\$98,211.41	Economic value-added + welfare savings

Source: authors' calculations

⁵ This estimation is based on figures from Thrive Refugee Enterprise about the refugee businesses to which it has lent. However, some of the specific assumptions are the authors' own.

⁶ Thrive has lent to 133 businesses, which have created 158 jobs so far, an average of 1.2 jobs each.

⁷ Thrive estimates that every 30 refugee businesses save \$3 million in Centrelink payments over 3 years, which implies that each refugee business saves \$33,333 a year in welfare payments. These include savings on Newstart payments to entrepreneurs and their partners and Family Tax Benefit.

Figure 1. Estimated added value of refugee enterprises



Source: authors' calculations

How many refugee-owned businesses might realistically be launched with the appropriate support and funding? To answer this question, we need to look at how many refugees arrive in Australia and what proportion of them might become entrepreneurs.

Australia will grant around 20,000 humanitarian visas in 2018-19. (The government has allocated 18,750 places to the Refugee and Humanitarian Programme; and on recent experience another 1,250 visas are likely to be granted onshore.) Based on past trends, around 80% of that annual intake, or 16,000 people, are likely to be of working age.

The Global Entrepreneurship Monitor estimates that 14.6% of Australia's adult working-age population were actively engaged in starting and running new businesses in 2016. If a similar proportion of new refugees each year were to start businesses, that would be 2,336 people.

In addition to the annual inflow, there is the existing refugee population. Some have already started businesses and many more could do so with appropriate support and funding. As of 2016, there were 173,871 permanent migrants who were of working age and who had entered Australia on a humanitarian visa (or obtained one onshore) since 2000. If only 1% of those resident refugees started a business each year, this would amount to 1,739 additional businesses.

Adding these numbers together, it seems feasible that at least 4,000 refugee enterprises could be started annually. So setting an initial target of launching 1,000 a year seems realistic and achievable.

Refugee entrepreneurship has plenty of potential. Yet it scarcely features in public debate and there is little specific policy support for refugee entrepreneurs. Even providers of settlement and employment services for refugees rarely recognise, let alone encourage, entrepreneurship.

This study, which follows on from CPD's *Settling Better* report (2017), aims to change this situation.⁹ It draws on research and evidence from Australia and other advanced economies to highlight the substantial contribution of refugee entrepreneurs and their huge future potential. It details the programs that already exist in Australia to help refugee entrepreneurs and analyses what we are doing well and what we could do better. It presents case studies

⁹ Centre for Policy Development, "Settling Better: Reforming refugee employment and settlement services", 2017 <https://cpd.org.au/wp-content/uploads/2017/02/Settling-Better-Report-20-February-2017.compressed.pdf>

of successful and promising initiatives and profiles some refugee entrepreneurs. Drawing on international best practices, it sets out recommendations to enable refugee entrepreneurs to flourish in Australia. These Seven Steps to SUCCESS range from ideas that could be implemented quickly to more ambitious reforms that will take more time.

Report structure

Section 1 lays out the current state of play for refugee entrepreneurship in Australia.

Section 2 details and analyses programs that already exist to support refugee entrepreneurship in Australia.

Section 3 draws on the Australian experience and leading examples of support for refugee entrepreneurship in other countries to develop a package of 21 recommendations formulated as Seven Steps to **SUCCESS**.

EMBARGOED Thursday 11 April 2019 6pm

1. AGAINST THE ODDS: REFUGEES ARE THE MOST ENTREPRENEURIAL MIGRANTS

By international standards, Australia has a generally favourable business climate. The World Bank ranks it seventh globally for the ease of starting a business and 14th for the overall ease of doing business.¹⁰

That is a plus for entrepreneurs, including those who are refugees. Business start-up rates tend to be higher in countries where it is relatively easy to start a business, such as the United States, than in those with more red tape, such as Germany.¹¹ In 2016, the Global Entrepreneurship Monitor found the level of entrepreneurial activity in Australia in 2016 was among the highest of all developed economies.¹²

Greater challenges than most

However, refugees also face much greater challenges than locals in becoming entrepreneurs. They have been forced out of their homeland and have typically experienced years of immense suffering and family dislocation. They tend to arrive in Australia speaking little or no English, with scarcely any money, contacts, recognised qualifications or knowledge of Australian life and business conditions. And in addition to lacking human, social and financial capital, they may face discrimination as non-white foreigners, as refugees and, in the case of female refugees, as women. Their challenges can be summarised as follows.

o Human capital



- o *Language.* Refugees who don't speak English may be able to start small businesses that serve a local ethnic community such as cafés or hairdressing salons. But seizing business opportunities often requires greater fluency, as do the formalities of registering a business, complying with regulations and paying tax.



- o *Skills.* Refugees may lack skills the Australian market needs, or their skills and their qualifications may not be recognised. For example, the skills of a mechanic from Syria may not cover, or may not be considered adequate, for working on the electronics that exist in cars in Australia.



- o *Business norms.* Many refugees come from countries in the Middle East, Africa and Asia where the informal business sector is the norm, and so lack the experience of doing business in a more regulated Australian environment.¹³



- o *Self-confidence.* As newcomers in a strange land whose lives have been turned upside down, refugees may initially lack confidence in their abilities.

o Social capital



- o *Contacts.* Newly arrived refugees typically lack a network of local business contacts capable of acting as mentors, suppliers or clients.



- o *Family networks.* Many refugees have been separated from their family, who may have died or are not able to join them to Australia. This makes it harder to start small family businesses.

¹⁰ World Bank, Doing Business, 2018 <http://www.doingbusiness.org/>

¹¹ See, for instance, Global Entrepreneurship Monitor data.

¹² Global Entrepreneurship Monitor, GEM Australia National Report 2016-17 <https://www.gemconsortium.org/country-profile/37>

¹³ Jock Collins, "Private and community sector initiatives in refugee employment and entrepreneurship", Lowy Institute, 20 December 2017 <https://www.lowyinstitute.org/publications/private-and-community-sector-initiatives-refugee-employment-and-entrepreneurship>



- *Ethnic networks.* Refugees from smaller, more recent and more disparate refugee communities have thinner support networks in Australia and a smaller potential market for their ethnic businesses.

○ Financial capital



- *Savings.* Most refugees arrive in Australia with scarcely any savings. They are likely to be unemployed initially and may then do low-paid work, making it hard to save enough to start a business.

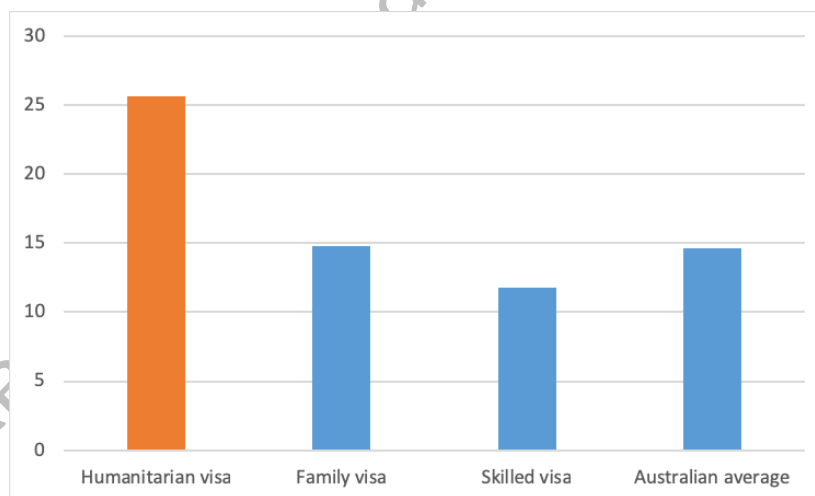


- *Access to credit.* Refugees typically lack a credit history that would enable them to seek a small-business loan from the bank and tend to lack assets such as property that could be pledged as collateral.

Yet more entrepreneurial

Despite the huge hurdles that they face, refugees — who have been selected for admission to Australia on the basis of humanitarian need rather than economic aptitude — are *the most entrepreneurial* migrants in Australia, and increasingly so (Figure 2). We explain why later in this section.

Figure 2. Share of taxpayers reporting income from an unincorporated business, 2013-14 (%)



Source: Personal calculations from Australian Bureau of Statistics (ABS), Personal Income Tax and Migrants Integrated Dataset (PITMID), 2013-14

In 2009-10, humanitarian migrants who had arrived in Australia since 2000 earned 9.3% of their income from their own unincorporated business.¹⁴ That proportion rose to 14% in 2013-14.¹⁵ Whereas in 2009-10, 15.5% of refugees reported income from their own business, this jumped to more than a quarter (25.6%) in 2013-14. By contrast, only

¹⁴ Australian Bureau of Statistics, “3418.0 - Personal income of migrants, Australia, 2009-10”, 6 September 2017 <http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/8800F9BC6CCB7830CA257F0F00115759?opendocument>

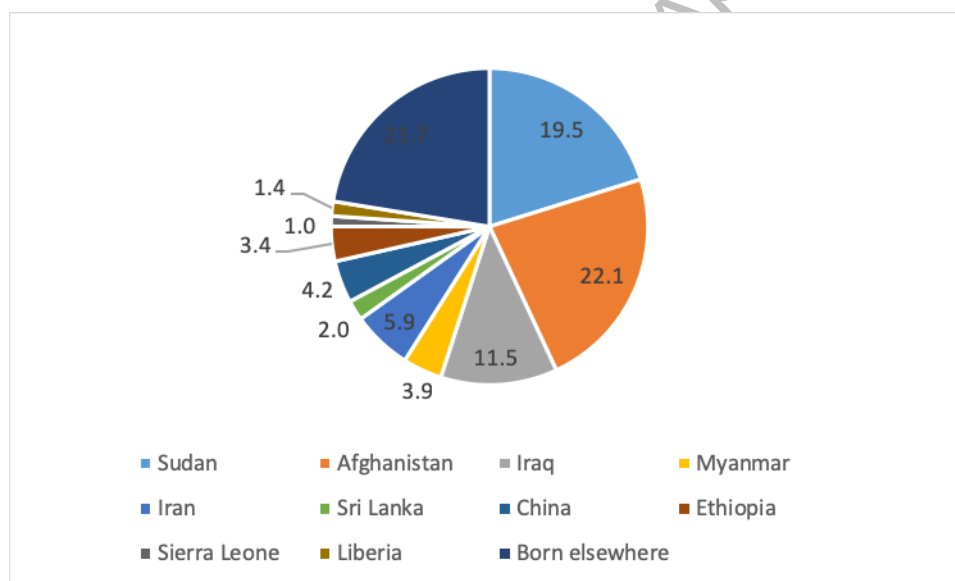
¹⁵ Australian Bureau of Statistics, “3418.0 - Personal income of migrants, Australia, 2013-14”, 27 July 2017 <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3418.02013-14?OpenDocument>

11.8% of migrants who had arrived on a skilled work visa since 2000 and 14.8% of family-visa migrants reported income from their own business in 2013-14, the latest year for which data is available.¹⁶

Refugees are not only the most entrepreneurial migrants; they are far more likely to start a business than the Australian population as whole. Since 14.6% of Australian taxpayers report income from their own business, refugees are nearly twice (1.75 times) as likely to be entrepreneurs as Australian taxpayers overall.¹⁷

In 2013-14, 18,336 humanitarian migrants earned \$346 million from their own unincorporated businesses, with a median income of \$15,716.¹⁸ Of those, 4,053 (22.1%) came from Afghanistan, 3,572 (19.5%) from Sudan and 2,108 (11.5%) from Iraq (Figure 3).¹⁹ The humanitarian migrants with the highest median income from their own business were from China (\$21,028), Afghanistan (\$19,245) and Iran (\$15,933).²⁰

Figure 3. Where refugee entrepreneurs originate, 2013-14 (%)



Source: ABS

Contrary to widespread perceptions, the ABS data suggests that in 2013-14 female refugees earned a slightly higher proportion of their income (16.1%) from their own business than male refugees (13.1%). They were also much more likely (30.3%) to report income from their own business than men (23.2%).²¹ However, their median income from their own business was lower: \$13,367 compared to \$17,788.²² The age distribution of male and female refugee

¹⁶ *Ibid*, Table 4. All the data in the rest of this section is from a recent effort by the Australian Bureau of Statistics (ABS) to integrate its datasets for personal income tax and migrants, with the most recent data available being for 2013-14.

¹⁷ *Ibid*, Table 11. One important caveat is that the Australian Tax Office (ATO) database has some limits to its coverage. People who receive an income below the tax-free threshold (\$18,200 in 2013-14) are not necessarily required to lodge a tax return and this can include people who derive their income from government pensions and allowances. In addition, some Australian government pension, benefit and allowance payments are exempt from income tax and therefore recipients are not required to include this income in their tax returns. Consequently, the coverage of all low-income earners is incomplete and government pensions and allowances are excluded from the data. In practice, then, the entrepreneurship rates among both refugees and the population as a whole are likely to be lower than the stated figures, since some low-income refugees and Australians of working age do not file tax returns, and nor do some pensioners – although some non-taxpayers may have (low) business income. In terms of the relative proportions of refugee and Australian entrepreneurs, refugees are more likely to have low incomes and Australians are more likely to be pensioners, so without complete data it is difficult to say how the relative findings would be affected.

¹⁸ *Ibid*, Table 1

¹⁹ *Ibid*, Table 2.3

²⁰ *Idem*

²¹ *Ibid*, Table 3.3

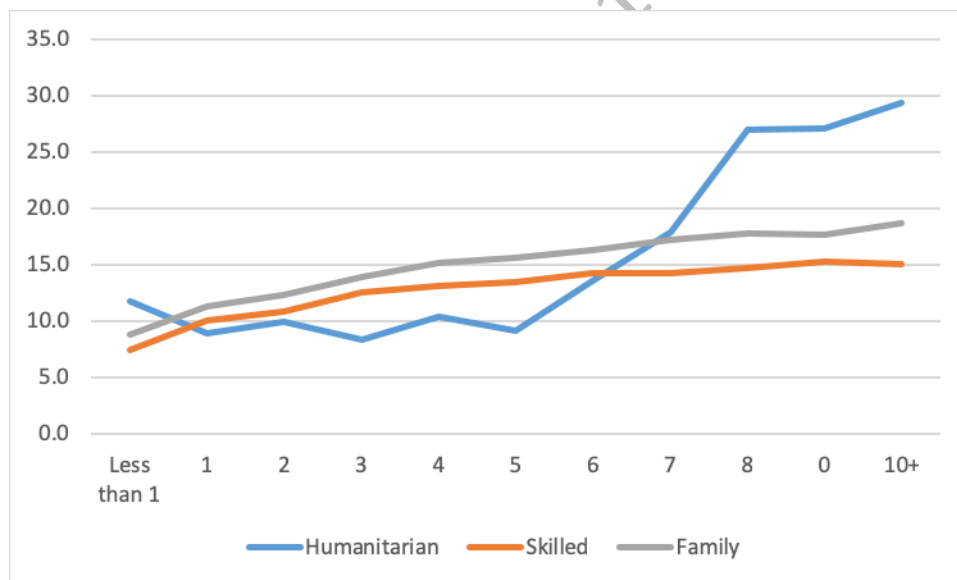
²² *Idem*

entrepreneurs was similar²³ and most were relatively young: the biggest cohort, 37.5%, were aged 25-34, while 33% were aged 35-44 and 14.3% were aged 45-54.²⁴

The main industries in which refugee entrepreneurs started businesses were health care and social assistance (34.8%), construction (24.9%) and transport, postal and warehousing (10.8%).²⁵ In terms of income, refugee entrepreneurs derived 33.4% of their business income from construction, 31.9% from healthcare and social assistance, and 9.5% from transport, postal and warehousing.

Data from 2009-10 suggested that, whereas the entrepreneurship rates of skilled and family migrants rose gradually in the years after their arrival, the entrepreneurship rate of refugees hovered around 10% for the first five years and then soared to overtake the rates of other migrants, reaching a much higher plateau around 27% after eight years' residence (Figure 4). According to the latest data from 2013-14, though, the entrepreneurship rate of humanitarian migrants immediately exceeds that of other migrants and then rises only gradually over time (Figure 5). One possible explanation may be that refugee entrepreneurs are making greater use of the recent rise of the gig economy; Uber, for instance, launched in Sydney in October 2012 and started its peer-to-peer ride-sharing service in 2014.

Figure 4. Proportion of migrants reporting own-business income, by years since arrival in Australia, 2009-10 (%)



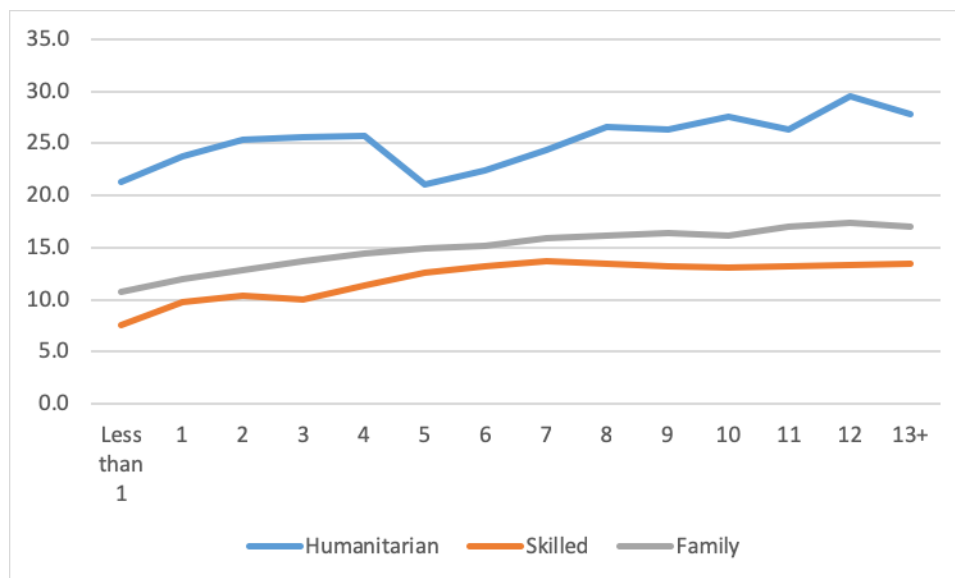
Source: Personal calculations from ABS

²³ *Ibid*, Table 3.3

²⁴ *Ibid*, Table 3.3

²⁵ *Ibid*, Table 6

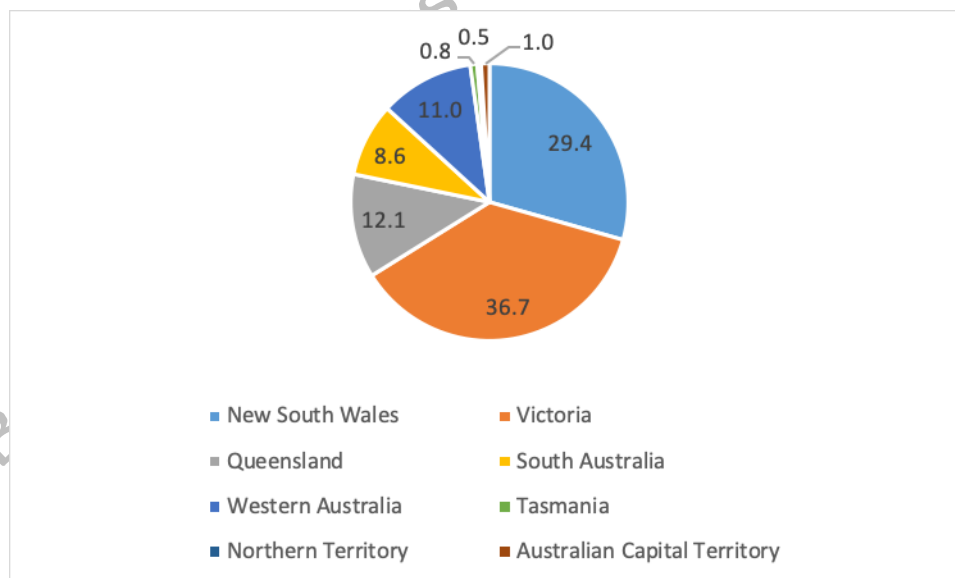
Figure 5. Proportion of migrants reporting own-business income, by years since arrival in Australia 2013-14 (%)



Source: Personal calculations from ABS

In terms of regional distribution, 6,726 refugee entrepreneurs were in Victoria (36.7%), 5,382 in New South Wales (29.4%) and 2,220 in Queensland (11%) (Figure 6).²⁶

Figure 6. Regional distribution of refugee entrepreneurs, 2013-14 (%)



Source: ABS

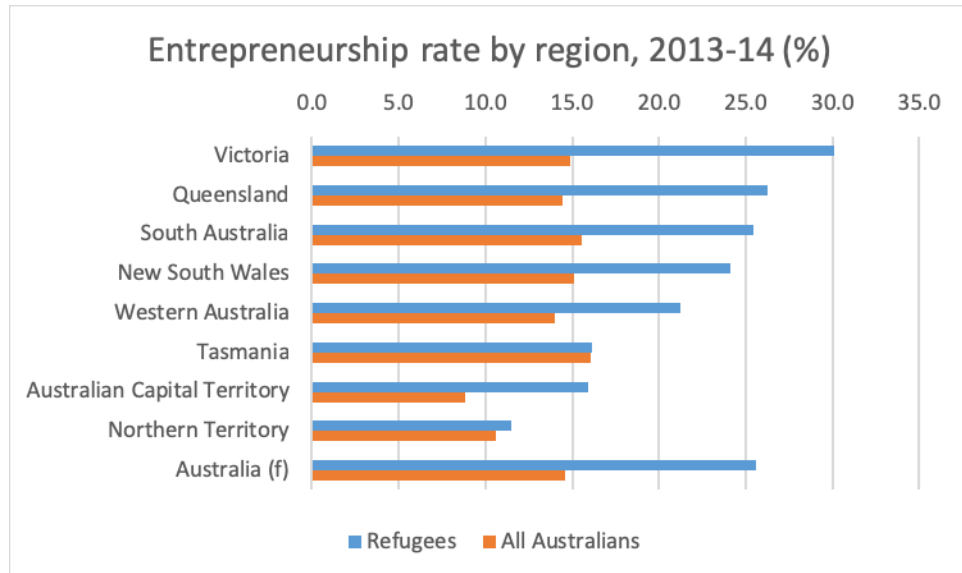
The highest refugee entrepreneurship rate was also in Victoria (30.1%), followed by Queensland (26.3%) and South Australia (25.4%), with much lower rates in Tasmania (16.2%), Australian Capital Territory (15.9%) and Northern Territory (11.5%) (Figure 7).²⁷ In Victoria the refugee entrepreneurship rate was twice that of the taxpayer

²⁶ Ibid, Table 11

²⁷ Idem

population as a whole, and it was at least 50% higher than the taxpayer average in all other states except the Northern Territory and Tasmania.²⁸

Figure 7. Refugee entrepreneurship rate by region, 2013-14 (%)



Source: ABS

In 2013-14, refugees had a lower median income (\$30,277) than Australian taxpayers as a whole (\$45,904).²⁹ But refugees had a higher median income from their own businesses (\$15,716) than Australian taxpayers in general (\$10,960), and then either skilled migrants (\$11,717) or family migrants (\$13,559).

In short, the overall picture for refugee entrepreneurs in Australia is broadly positive. Against the odds, refugees are disproportionately entrepreneurial. The same is true in many other countries (Box 2).



Image 2

²⁸ *Idem*

²⁹ *Ibid*, Table 12.

Box 2: Refugee entrepreneurship in other advanced countries

There is ample international evidence that immigrants generally tend to be much more entrepreneurial than locals. In Britain, for instance, migrants are nearly twice as likely to start a business as people born in the UK.³⁰

While international statistics on refugee entrepreneurship are sporadic, the available data shows that refugees tend to be particularly entrepreneurial. In the United States, for instance, the refugee entrepreneurship rate of 13% is higher than both that of other migrants and people born in the US.³¹

In the UK, migrants are more likely to be self-employed than people born in Britain, and refugees are the most likely to be so.³² Some 28% of refugee men were self-employed in 2012-13.³³

In Canada, 14.4% of refugees are business owners, a proportion that is on a par with economic and family migrants.³⁴ However, refugees are much more likely to be self-employed than economic migrants and people born in Canada.

It is hard to compare Australian data with data from other countries, not least because it covers only unincorporated business income, but also because it covers only those with sufficient taxable income to need to file a tax return. With that big caveat, refugee entrepreneurship rates in Australia look strong by international standards.

Explaining the paradox

Given that they face huge challenges and receive little specific support, why are refugees so often entrepreneurs?

Necessity is one reason. As CPD's *Settling Better*³⁵ report identified in Australia, and OPEN's *Step Up*³⁶ study highlighted internationally, refugees face many barriers to employment. Working for yourself may thus be a response to a lack of formal job opportunities. But this essentially negative framing of refugee entrepreneurship is at best a partial explanation. Given that most refugees in Australia don't find a job within five years of arrival, why do some start a business and not others? Also, why are refugees more likely to start a business than unemployed Australians?

Personal attributes and experience must be important too. People who have been forced from their home and their country, suffered immense hardship and made it to Australia tend to be resourceful and resilient. They have demonstrated a willingness to take risks, in fleeing their country and moving on to Australia. Having arrived, they tend to be desperate to work hard, rebuild their lives, become self-reliant and contribute to the country that has welcomed them. Resilience, risk-taking and resolve are three of the key personal attributes for would-be entrepreneurs. Many refugees also have business experience of some kind, albeit often in informal or family businesses.

³⁰ Centre for Entrepreneurs, "Migrant Entrepreneurs: Building our businesses, creating our jobs", 2014

³¹ New American Economy, "From Struggle to Resilience: The economic impact of refugees in America", June 2017
http://research.newamericaneconomy.org/wp-content/uploads/sites/2/2017/11/NAE_Refugees_V6.pdf

³² Office for National Statistics, "Survey of new refugees in the United Kingdom, 2005-2009",
<https://discover.ukdataservice.ac.uk/catalogue/?sn=6556>

³³ Office for National Statistics, "The reason for migration and labour market characteristics of UK residents born abroad: data tables", 2014, Table A7
<https://www.gov.uk/government/publications/the-reason-for-migration-and-labour-market-characteristics-of-uk-residents-born-abroad>. Insufficient data was available for women

³⁴ <https://www.statscan.gc.ca/eng/blog/cs/immigrant-entrepreneurs>

³⁵ Centre for Policy Development, "Settling Better: reforming refugee and employment services", February 2017
<https://cpd.org.au/2017/02/settlingbetter/>

³⁶ Philippe Legrain, "Step Up: How to refugees into work quicker", Open Political Economy Network and the Tent Foundation, August 2017
<http://www.opennetwork.net/step-get-refugees-work-quickly/>

Opportunity is another positive driver of refugee entrepreneurship. People with diverse perspectives and experiences are more likely to spot gaps in the market to provide for both the local and the wider community. For example, Vietnamese refugees in the US were the first to open nail salons there. Others helped popularise Vietnamese cuisine. David Tran, who fled Vietnam in 1979 and arrived in the US from a refugee camp the following year, established Huy Fong Foods. Its leading product is Sriracha Hot Chili Sauce, the red bottle that you see today in most Vietnamese restaurants.



Image 3

Many refugees in Australia become entrepreneurs against the odds. More could do so with appropriate support. In Section 2 we look at what programs already exist and how could they be improved.

EMBA

2. SMALL STARTS, BIG GAPS: CURRENT POLICIES AND INITIATIVES

There are many programs and initiatives across Australia to help refugees become economically active, but they tend to focus on employment and neglect entrepreneurship.

Federal, state and local governments rarely acknowledge self-employment and business formation as a viable option for refugees, let alone offer specific support. More broadly, they generally fail to recognise the nature of the modern Australian labour market, where a refugee (or indeed an Australian-born citizen) may have a part-time job while also driving for Uber and running a business importing products from overseas.






Fortunately, non-governmental organisations (NGOs) are stepping into the breach. Innovative schemes are proliferating, with promising approaches to supporting and promoting refugee entrepreneurship. But they typically lack scale and funding, and have very limited geographic coverage. Much more needs to be done.

Support for refugee entrepreneurship could be provided in at least five different ways, through:

1. General programs to encourage entrepreneurship, such as the federal government's Entrepreneurs' Programme and its New Enterprise Incentive Scheme (NEIS);
2. Specific schemes for refugees that are part of general programs to encourage entrepreneurship, such as NEIS's Highly Disadvantaged trial;
3. General programs to improve refugees' economic participation, such as the federal government's Humanitarian Settlement Programme (HSP);
4. Specific schemes to encourage entrepreneurship that are part of general programs to improve refugees' economic participation, such as Ignite Small Business Start-ups launched by Settlement Services International (SSI);
5. Specific schemes that are stand-alone, such as Thrive Refugee Enterprise.

Table 2 sets out the characteristics of existing programs.

Table 2. Programs that (could) support refugee entrepreneurship

Program	Type	Funder/Provider	Geographical scope	Launched	Focus
Entrepreneurs' Programme ³⁷ 	1	Federal government-funded	National	2014	Established entrepreneurs
New Enterprise Incentive Scheme (NEIS) ³⁸ 	1	Federal government-funded	National	1985	Unemployed would-be entrepreneurs
NEIS Highly Disadvantaged Trial ³⁹ 	2	Federal government-funded	National	2018	Refugee & migrant entrepreneurs
LaunchVic funds 5 projects to encourage refugee & migrant entrepreneurship ⁴⁰ 	2	Independent state-government funded agency	Victoria	2017	Refugee & migrant entrepreneurs in high-growth start-ups
Ignite Small Business Start-ups ⁴¹ 	4	NGO (Settlement Services International)	Sydney, Queensland*	2013	Refugee entrepreneurs

³⁷ <https://www.business.gov.au/assistance/entrepreneurs-programme>

³⁸ <https://www.jobs.gov.au/self-employment-new-business-assistance-neis>

³⁹ <https://docs.jobs.gov.au/documents/additional-services-neis-highly-disadvantaged-trial-2018-19-2019-20>

⁴⁰ <https://launchvic.org/>

⁴¹ <https://www.ssi.org.au/services/ignite>

Stepping Stones to Small Business ⁴²		4	NGO (Brotherhood of St Laurence)	Victoria	2011	Female refugee and migrant entrepreneurs
Four Brave Women ⁴³		4	NGO (The Trading Circle)	Sydney	2018	Female refugee entrepreneurs
The ASRC Entrepreneurs Program ⁴⁴		4	NGO (Asylum Seekers Resource Centre)	Victoria	2014	Asylum-seeker entrepreneurs
SisterWorks ⁴⁵		5	Non-profit	Victoria	2013	Female refugee and migrant entrepreneurs
Thrive Refugee Enterprise ⁴⁶		5	Non-profit	New South Wales, Victoria	2017	Refugee entrepreneurs
Catalysr ⁴⁷		5	Non-profit	Sydney	2016	Refugee and migrant tech entrepreneurs

Source: authors' research and analysis

* Ignite is now being rolled out in Queensland by Access in partnership with SSI

As explained below, this simple typology allows us to highlight some early key findings.

- Type 1 general entrepreneurship programs, such as NEIS, rarely meet refugees' specific needs.
- Type 2 specific schemes for refugees within general entrepreneurship programs, such as NEIS Highly Disadvantaged Trial, are more promising.
- Type 3 general programs for refugee economic participation that include support for self-employment and business formation do not exist in Australia, but ought to do so.
- Type 4 specific entrepreneurship schemes that are part of general programs to encourage refugees' economic participation, such as SSI's Ignite, account for most of the little assistance provided to refugee entrepreneurs.
- Type 5 stand-alone specific schemes for refugee entrepreneurs, such as Thrive, are very new, but show promising outcomes.

The rest of this section outlines and analyses the various support schemes that refugee entrepreneurs could potentially access.

2.1 Federal entrepreneurship programs



The **Entrepreneurs' Programme**, the federal government's flagship initiative for business competitiveness and productivity, offers support to businesses through four elements: accelerating commercialisation, business management, incubator support and innovation connections.⁴⁸

In principle, it could provide help to established refugee-owned businesses. But to get their businesses to the stage where they could benefit from such support, most refugee entrepreneurs need more basic help, such as obtaining a loan without a credit history. The Entrepreneurs' Programme provides grants of up to \$500,000 to incubators, but these are only for incubators that foster businesses focused on international trade.⁴⁹ While some refugee-

⁴² <https://www.bsl.org.au/services/refugees-immigration-multiculturalism/stepping-stones/>

⁴³ <http://www.thetradingcircle.com.au/fourbravewomen>

⁴⁴ <https://www.asrc.org.au/entrepreneursprogram/>

⁴⁵ <https://sisterworks.org.au/>

⁴⁶ <http://thriverefugeeenterprise.org.au/>

⁴⁷ <https://catalysr.com.au/S>

⁴⁸ <https://www.business.gov.au/assistance/entrepreneurs-programme>

⁴⁹ <https://www.business.gov.au/Assistance/Entrepreneurs-Programme/Incubator-Support-New-and-Existing-Incubators>

founded businesses boost international trade — notably with their country of origin — the incubators that support them aren't focused on exporting companies and so are not eligible for grants.

New Business Assistance

with NEIS

The New Enterprise Incentive Scheme (NEIS) offers accredited small-business training, mentoring and support to help unemployed people (as well as other eligible people such as retirees) start small businesses.⁵⁰

Funded by the Department of Jobs and Small Business, it provides 8,600 places per financial year, delivered by a network of 21 NEIS providers across the country. Participants deemed to have a viable business idea obtain up to 13 weeks' training for a Certificate III in micro-business operations or a Certificate IV in new small business, during which time they must develop a business plan. During the first year of operating their new business, entrepreneurs can obtain advice on organisational, financial and marketing issues from business mentors.

A key advantage of the program is that participants registered with Centrelink receive a NEIS allowance (equivalent to the single-adult rate of Newstart) for 39 weeks and rental assistance (if eligible) for 26 weeks that is not affected by business income. This gives fledgling entrepreneurs some breathing space to get their business off the ground before losing government support.

The most recent evaluation of NEIS, in 2008, found that since its launch in 1985 it had helped some 150,000 unemployed people obtain training, of whom 83% had been able either to start a business or to get a job within three months of graduating from the program.⁵¹ That is impressive. However, these new businesses were mostly micro-enterprises: 16 months after leaving the program, NEIS entrepreneurs had created an average of only 0.66 jobs per business. Moreover, only 46% of new firms survived after 16 months, compared with a 60% survival rate between 2007 and 2011 among Australia's general entrepreneur population. Just over half of those whose NEIS business failed said this was due to a lack of either capital or profitability.

Regrettably, few refugees benefit from NEIS. Of the 19,929 people who started a NEIS business between 1 July 2015 and 31 October 2018, only 325 (1.6%) identified as refugees.⁵² One major hurdle is the lack of language support for those who aren't fluent in English. Participants need to be able to read and write English in order to obtain one of the business certificates that are a required part of the course. Literacy and numeracy support is not provided and mentoring is limited.

Promisingly, NEIS ran a trial from December 2016 to June 2018 for highly disadvantaged applicants who face greater challenges in starting a business, such as poor literacy and numeracy, cultural issues or difficulties with traditional classroom-based training. Of the 509 participants who started their NEIS business under the trial between December 2016 and 31 October 2018, 32 (6.3%) identified as refugees. One 2017 trial conducted by the Holmesglen Institute, a NEIS provider in Melbourne, involved four programs for a total of 40 refugee students involving 6-7 weeks of face-to-face training over three months. Fewer than half finished the course and only ten opened businesses.⁵³

Since July 2018, the second two-year iteration of the Highly Disadvantaged trial has focused on refugees and migrants.⁵⁴ It allows NEIS providers to try out innovative ways to help refugees and migrants start a business. They can provide flexible training, formal or informal, that need not be for the two business certificates that are normally required. And from the start of training they can also offer enhanced mentoring, which may be from an expert from a similar cultural background. This can include advice on, and support in, accessing language, interpretation and

⁵⁰ https://docs.jobs.gov.au/system/files/doc/other/may_2018_-_program_fact_sheet_for_neis_final.pdf

⁵¹ Department of Education, Employment and Workplace Relations, "New Enterprise Incentive Scheme longer-term outcomes: A longitudinal study of outcomes from the New Enterprise Incentive Scheme", June 2008

⁵² Interview with Nikita Sharpe

⁵³ Interview with Arie Moses

⁵⁴ https://docs.jobs.gov.au/system/files/doc/other/additional_services-highly_disadvantaged_trial_2018-19_to_2019-20_final.pdf


other assistance, developing a business plan, finding suitable premises, and obtaining a small business loan or microfinance.

The trial appears to address many of the challenges that refugees face in participating in NEIS, but it is too early to evaluate its success. Moreover, no additional places are available for the trial and NEIS providers aren't entitled to additional funding for it, so it remains to be seen how large the take-up will be and whether the additional services will be adequately resourced.

NEIS is now also running a two-week full-time "Exploring Being My Own Boss" workshop as a feeder program, but this is solely in English.⁵⁵

2.2 State entrepreneurship programs

At state level there is hardly any government support for refugee entrepreneurs. One exception is Victoria, where there are tailored **Small Business Victoria** workshops for refugee and migrant entrepreneurs.⁵⁶

 **LaunchVic**, an independent agency established by the Victorian government in 2016 to promote the state's start-up ecosystem, also places refugee and migrant entrepreneurship at the heart of its work. Its third funding round in 2017 invited proposals for programs that improve access to, and participation in, the local start-up ecosystem for refugee and migrant entrepreneurs. Some \$1.4 million in funding has been allocated to five projects.⁵⁷

- Laika Academy, a social enterprise, is creating The Generation Launch to help up to 400 refugees and migrants engage with the local start-up eco-system through workshops, internships, education programs and networking events;
- YGAP is expanding its accelerator program by creating YGAP First Gens to support start-ups led by refugees and migrants through workshops, an intensive early-stage accelerator program and an incubator to provide additional support for ventures;
- Hatch Quarter is expanding its International Start-up Entrepreneurs meet-ups and developing a playbook to help prospective refugee and migrant entrepreneurs;
- Enterprising Partnerships is delivering Cultov8, a program of ten hackathons to support 300 young refugee and migrant entrepreneurs aged 18-30, with the most promising 80 going on to a 12-week pre-accelerator program;
- Free to Feed, a not-for-profit social enterprise that engages refugees and migrants in innovative food-based enterprises, is establishing Now to Launch, a food enterprise hub and start-up incubator for 60 high-growth food start-ups.

In seeking to integrate refugee and migrant entrepreneurship into its work, LaunchVic is a role model for other federal and state bodies that promote entrepreneurship. But it is too early to evaluate the success of the five projects that it is funding, and its focus on high-growth start-ups needs to be complemented by other initiatives to promote self-employment and small-business formation.

2.3 Non-governmental entrepreneurship programs

NGOs provide some successful and promising initiatives, but these are small and limited in terms of funding, time and space. Examples are Ignite, Thrive, Catalysr and the Asylum Seeker Resource Centre (ASRC) Entrepreneurs' Program.

⁵⁵ <https://jobsearch.gov.au/jobseeker-info/exploring-workshop-providers>

⁵⁶ <http://www.business.vic.gov.au/events?query=new%20migrants%20and%20asylum%20seekers>

⁵⁷ LaunchVic, "2016/17 Annual Report"



Ignite Small Business Start-ups — provided by SSI, Australia’s largest not-for-profit humanitarian settlement organisation — helps newly arrived refugees in Sydney establish and expand small businesses through an innovative “social ecology model” that was initially based on the Sirolli model.⁵⁸ The Ignite model is being replicated in Brisbane by Access, in partnership with SSI, and is also being exported to Canada.

Ignite’s wide-ranging, hands-on approach involves one-on-one business, emotional and practical support from trained enterprise facilitators who connect refugees to suitable members of a resource team that includes industry experts and volunteers from local businesses. The latter share their business knowledge and skills, and support refugees through the process of business development (and indeed help them adapt to life in Australia).

The Ignite process has four stages:

- **Engage.** SSI case managers (or others) refer would-be entrepreneurs to an enterprise facilitator who gauges their entrepreneurial potential. Key criteria are the passion to start a business, a willingness to seek advice, the capacity to learn and make independent business decisions, and a viable business proposition.
- **Empower.** Prospective entrepreneurs are given further information and are tested to assess whether their product and service concept are viable. They are also asked to review their strengths and capacities and to identify whether they need help with sound financial management, quality administration and compliance, and effective marketing. They are then connected to relevant volunteers from the Ignite network, who engage intensively with them. Members of the resource team can provide help on every aspect of business development, such as obtaining an ABN, developing a website, obtaining appropriate certificates and training, developing a business plan, finding suppliers, seeking distribution opportunities and linking clients to micro-finance organisations. Specific training is provided in complying with employment law and food-safety regulations (where appropriate) and applying to local councils for development permits.
- **Establish.** Once Ignite clients are deemed ready to start a business — including having a registered business name, a functioning website, professional promotional materials and a capacity to invoice and receipt money — the business is officially launched and starts trading.
- **Evolve.** Ignite entrepreneurs exit the program through a formal graduation process. For those with successful businesses, this involves learning to operate and grow the business without program support. This may involve obtaining external finance or forming professional partnerships. Those with less successful businesses — or those not yet ready, willing or able to grow the business into a sustainable enterprise — may suspend or stop the start-up. Final referrals and information are provided. Graduates are invited to remain connected to the program and support future Ignite entrepreneurs.

More than 500 clients have received support so far. Of the 110 who have launched businesses, a quarter are women and three quarters are men. Almost two-thirds of the entrepreneurs have generated enough income to be economically independent and between them they have created 68 additional jobs. The top three sectors for new businesses are food, cafés and restaurants; trade and construction; and hair and beauty.⁵⁹

A rigorous evaluation of the initial three-year pilot project by Professor Jock Collins of the University of Technology Sydney (UTS) Business School concluded that Ignite was “very successful” (Box 3).⁶⁰

⁵⁸ For details on the Sirolli model, see <https://sirolli.com/>

⁵⁹ <https://www.ignite.ssi.org.au/work-we-do/what-we-have-achieved/>

⁶⁰ Jock Collins, “From Refugee to Entrepreneur in Sydney in Less Than Three Years: Final Evaluation Report on the SSI Ignite Small Business Start-ups Program”, February 2017 https://www.ssi.org.au/images/stories/documents/Ignite/SSI_Ignite_evaluation_report_2017.pdf

Box 3: An evaluation of Ignite

During its initial three-year pilot (2013-16) the Ignite program accepted 240 clients (186 men and 54 women) from 30 countries and with 27 different first languages. Most were located in the western and southwestern suburbs of Sydney, had limited English and came from either Iran (87), Iraq (34) or Syria (23). Around half had experience as entrepreneurs before arriving in Australia.

Ignite helped create 61 new refugee businesses in 2013-16 – a 25% success rate – as well as 20 additional jobs, mostly for other refugees. Although the success rate may seem low, Collins argues that it would have been much higher but for capacity constraints: there were only two enterprise facilitators and they were working full-time with those 61 entrepreneurs.

Thirteen (42%) of the male entrepreneurs and five (63%) of the female entrepreneurs reported that their business was profitable. Most expected or wanted to expand their business in the coming five years, while an equal number expected to begin hiring workers or expand their workforce over the same period. Participants also improved their English, social connections and participation in Australian life.

Success stories included: a man whose family in Kenya grew coffee and who developed a business to import the beans to Australia; an Iranian woman who had been a photographer in Iran and who developed a photography business in Sydney; an Iraqi man who had a construction business in Iraq and who was now working as a sole trader while building up capital to tender for his first contract; and a 22-year-old Afghan man who within six weeks of arriving started an export business that was highly profitable within six months.

The evaluation did not include a cost-benefit analysis and SSI will not reveal Ignite's budget, but Professor Collins reckons it was around \$500,000 over three years. If his estimate is correct, it was a good investment, since he reckons that Ignite saved at least \$880,000 in annual Centrelink payments.



Thrive Refugee Enterprise, a stand-alone not-for-profit organisation, helps refugees and asylum seekers in New South Wales and Victoria start and grow new businesses by providing pre-loan help in developing a business plan together with information on Australian regulation, laws and taxes; loans of up to \$25,000 at a 9.5% interest rate; and post-loan mentoring.⁶¹

Launched in 2017, Thrive has already helped more refugee entrepreneurs than any other initiative in Australia. As of the third quarter of 2018, 590 entrepreneurs were being assisted (and 78 were new that quarter). A total of 133 businesses had been established (with 30 new that quarter), 16% of them by women. It had lent \$2.5 million (\$0.6 million new that quarter) and helped create 158 permanent jobs (23 new that quarter). Thrive calculates that “for every 30 businesses created, \$3 million is saved for Centrelink in three years, and \$1 million in taxes is paid”. An entrepreneur who set up a driving school business thanks to Thrive is profiled in Box 4.

According to CEO and founding director Huy Truong, the motivation for establishing Thrive was to tap into refugees' entrepreneurial drive, and thus enable them to integrate faster into Australian society as active contributors to the economy. As highlighted in the introduction to this report, Truong himself was a refugee who arrived by boat from Vietnam and became a successful entrepreneur in Australia.

Thrive has grown quickly thanks to an initial \$2 million interest-free loan from Westpac bank, which was provided for corporate social responsibility reasons and to attract valuable future clients. Further funding for operational expenses has been provided by the founders (Truong, along with John and Anna Curtis) and other private donors,

⁶¹ <http://thriverefugeeenterprise.org.au/about-us/#section-focus-areas>

while corporate partners such as Allianz, KPMG, Gilbert & Tobin, Korn Ferry, SHK, Newgate and Equifax provide *pro bono* support.

Box 4: Kinan Al Halabi, a Thrive entrepreneur



Kinan Al Halabi arrived in Australia in August 2016, after fleeing the civil war in Syria and spending a year in Lebanon. He spoke English, had a university degree, had taught computer science in Syria and had experience working for Swedish telecoms company Ericsson. Yet his qualifications weren't recognised in Australia and obtaining an Australian degree would have taken three years, so the best job he could find was as an entry-level business analyst for Telstra. So on Sundays he took a course to become a driving instructor. His Australian-born brother in law was a driving instructor and Kinan reasoned that "because I was working for 15 years in teaching, I feel that maybe I will be able to do that job — and that is what happened." Thanks to a loan from Thrive, he was able to buy a car and start his own business.

Kinan is full of praise for refugee support services. "SSI do an amazing job, because they provide all the refugees with lots of information about who can help them, and Google can help you too! Thrive helped me to establish this business, because they gave me money. And a big part of my success was from doing the NEIS program." Sydney Business, a NEIS provider, helped him develop a detailed business plan. That in turn enabled him to obtain a loan from Thrive. Kinan was also provided with a mentor, whom he met twice, but with his brother-in-law to help him, he did not need much additional advice.

While he got his business off the ground, Kinan spent a month working as an Uber driver. "The main reason for that work was learning English. Every client, I ask them to practice English, and I got very amazing feedback [Uber ratings]!" He enjoyed working for Uber as the timing was flexible and it allowed him to earn decent money. Kinan's nine-month NEIS allowance also helped, and his wife works as well.

Kinan's business took off very quickly, so he soon stopped driving for Uber. In his first year as a driving instructor he worked seven days a week; now he works six, sometimes for 12 hours a day. He feels more confident and comfortable as an entrepreneur and is delighted to no longer be reliant on Centrelink benefits.

"I don't like to take anything for nothing," he says. "I am always trying to improve my business. I use everything I learned in my studies [with NEIS and Thrive], and I use my teaching skills [from his work in Syria]. All these things make my business successful." So successful, in fact, that he is already thinking of starting another one, since he can't readily expand his current one. "All of my clients are very happy," he says. "But I can't do more than what I am doing

Kinan is eager to improve his English but has found that there are no TAFE English courses available in the evening at a level higher than Certificate 2. "I hope I can study Certificate 3 and 4 at the evening class because I have to work in the morning," he explains.

Kinan's loan from Thrive is for three years. "Every month I receive a call from them to see how it is going. And they ask if I am having any problems - fortunately I am not." Kinan has made a video with Thrive for their website, as well as one with the Department of Jobs and Small Business.

Some would-be borrowers apply to Thrive directly, while others are referred from its many partners.⁶³ So far, at least 98% of loans have been repaid, although Truong cautions that the program is still in its infancy. Since applicants lack a credit history, collateral and guarantors, Thrive bases its lending decisions on character assessments and their track record since arriving in Australia. Relevant considerations include whether would-be borrowers are learning

⁶³ <http://thriverefugeeenterprise.org.au/partners/>

English, whether they are working in some capacity, what their lifestyle and family situation is, and whether they are paying their phone bills.

Thrive has an impressive record. Westpac has now agreed to extend the initial \$2 million capital to \$4 million, allowing Thrive to service many more of the 500 applicants currently in the pipeline. Other banks have also expressed an interest to be involved. Thrive aims to support 1,000 refugee business clients and create many more jobs.

catalysr **Catalysr**, a pre-accelerator in Sydney for early-stage tech start-ups, offers intensive entrepreneurship programs to help “high-performing” refugee and migrant entrepreneurs develop their business ideas.

It was co-founded in 2016 by CEO Usman Iftikhar, who had recently arrived in Australia and realised that many skilled refugees and migrants were struggling to find jobs and might find more opportunities as entrepreneurs. Since then it has supported 63 teams totalling 101 entrepreneurs – around 40% of them women – with 30 businesses created.⁶⁴ While Catalysr does not provide data on how many participants arrived as refugees, Iftikhar estimates the proportion to be roughly 20%. He believes Catalysr can also help create positive connotations about migrant entrepreneurs in Australia, while helping entrepreneurs to develop their identity and self-confidence.

Catalysr’s program begins with a start-up bootcamp outside Sydney where participants meet and learn start-up basics. The subsequent six-month pre-accelerator program involves: one-on-one mentoring; introductions to investors, potential customers and follow-on accelerator programs; fireside chats with entrepreneurs; office hours with industry and start-up mentors; and services such as co-working space, accounting and legal help on a needs basis. Training is provided on Australian business norms and laws as well as practical assistance on how to speak to mentors, investors and other stakeholders, often through mock interviews, and how to pitch an idea effectively. The program concludes with a demo day for top start-ups to pitch to investors for seed funding.



The ASRC Entrepreneurs Program offers individual coaching, advice and mentoring, networking meet-ups and co-working spaces for asylum seekers in Melbourne who want to start their own business.⁶⁵

Launched in 2014 with funding from Virgin Unite, it has so far helped more than 100 participants, launched 10 businesses and developed a coaching framework.⁶⁶ The program involves three phases: goal setting and planning; learning business fundamentals and building networks; and developing a business plan and seeking microfinance.

In the first phase, participants develop a working relationship with business coaches — experienced business people trained to coach asylum seekers — to clarify their business ideas, identify their existing capabilities and develop new skills and knowledge to achieve their business goals. With the support of their coach, each participant then completes a business development plan.

The second phase begins with a workshop on the basics of doing business in Australia by the state government agency Small Business Victoria. Participants and coaches also have access to online learning resources, and participants can network and build relationships with other business owners and industry experts through events and activities.

In the third phase, participants who qualify are supported to develop a business plan and to access small start-up loans from microfinance partners, including Thrive and Many Rivers, a non-profit that assists people who cannot access traditional financial support.⁶⁷

⁶⁴ Interview with Usman Iftikhar

⁶⁵ <https://www.asrc.org.au/entrepreneursprogram/>

⁶⁶ Interview with Abiola Ajetomobi

⁶⁷ <http://www.manyrivers.org.au/>

2.3 Entrepreneurship programs for female refugees

Female refugee entrepreneurs often need specific support for a variety of reasons. Women from more traditional societies tend to be primarily responsible for childcare, and so can attend courses only during school hours. Other mothers are in Australia without their husbands.⁶⁸ Some women may feel more comfortable learning with other women. They may have preconceptions about their capabilities and need to boost their self-confidence, especially if their husband is reluctant to have them to work outside the home. They may face increased discrimination in Australia too. Several initiatives cater specifically to female refugee entrepreneurs, notably Stepping Stones to Small Business, SisterWorks and Four Brave Women.



Stepping Stones to Small Business is a program of the Brotherhood of St Laurence (BSL), a non-profit that seeks to alleviate poverty across Australia. It provides training and mentoring to help female refugees and migrants start businesses in Victoria through a “strengths-based, gender-aware and holistic practice framework”.⁶⁹

Launched in Melbourne in 2011 with financial support from the AMP Foundation as a three-year pilot program, Stepping Stones now involves four key components:

1. **Empowerment Pathways Program.** This five-day program helps participants make informed decisions about whether to start a business or pursue education, training or employment. It helps them identify their strengths, improve their time management and financial literacy, explore their business aspirations, set goals and learn about the day-to-day operations of running a small business.
2. **Stepping Stones to Small Business Entrepreneurs Course.** This ten-day culturally tailored course, provided in partnership with Small Business Victoria, aims to boost the confidence and business skills of 20 women who feel ready to develop a business plan. Topics include: how to start a business, record keeping, budgeting, marketing and developing a business plan. The course also includes English-language support workshops. Childcare is provided for both courses, and workshops take place one day per week during school hours.
3. **Ongoing support over three years** that includes one-on-one mentoring, access to microfinance through a partnership with the Commonwealth Bank of Australia,⁷⁰ marketing support at festivals and expos, and help with childcare, transport and referrals for employment assistance and family support services.
4. **Training of female mentors.**

An in-house evaluation in July 2018 found that, since its launch, Stepping Stones had delivered business seminars to 1,403 participants, supported 228 entrepreneurs from 57 different countries and trained 164 volunteer business mentors.⁷¹ Since its launch, nearly half of the course’s 1,228 graduates were receiving a regular income from their business. Additional participant benefits included increased financial literacy, business acumen and economic and social participation.

Nearly two-thirds of the 44 Stepping Stones graduates between 2016 and 2018 were from refugee backgrounds from 16 different countries.⁷² Half of those 28 entrepreneurs were receiving a regular income from their business and the other half continued to develop their business idea. About a third were undertaking further training or education and around one fifth were employed. Nearly all participants reported that their social networks had improved.

⁶⁸ For instance, female refugees who have suffered gender-related violence and do not enjoy the protection of a male relative can enter Australia on a Woman at Risk Visa (subclass 204).

⁶⁹ <https://www.bsl.org.au/services/refugees-immigration-multiculturalism/stepping-stones/>

⁷⁰ This partnership with the Commonwealth Bank of Australia may soon be ending.

⁷¹ Rebecca Pinney Meddings, “Stepping Stones to Small Business Final Report”, Brotherhood of St Laurence and AMP, July 2018

⁷² Interview with Rebecca Meddings

Box 5: Faven, a Stepping Stones graduate⁷³

Faven⁷⁴ arrived in Australia in 2003 from Eritrea via Egypt. “As soon as I arrived, I worked. I did some cleaning... some cashier work in a parking lot... some aged care work, I did nursing, I’ve done lots of work before,” she explains. “In the beginning, the work like the cleaning and cashier [work] didn’t need any qualifications. Then I did [a] six-month qualification in aged care, and then I worked about three years. At the same time, I was doing my nursing degree, which I finished in 2008, and then I started working in mid-2008. But then I had two babies, and because of the maternity leave I can’t go to my shifts, so I had to stay at home, and my brain wanted some work,” she says. “So, I did this [the Stepping Stones] course in my maternity leave.”

Faven learned about Stepping Stones from a flyer in 2014. “I was thinking of starting my own business, that’s why I was encouraged to do the program,” she explains. While she had no previous business experience, she did have a business idea. “An online business... to sell jewellery, electronics, and anything that I can make money.”

By then she spoke good enough English to apply for NEIS. But she wasn’t ready to commit full time to her business, since she was also caring for four children. “I couldn’t do it [NEIS] at my own pace.”

Her experience with Stepping Stones was mixed. “There were other women with a similar background, refugees.” She could see both pros and cons to the fact that Stepping Stones is solely for women. “With women you feel free to share some experiences, but at the same time you feel, what if my brother would want to do it?”

The timing of the course, which was three days a week for eight weeks, helped with childcare. “It was good that it started later, about 10 or 10.30am, so I had time... to send my children to school or to their childcare and arrive in the program [on time].”

She felt that a downside was that the training didn’t lead to a formal, recognised qualification. Her experience with her mentor, whom she met a few times, could also have been better. “It was good – my mentor had an online business, and she shared her experience how she got her website, how she does things. But it wasn’t as close as... I mean the mentorship was... we could speak, but I did not benefit largely from the mentorship.” Faven feels a work placement in an online business would have been more helpful. “I would see all the interactions, all the processes – it gives you hands-on experience.”

She pointed to other areas where Stepping Stones could improve. “I think perhaps, for example, [it could have taught me about] following up with my clients, or collecting my clients’ data for example to improve my email marketing. Or the technology, they didn’t even mention anything about that – that’s something I would have liked to learn!” The Stepping Stones program has since introduced technology workshops.

Since finishing the course, she has benefited from follow-up workshops, catch-up lunches, a Facebook page and an ongoing BSL contact. She has attended some business training workshops at BSL as well as doing online training.

In 2017, she registered a business name and created a website. “I sell from home a little bit, but it is not a big business. It is going ok, the clients are coming slowly.” She sells jewellery, clothing, cosmetics and other items.

Ideally, Faven would like an experienced mentor from the Middle East or Asia. She could also do with funding but is reluctant to seek a loan. “I don’t like the idea of a loan, I don’t want to get into debt.” She’d also like to export. “Hopefully in the near future I will be able to sell not only in Australia, but worldwide. If the business goes international there is no limit.”

⁷³ Personal interview.

⁷⁴ Faven is a pseudonym to protect her privacy



SisterWorks, a not-for-profit social enterprise that helps female refugees, asylum seekers and migrants become financially independent and happily settled in Australia, employs a learning-by-doing model to help women learn how to work and create a business within a supportive network.⁷⁵ It focuses on helping the most vulnerable and marginalised women, who may be mothers and family carers with limited English skills and little or no work experience, and who are also unfamiliar with Western culture, socially isolated and illiterate in their own language.

Its “home” in the inner-city Melbourne suburb of Richmond includes a design lab where women learn to make high-quality products; a commercial kitchen where participants learn to cook at a business level and make retail-quality packaged food under the guidance of a professional chef; a shop where they learn to sell their handcrafts and packaged food; and a business hub to support new entrepreneurs in creating a sustainable micro-business once they have the confidence to promote their marketable product.⁷⁶ A further shop is nearby in South Yarra, with pop-ups elsewhere. Revenues are shared between the entrepreneurs and SisterWorks.

Between its launch in 2013 and June 2018, 187 entrepreneurs have been supported, 20 of whom have started their own business. In 2017-18 a further 68 entrepreneurs were invoicing SisterWorks and together earned \$87,183.

Four Brave Women (FBW), an initiative of The Trading Circle, a not-for profit that seeks to create economic and education opportunities for women and girls, employs a similar model to SisterWorks.⁷⁷ While it focuses on women, it also takes on some men.

Launched in April 2018 in the inner-west Sydney suburb of Summer Hill, FBW seeks to empower refugees to operate and grow their own small business in an inclusive and well-supported environment. It does so primarily through a café that provides refugees with experience of the day-to-day running of a small business, working in a commercial kitchen and serving customers. After a cycle of eight weeks, the goal is for them to gain enough capital and knowledge to branch out and establish a business of their own.

During those eight weeks, refugees also receive education and training on the Australian workplace and regulations such as health and safety, as well as informal mentoring. Refugees are able to test their business idea, menu, business plan and readiness to start their own business. While refugees must cover all of their costs, including rent, they retain any profits they make. The first group earned \$58,000 in eight weeks, \$25,000 of which was profit. Participants’ children often accompany them.

FBW received initial funding from The Trading Circle and Good Shepherd Australia New Zealand, along with substantial volunteer support. In its first 11 months, refugees made around \$260,000 in profit, with a further \$130,000 going towards overheads. FBW seeks to be entirely self-sufficient within five years.

Next door to the café and kitchen, a bakery which offers Ukrainian, Iranian, Syrian and Russian sweets and savoury pastries has been established. There is a store that sells fair-trade products made by women in the Asia-Pacific region. FBW also trains baristas in collaboration with Sacred Grounds Coffee Company and bar staff together with The Temperance Society. FBW accepts contracts for larger catering events and hosts events within the café, such as Iraqi barbecue nights.

FBW partners with SSI’s Ignite, which refers suitable clients to FBW and provides them with the necessary requirements to start a business in Australia.

Promising but patchy

As this overview has highlighted, Australia has a growing number of promising and worthy initiatives to help refugee entrepreneurs. Yet support remains patchy at best. It is almost exclusively concentrated in New South Wales and

⁷⁵ <https://sisterworks.org.au/about-us/>

⁷⁶ <https://sisterworks.org.au/wp-content/uploads/2018/10/SisterWorks-Annual-Report-2017-18e-smaller1.pdf>

⁷⁷ <http://www.thetradingcircle.com.au/fourbravewomen>

Victoria, and more specifically in Sydney and Melbourne. It is primarily provided by the not-for-profit sector, with varying degrees of success, and so desperately short of funding that successful ventures are unable to scale up. There are huge gaps that need filling; or to put it more positively, there are huge opportunities for progress.



Image 4

Drawing on what works best in Australia and internationally, the next section sets out Seven Steps to **SUCCESS**.

EMBARGO

3. RECOMMENDATIONS: SEVEN STEPS TO SUCCESS

How can refugees – and Australia – make the most of their entrepreneurial potential? Based on our research and analysis of best practices in Australia and internationally, this report has distilled Seven Steps to SUCCESS:



Each step entails three recommendations. The steps and recommendations are presented below and illustrated with case studies of best practices.

Step 1: Strategic approach

Recommendation 1: Integrate self-employment and business formation pathways into the economic participation strategies of refugee settlement and employment services.

With a few notable exceptions, such as SSI's Ignite in Sydney, refugee settlement and employment services in Australia focus solely on employment as a pathway to economic participation. While *Settling Better* rightly highlighted the importance of boosting refugee employment, entrepreneurship is another important pathway, not least because of the barriers refugees often face finding jobs. Moreover, employment and entrepreneurship are complementary: employment can help refugees accumulate the experience and savings that they need to start a business, while people increasingly combine self-employment and running a small business with full- or part-time work.

While ad-hoc initiatives may help some individuals, only a strategic approach can realise the full potential for refugee entrepreneurship across Australia. This means integrating self-employment and business formation into all programs to promote refugees' economic participation, beginning with the Humanitarian Settlement Program (HSP) and extending to every level of government that provides settlement and employment services and every NGO that receives public funding to do so.

Put simply, all initiatives to help refugees become economically active and financially independent should present entrepreneurship as a *viable option*, about which potentially suitable refugees can make *informed choices*.

For entrepreneurship to be a viable option, refugees need access to upskilling, connections, capital, an enabling environment and specific support in starting a business, as detailed in subsequent sections. Gauging refugees' potential suitability for self-employment and business formation requires timely assessments of their skills and attributes, as outlined in Recommendation 3. For refugees to make informed choices, they need to be aware of the opportunities and challenges that exist – and they also need role models, hence the importance of spotlighting success stories.

An example (Box 6) of best practice in integrating entrepreneurship into economic participation strategies is the holistic approach to settlement, employment and entrepreneurship of the United States Office of Refugee Resettlement (ORR).

Box 6: The Office of Refugee Resettlement (US)

The ORR, an arm of the US Department of Health and Human Services, places entrepreneurship at the heart of its strategy for refugee employment and economic development.⁷⁸ It supports refugee entrepreneurship through its Microenterprise Development (MED) program, the largest initiative of its kind in the developed world. (Also important is its Refugee Family Child Care Microenterprise Development program – see Recommendation 18 below).

MED helps refugees become financially independent by starting, growing and sustaining businesses. It provides refugee entrepreneurs with loans, training, advice and help to obtain (or improve) their credit rating through credit-builder loans.

The ORR uses a competitive application process to award grants of up to US\$300,000 (A\$417,000) a year for five years to public agencies (such as the Massachusetts Office of Refugees and Immigrants), community development agencies (such as the Hmong American Partnership) and voluntary agencies (such as the International Rescue Committee).

Grants may be used for a revolving loan fund and loan-loss reserves, as well as for providing advice, training, networking and outreach consistent with ORR guidelines.

Eligible refugee clients may borrow up to US\$15,000 (A\$20,800) for a variety of business needs, repayable within 60 months with interest not to exceed the prime rate plus 4%. Organisations receiving ORR grants are encouraged to obtain additional funding from other sources and those that do can lend more than \$15,000 if necessary.

Between 1991 and 2012 organisations receiving grants under the MED provided some US\$10 million (A\$13.9 million) in ORR financing to refugee entrepreneurs and passed on a further US\$15.5 million (A\$21.5 million) in loans from other sources. This helped refugees start, expand or strengthen approximately 10,800 micro-businesses, with a business survival rate of 88% and a loan repayment rate of nearly 98%.⁷⁹ More than 10,000 new jobs have also been created, more than 24,000 refugees have gained entrepreneurial skills and knowledge, and the additional business income is helping refugee families to achieve economic self-sufficiency.

In fiscal year 2015 alone, the ORR provided more than 2,000 refugees with one-on-one counselling, training, advice and finance, including 558 loans averaging US\$8,000 (A\$11,100) each that helped create 1,163 jobs.⁸⁰

⁷⁸ <https://www.acf.hhs.gov/orr/refugees>

⁷⁹ <https://www.acf.hhs.gov/orr/programs/microenterprise-development-child-care>

⁸⁰ UNCTAD, "Policy guide on entrepreneurship for migrants and refugees", October 2018
https://unctad.org/en/PublicationsLibrary/diae2018d2_en.pdf

Recommendation 2: Include a strategy that addresses refugee entrepreneurs' particular needs and challenges in existing programs to encourage entrepreneurship.

Promoting entrepreneurship is key to stimulating economic growth and development, because new and growing businesses create jobs, valuable products and services, wealth and tax revenues. Yet existing government strategies to promote entrepreneurship generally neglect refugees' huge entrepreneurial potential. To maximise their impact, and give refugees a fair go, entrepreneurship strategies need to address the specific needs of refugee entrepreneurs.

The federal government's flagship Entrepreneurs' Programme contains no reference to migrants in general or refugees in particular. Nor, for example, does the New South Wales government's Small Business Strategy.⁸¹ The New South Wales government has a strategy for attracting business migrants with entrepreneurial skills from around the world, but not for tapping into the entrepreneurial potential of refugees who are already in the state.⁸²

These glaring oversights can be remedied. For example, the Entrepreneurs' Programme currently provides grants of up to \$500,000 to incubators that foster businesses focused on international trade.⁸³ This could be broadened to include businesses focused on local trade (which would allow incubators for refugee businesses to apply). The program provides additional support to incubators in regional and remote areas. A specific category for incubators for refugee-owned businesses (or those started by disadvantaged groups) could also be created.

Other state governments should emulate Victoria, where LaunchVic awards grants to projects that help refugee and migrant entrepreneurs access the local start-up ecosystem. Strategies for small businesses should also include support for those with specific needs.

The NEIS trial offering specific support to help unemployed refugees and migrants start businesses is promising, although it is too soon to judge its effectiveness. If a formal evaluation deems it successful, the trial should be expanded and made permanent; if not, it could be improved with inputs from other schemes such as Thrive and SSI's Ignite.

The European Union's Entrepreneurship 2020 Action Plan (Box 7) is a model of international best practice on how to ensure entrepreneurship strategies address refugees' needs.



Image 5

⁸¹ https://www.industry.nsw.gov.au/_data/assets/pdf_file/0003/107643/nsw-small-business-strategy.pdf

⁸² https://www.industry.nsw.gov.au/_data/assets/pdf_file/0004/56317/NSW-Strategy-for-Business-Migration-and-attracting-international-students.pdf

⁸³ <https://www.business.gov.au/Assistance/Entrepreneurs-Programme/Incubator-Support-New-and-Existing-Incubators>

Box 7: The European Union's Entrepreneurship 2020 Action Plan

The European Commission, the quasi-executive body that proposes European Union (EU) legislation and monitors its implementation, aims to support an environment attractive to all forms of entrepreneurship.⁸⁴

It sees refugee and migrants as important potential entrepreneurs and recognises that entrepreneurship is a valuable way for them to participate in the economy and integrate into society. It also recognises the need to address the specific legal, cultural and linguistic obstacles refugees and migrants face.

Facilitating refugee and migrant entrepreneurship is a goal of both the EU's Entrepreneurship 2020 Action Plan and its Action Plan on the Integration of Third-Country Nationals. The latter encourages EU countries to stimulate entrepreneurship through tailored business training and mentoring and by opening up mainstream entrepreneurship support structures to third-country nationals. The Commission also seeks to identify best practices to promote and support refugee and migrant entrepreneurship and funds pilot projects for their dissemination.

In 2016 the EU held a conference with representatives from EU countries and relevant stakeholders to discuss the state of existing initiatives and the possible actions to add value at EU level. The findings were published in a guidebook on good practices on refugee and migrant entrepreneurship.

In June 2017, the EU started funding four two-year projects covering nine countries⁸⁵ to support training and mentoring for potential refugee and migrant entrepreneurs: Migrants Empowerment for Change (ME4Change)⁸⁶, EntryWay⁸⁷, Fresh Start⁸⁸ and Young Migrant Entrepreneurs (YOU-ME).⁸⁹ ME4Change and YOU-ME in particular help raise awareness of entrepreneurship within refugee communities, identify potential entrepreneurs and provide training and mentoring.

In October 2017, the EU started funding four projects across 11 countries to foster the creation of networks and the sharing of best practices among support schemes for refugee and migrant entrepreneurship.⁹⁰ These are the European Migrant Entrepreneurship Network (EMEN)⁹¹, the European Network for Migrant Entrepreneurs to Scale Up and Grow Up (M-UP)⁹², Migrant Acceleration for Growth – Network for Entrepreneurship Training (MAGNET)⁹³ and the Migrant Entrepreneurship Growth Agenda (MEGA).⁹⁴

MAGNET in particular focuses on refugee entrepreneurship. It seeks to develop a training program for those involved in supporting refugee and migrant entrepreneurship, an open toolkit for support based on good practices and an online platform to help disseminate knowledge, as well as promoting networking.

⁸⁴ https://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/migrants_en

⁸⁵ The nine countries are Belgium, Finland, Germany, Greece, Italy, the Netherlands, Spain, Sweden and the UK.

⁸⁶ <http://me4change.eu/about/>

⁸⁷ <http://www.entrywayproject.eu/about/>

⁸⁸ <https://www.fresh-start.eu/>

⁸⁹ <https://youme-project.eu/project>

⁹⁰ The 11 countries are Austria, Belgium, Bulgaria, France, Germany, Greece, Italy, the Netherlands, Poland, Spain and the UK.

⁹¹ <http://emen-project.eu/>

⁹² <https://emen-up.eu/about-m-up/>

⁹³ <https://migrantacceleration.eu/>

⁹⁴ <https://migrant-entrepreneurship.eu/>

Recommendation 3: Provide targeted and timely support for prospective refugee entrepreneurs, notably through an early assessment of their entrepreneurial potential.

Only some refugees want – and are suitable – to become entrepreneurs, but those that do often take years to realise their ambition. To enable both settlement providers and refugees to make informed choices about their options, early assessments are crucial.

Skills assessments and career orientation sessions ought to take place soon after arrival in Australia (or beforehand in the case of refugees resettled from camps). To help identify prospective entrepreneurs, assessments should include evaluations of entrepreneurial traits, marketable skills, interest in starting a business and previous entrepreneurial experience.

Once prospective entrepreneurs are identified within a strategic framework that encourages refugee entrepreneurship, the next step is Upskilling.

Step 2: Upskilling

Recommendation 4: Offer prospective refugee entrepreneurs appropriate business and language training, such as courses on English for business and all aspects of how to start a business, including information on Australian business practices, laws, taxes, regulation and cultural norms.

Existing initiatives that promote refugee entrepreneurship such as Ignite and Thrive offer basic business training courses upfront. This provides a model for mainstreaming entrepreneurship in economic participation strategies.

The Department of Education and Training's Adult Migrant English Program (AMEP) and its providers such as AMES Australia should also offer an English for Business course alongside existing English for Work courses.⁹⁵

Recommendation 5: Provide skilled refugees with small loans to enable them to obtain local licenses and qualifications and become self-employed or small business owners.

Many refugees have skills and qualifications that are not recognised in Australia, or they lack the requisite licenses. Helping them to obtain the necessary training, certificates and permits is a priority.

Windmill Microlending (previously Immigrant Access Fund) in Canada provides a model of international best practice (Box 8). Its small loans have a very high rate of economic and social return. In Windmill's case, loans are provided by private banks with the interest-free component made possible by community donations.

In the Australian context, such loans could also be provided, or subsidised, by government. One option would be for the loans to be repayable through the tax system as is the case for student loans in Australia and the UK. This keeps costs low and reduces credit risk.

⁹⁵ <https://www.ames.net.au/learn-english/english-for-work>

Box 8: Windmill Microlending (Canada)

In 2016, Immigrant Access Fund Canada (now Windmill Microlending) introduced a micro-loan program for people granted refugee status within the previous three years. It offers interest-free loans of up to C\$10,000 (A\$10,600) to help them obtain licensing and/or training in their field. While many borrowers then obtain employment, others — such as doctors, dentists, pharmacists, accountants, lawyers and truck drivers — become self-employed or small business owners. Funding is provided by private banks such as the Royal Bank of Canada, with the interest-free component made possible by community donations. As of 31 August 2018, 138 interest-free loans for refugees had been approved.

Windmill Microlending has been successfully providing loans to immigrants in general since 2005. An independent evaluation showed that 80% of loan recipients subsequently found work closely matching what they did before coming to Canada. Their average income trebled (from C\$16,000 to C\$50,000) and their federal and provincial tax payments quadrupled (from C\$1,945 to C\$8,452).⁹⁶

The study thus found that every \$1 invested led to a return of \$15 to the Canadian economy in the first year after a borrower completed their lending plan.⁹⁷

Recommendation 6: Incubators for refugee entrepreneurs should consider offering part-time employment opportunities to entrepreneurs with their business partners.

Australian job experience is valuable in itself. It can also be a complement to entrepreneurship, both as a source of income (and thus seed capital) and to help would-be entrepreneurs learn more about the line of business they want to develop (as the Stepping Stones participant profiled in Box 5 pointed out). Moreover, it is a fall-back option if participants turn out to be unsuitable or unwilling to become entrepreneurs.

In the UK, The Entrepreneurial Refugee Network (TERN), a social enterprise that promotes refugee entrepreneurship, in partnership with the Ben & Jerry Foundation's Ice Academy, provides would-be entrepreneurs with part-time jobs as ice-cream vendors while they develop their business idea on TERN's pre-incubator program.

It would be better still to provide employment opportunities in the line of business in which the refugee wants to work. This could be delivered through partnerships with businesses that wish to help refugees as part of corporate social responsibility programs, and that may also wish to foster future business relationships with refugee entrepreneurs.

Along with Upskilling, refugee entrepreneurs also need Connections.

⁹⁶ <https://windmillmicrolending.org/about/our-impact/>

⁹⁷ J.C. Herbert Emery, "Evaluating the income and tax yield outcomes of the Immigrant Access Fund Program in Alberta", Immigrant Access Fund (2015) <https://docplayer.net/25473268-Executive-summary-evaluating-the-income-tax-yield-outcomes-of-the-immigrant-access-fund-program-in-alberta-dr-j-c-herbert-emery-march-31-2015.html>

Step 3: Connections

Recommendation 7: Establish an online platform to help connect refugee entrepreneurs to each other and to networks of people equipped to help them.

Refugee entrepreneurs often lack supportive networks, both within their local community and more broadly. They have much to gain from connections to other refugee entrepreneurs who have valuable experiences to share about how to start a business. They would also benefit from being matched to others ready to offer advice, mentoring, finance and other help.

One way to create such valuable connections would be through an online platform. At a basic level, this could list all government and non-government programs that might assist refugee entrepreneurs. This could include the many grants and other support available to small businesses in general.

Such an online platform could also enable refugees to post personal profiles showing their skills, experience and needs. Potential supporters could also outline the help they can offer. The site could then help match them, possibly on project pages. Refugee Talent, a job matching site for refugees in Australia, could potentially host the site initially.

One example of international best practice is Startup Refugees in Finland (Box 9).

Box 9: Startup Refugees (Finland)

Startup Refugees brings together more than 500 partners from across Finland — including companies, government departments, NGOs, universities, congregations, research institutes, communities and individuals — to support refugees start a business and enter the labour market. They include Supercell, a mobile gaming company, Demos, a think tank, the Hanken School of Economics, Heippa, a mentor-on-demand app, and Aalto University's Start-up Centre, as well as several government ministries. Everyone is welcome to join the network, provided they offer something concrete to support the common goal.

The network provides work and education opportunities, professional connections, funding, mentoring, skills development and useful information. To date it has supported the development of more than 55 businesses run by refugees and offered over 4,000 work and education opportunities.

Once a refugee has completed a profile, their needs are matched with offers from program partners. The business program matches refugees with the professional volunteers best suited to offer the support they need to start and run a company.⁹⁸ Volunteers provide support on all the steps from forming a business idea to running a profitable company. They offer information on bureaucracy and legal issues and connect refugees to the networks useful to their business. They offer a mentor that best suits their needs – for example for peer support, and expertise in various business fields. They support entrepreneurs in everything from finding funding to getting their business up and running.

One great business set up thanks to Startup Refugees is Baghdad Barbers.⁹⁹ “The Middle East has a fantastic beard tradition, but here people don't know how to take care of beards,” explains program coordinator Camilla Nurmi. “Hipsters with big beards can go to Baghdad Barbers and get grooming techniques that Finland does not have. There are also services for Muslim women who can get their hair done in private.”

⁹⁸ <https://startuprefugees.com/about/business-program-for-refugees/>

⁹⁹ <https://finland.fi/business-innovation/startup-refugees-innovate-integrate-finland/>

Recommendation 8: Create a network for the sharing of best practices about how to support refugee entrepreneurship.

In the absence of a strategic, comprehensive approach to supporting refugee entrepreneurship, many small innovative initiatives have sprung up, each filling slightly different niches. This diversity and innovation are very positive.

At the same time, the many disparate groups that help refugee entrepreneurs at a state and local level in Australia could also benefit from sharing resources, connections and best practices, such as the findings in this report. CPD and the Council on the Economic Participation of Refugees could assist in setting up a network to do this. More ambitiously, such a network could offer training and a toolkit to members of support organisations.

As mentioned above (Box 7), the European Commission funds several such networks in the EU, notably MAGNET.

Recommendation 9: Provide refugee entrepreneurs with structured help in connecting to potential customers and markets.

In countries such as the US (where public authorities are mandated to source from minority businesses) and the UK (where they aren't), membership organisations encourage public organisations and private businesses to source from minority-owned businesses and help connect buyers to suppliers. These include the National Minority Supplier Development Council in the US, and Minority Supplier Development UK. Their partner organisation in Australia is Supply Nation, which certifies and provides a directory of indigenous-owned businesses.¹⁰⁰

In the absence of government mandates to purchase from refugee-owned businesses, the MSDUK model seems most appropriate for Australia.¹⁰¹ This is more ambitious than Supply Nation. It also hosts a marketplace that helps match suppliers to contracts. It organises conferences and events to promote networking. It provides a centre of excellence to provide information on best practices around supplier diversity. It hosts a platform for knowledge exchange and to help small businesses partner together to bid for large contracts. And it offers awards to recognise achievements and raise awareness.

As well as Connections, refugee entrepreneurs also need Capital.

Step 4: Capital

Recommendation 10: Provide access to capital through partnerships with financial providers as a component of support programs for refugee entrepreneurs.

Lack of capital is perhaps the biggest stumbling block that prospective refugee entrepreneurs face.¹⁰² Refugees tend to arrive without capital, take time to amass savings and typically struggle to obtain external finance due to a lack of credit history and collateral.

Given the importance of seed capital, programs to support refugee entrepreneurship that do not provide access to capital are unlikely to be successful. Since they may lack such funding themselves, not to mention the expertise to evaluate creditworthiness, it makes sense to partner with specialist financial providers.

¹⁰⁰ <https://supplynation.org.au/>

¹⁰¹ <https://www.msduk.org.uk/about-us/>

¹⁰² See, for example, John van Kooy, "Refugee women as entrepreneurs in Australia", Forced Migration Review 53, October 2016

If refugee settlement providers are to include entrepreneurship as a viable option for suitable candidates, partnerships with financial providers, and increased access to capital overall, are crucial. Likewise, independent initiatives to promote refugee entrepreneurship ought to partner with successful microfinance providers, notably Thrive, as some already do.

Recommendation 11: Encourage a diversity of funding sources, with the overarching aim of greatly increasing refugee entrepreneurs' access to capital.

In the absence of credit ratings or collateral, prospective refugee entrepreneurs generally cannot get a bank loan, while external equity capital is only suitable for a small number of high-growth businesses. A variety of approaches could be employed to overcome this challenge.

- **Interest-free charitable loans.** In the UK, the charity Restart Refugee Support provides interest-free loans to refugee entrepreneurs, including those graduating from TERN, with no requirements for collateral, equity or guarantees. In effect, prospective borrowers' creditworthiness is screened through their selection by, persistence with and graduation from TERN's business incubator. In Australia the Stepping Stones to Small Business program is set to pilot interest-free loans this year. Clearly, interest-free loans offer highly favourable terms for beneficiaries. But scaling them up would require large-scale charitable support, community donations or public subsidy.
- **Loan guarantees.** In Sweden, the Ester Foundation provides low-cost loans to female refugees and migrants who complete its 18-month entrepreneurship program and have approved business plans, thanks to loan guarantees from its charity partner Johaniterhjälpen.¹⁰³ The charity has set up an account that guarantees 80% of each loan, with the refugee borrower liable for the remaining 20%. Swedbank, a local bank, provides loans for up to three years of between SEK 20,000 (\$3,000) and SEK 300,000 (\$45,200) at a current interest rate of around 3% (the residential mortgage rate plus 1-2 percentage points). Entrepreneurs whose business plan has been approved by the Swedish Employment Agency can also receive financial start-up support from it. Such low-cost loans are attractive for borrowers and so far, the loan guarantees have never been called on. But scaling up such a scheme may be difficult due to the cost of the loan guarantees.
- **Credit-builder loans.** Grantees of the US Office of Refugee Resettlement's Microenterprise Development Program (Box 6) provide credit-builder loans to help refugees acquire, or improve, their credit rating. These involve a lender depositing a small amount of money into a secured savings account for the applicant. The borrower then pays the money back in small monthly instalments, with interest, over a set period of time. At the end of the term, which typically ranges from six to 24 months, the borrower receives the total amount of the credit builder loan in a lump sum, plus any interest earned if the lender offers interest. By demonstrating that they can reliably make small monthly payments on time, refugees build up a solid credit history, making it easier to tap other forms of finance. A big plus of this scheme is that it is low-cost and readily scalable, but it involves a delay in refugees starting a business. In the absence of a separate pool of capital (which does exist in the case of the MED), refugee entrepreneurs may still struggle to obtain a small-business loan, because banks are likely to still consider them very high-risk credits.
- **Character assessments.** Thrive bases its lending decisions on individual character assessments and business experts' assessment of borrowers' business plans (see section 2.) Done well, these can be effective substitutes for traditional credit-rating systems. Thrive has very high repayment rates so far, although it is still a new venture and default rates may rise over time.

¹⁰³ <http://stiftelsenester.se/om-ester/> See also case study on Ester in UNCTAD, "Policy guide on entrepreneurship for migrants and refugees", October 2018 https://unctad.org/en/PublicationsLibrary/diae2018d2_en.pdf

- **Crowdfunding.** Kiva, an international not-for-profit that is the world's largest crowdfunding platform for social good, has enabled people around the globe to lend \$1.2 billion to entrepreneurs in the US and more than 80 developing countries since 2005 through a network of field partners. In 2016 Kiva launched the World Refugee Fund (WRF) specifically for refugee entrepreneurs, facilitating US\$3.5 million (A\$4.9 million) in lending in 2017. Since individuals lend as little as US\$25 (A\$35) each, they are both tolerant of risks and compassionate. To mitigate risk, Kiva and its partners engage in group lending whereby each individual member guarantees the other individuals in the group. Refugees' repayment rate is 96.6%. "We are very much open to expanding to other developed countries that are hosts to large refugee populations," says senior portfolio manager Lev Plaves. However, group lending requires the sharing of personal financial data with other borrowers, which would require a change to (or exemption from) Australian law.
- **Start-ups with high growth potential, notably in the tech sector, may be able to attract equity funding.** In Victoria, YGAP's First Gens accelerator, funded primarily by LaunchVic, provides \$25,000 of equity capital to the refugee and migrant entrepreneurs with the most promising social impact ventures to help them grow their businesses, as well as opportunities to pitch to impact investors, philanthropists, entrepreneurs and industry leaders. In Sydney, Catalysr has connected some refugee entrepreneurs in the tech sector to funders.

Recommendation 12: Provide loan guarantees backed by federal and state governments to enable refugee entrepreneurs to obtain low-cost loans from commercial banks, together with partners such as Thrive.

Making more funding available to refugee entrepreneurs would yield large financial, economic and social returns. The federal government already invests nearly \$3.5 billion annually in grants to new and growing businesses that can provide 50-80% of the necessary funds to start a business, introduce new products or increase competitiveness.¹⁰⁴ But it does little to help refugee entrepreneurs and others from highly disadvantaged backgrounds, such as Indigenous Australians. Providing government loan guarantees would enable commercial banks to offer increased low-cost funding to refugee entrepreneurs, in partnership with initiatives such as Thrive that help assess borrowers' creditworthiness and provide additional support such as mentoring.

Australia is one of the only developed countries that lacks a government-backed guarantee scheme for small businesses. The Institute of Public Accountants advocated the creation of such a scheme in Australia in 2018.¹⁰⁵

In the UK, entrepreneurs can borrow up to £25,000 (\$46,300) in the form of a government-guaranteed Start Up loan for a term of up to five years at a fixed interest rate of 6%. Unlike most commercial business loans, this is an unsecured loan.¹⁰⁶ The loans are administered by the Start Up Loans Company, part of the state-owned British Business Bank, and delivered by finance partners. Sharia-compliant finance is also available. A rigorous independent evaluation found that Start Up loans were effective at stimulating the creation of additional businesses and provide value for money.¹⁰⁷

Upskilling, Connections and Capital will be more effective in an Enabling environment.

¹⁰⁴ <https://www.business.gov.au/assistance/entrepreneurs-programme>

¹⁰⁵ <https://www.accountantsdaily.com.au/tax-compliance/11206-govt-pushed-on-loan-guarantee-scheme-for-small-firms>

¹⁰⁶ <https://www.startuploans.co.uk/what-is-a-start-up-loan/>

¹⁰⁷ British Business Bank, "Evaluation of Start Up Loans: Year 2 Report", a report from SQW Ltd with support from BMG Research, October 2017 <https://www.british-business-bank.co.uk/wp-content/uploads/2017/10/SUL-Evaluation-Year-2-Report-Final-Report-October-2017.pdf>

Step 5: Enabling Environment

Recommendation 13: Lower federal and state regulatory barriers that impede entrepreneurship by refugees and other disadvantaged groups.

Reducing unnecessary regulatory barriers would enable more refugees to start viable businesses. The first step would be to survey refugee entrepreneurs and their support networks to identify the biggest regulatory hurdles that they face. One obvious hurdle is the lack of official recognition of foreign qualifications. A less obvious hurdle is that implementing the Kiva crowdfunding model — in which groups of borrowers guarantee each other — would require a change in data protection laws.

The next step would be to identify whether the regulations are truly necessary or whether their prudential objectives could be achieved in a less burdensome and discriminatory way. For example, the New South Wales government requires hairdressers to have a formal qualification or approved equivalent.¹⁰⁸ Yet refugees who lack formal qualifications but have ample experience as hairdressers or barbers in their country of origin might be perfectly capable of providing an excellent service on a self-employment basis or in their own salon. A short cut, as one might put it, would be for a streamlined assessment of refugee hairdressers' skills by Australian colleagues.

The final step would be to lobby for a change in the law or regulations to improve opportunities for refugees.

Recommendation 14: Continue providing government welfare support to refugee entrepreneurs for the first year after their business launch.

It often takes time for entrepreneurs to start earning a regular income when starting a business. Some will be deterred from doing so by the prospect of losing their government benefits; others will suffer great hardship and may end up quitting a business that could have thrived if given more time.

To encourage entrepreneurship and reduce longer-term fiscal costs, it makes sense to continue providing welfare support for a period of time — ideally a year — while entrepreneurs get on their feet, as is already the case for NEIS entrepreneurs. This should be applied more widely to graduates of other government-approved programs to encourage entrepreneurship.

Recommendation 15: Create additional visa places for would-be refugee entrepreneurs offshore

Most refugee entrepreneurs in Australia arrive through the government's Refugee and Humanitarian Programme and then start a business after they have settled. But in principle, would-be refugee entrepreneurs offshore could gain entry to Australia by obtaining a business talent visa via the business talent pathway. This allows an applicant to establish a new business in Australia, or develop an existing one, if nominated by an Australian state or territory government agency. Applicants also need to have net business and personal assets of at least \$1.5 million and an annual business turnover of at least \$3 million, or to have obtained at least \$1 million in venture capital funding. As it stands, then, hardly any would-be refugee entrepreneurs would qualify.

Clearly, assessing the viability of a business plan is not among government officials' core competences. Nor is existing wealth a pre-condition of business success; many of Australia's most successful refugee entrepreneurs,

¹⁰⁸ <https://www.fairtrading.nsw.gov.au/trades-and-businesses/business-essentials/information-for-specific-industries/hairdressers>

notably Frank Lowy, arrived penniless. The business talent visa could be improved, and refugees' access to it increased, by letting business funders determine the viability of a business plan and removing the wealth conditions.

An example of international best practice is Canada, where would-be entrepreneurs can apply for a start-up visa if their business idea or venture gets the support of a designated venture-capital fund, angel-investor group or business incubator.¹⁰⁹ Successful applicants to the program are able to migrate to Canada as permanent residents with no conditions attached to the success of their business.¹¹⁰

The Canadian model ought to be trialled in Australia. A partnership with Talent Beyond Boundaries, an international NGO that helps match skilled refugees offshore to employment opportunities in host countries, could help identify prospective refugee entrepreneurs and match them to business funders.

A complementary approach would be to create an entrepreneurship stream in the new Community Support Program (CSP).¹¹¹ As it stands, the CSP allows community groups, businesses, families and individuals to sponsor refugee applicants for a humanitarian visa. Applicants need to be aged 18 to 50, employable, willing to live and work in regional areas and able to become financially self-sufficient within their first year in Australia. Sponsors commit to help refugees to integrate into the community and to support them financially for the first year.

The CSP could be improved in a number of ways. In addition to businesses being able to sponsor refugee applicants whom they commit to employ, business funders could commit to sponsoring applicants with a business idea and helping them to get it started in Australia. Ideally, the CSP quota of 1,000 places ought to be raised, and such places ought to be in addition to, rather than part of, the existing quota of the Refugee and Humanitarian Program.

Creating a Canadian-style start-up visa that refugees offshore can access and an entrepreneurship stream in the CSP is not a substitute for measures to encourage entrepreneurship among refugees who are already in Australia. But it can be a useful complement for some refugees offshore with entrepreneurial potential.

A Strategic approach to providing refugee entrepreneurs with Upskilling, Connections, Capital and an Enabling Environment would be most effective with Specific support.

Step 6: Specific Support

Recommendation 16: Target support for refugee entrepreneurs at different stages of business development.

While it is important that all refugees should be able to choose an entrepreneurship pathway to economic participation if they feel it is appropriate, scarce resources need to be targeted at those with a viable business plan. Providing entrepreneurship support in stages ensures broad access as well as cost-effectiveness.

Information. In order to make informed decisions about whether employment, entrepreneurship or education is their best pathway to economic participation, all refugees could receive an introductory information and awareness-raising session about their entrepreneurship options. This should be provided by HSP (see Recommendation 1).

Pre-incubator. Those with entrepreneurial inclinations could then receive help in formulating and developing their business idea, as well as information on Australian business practices and laws. While the federal government has

¹⁰⁹ <https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/start-visa/designated-organizations.html>

¹¹⁰ <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/canada-wants-entrepreneurs.html>

¹¹¹ <https://immi.homeaffairs.gov.au/what-we-do/refugee-and-humanitarian-program/community-support-program>

a useful online “Starting a business guide”,¹¹² this is only in English and assumes a fair amount of local and business knowledge.

Incubator. Those with a viable business plan could then receive access to mentoring, capital, networks and other pre-requisites for launching their business.

Accelerator. In the growth and expansion phase, refugee entrepreneurs should continue to benefit from support networks to help their businesses become self-sufficient and self-sustaining.

Recommendation 17: Provide, where possible, intensive, one-on-one, ongoing support in the pre-incubator, incubator and accelerator stages, and leverage support from incubator hubs and volunteer networks to keep costs down.

Short generic courses may be appropriate and cost-effective for providing information and raising awareness among refugees as a whole. But wide-ranging advice and support tailored to prospective refugee entrepreneurs’ individual needs is much more effective in the pre-incubator, incubator and post-incubator stages, as the success of SSI’s Ignite shows. While this is potentially more expensive, leveraging support from incubator hubs and volunteer networks can keep costs low.

Subject to the caveat that the cost of the Ignite program is unclear, its model appears worth replicating across Australia.

Recommendation 18: Target support at the needs of specific groups – notably young people, women and refugees in regional and rural areas.

Certain categories of refugee entrepreneur have particular needs that require specific support, especially young people, women and refugees in regional and rural areas.

Young people often have huge entrepreneurial potential. They are more likely to have fresh ideas, are often more willing to take risks, and have more time to grow their business if it is successful (or to change course). But they often lack experience and contacts, especially if they are refugees. Targeting entrepreneurship programs at young people makes sense. This may be particularly attractive to private finance providers, who hope to acquire successful, long-term future clients.

One example of international best practice is Futurpreneur Canada (Box 10).

¹¹² <https://www.business.gov.au/Guide/Starting>

Box 10: Futurpreneur Canada

Futurpreneur Canada's finance, mentoring and support tools have helped young entrepreneurs aged between 18 and 39 launch nearly 10,000 Canadian businesses since 1996. Each business creates an average of five jobs within five years of its launch.¹¹³

Its Newcomer program offers tailored support to young refugees and migrants who have been in Canada less than five years and lack a credit history. Like Thrive, it uses character-based lending to assess borrowers' creditworthiness. Suitable borrowers can then borrow up to C\$15,000 (A\$16,00) from the Business Development Bank of Canada over five years at the prime rate plus 3.75%, with interest-only payments for the first year. Entrepreneurs also receive two years of expert business mentoring and a wide range of other support.

Female refugee entrepreneurs face a whole host of additional challenges, (see section 2.4 above). Some women may prefer to take part in female-only programs, others in mixed ones. Either way, programs to support refugee entrepreneurs should take account of women's specific needs. For instance, childcare options should be offered for activities outside school hours.

Australia has several successful initiatives for female refugee entrepreneurs, notably the Brotherhood of St Laurence Stepping Stones to Small Business program. One example of international best practice is the Ester Foundation's program in Sweden (Box 11). It works with very disadvantaged women in an economy that has many regulatory barriers, yet it has a very high success rate.



Image 6

¹¹³ <https://www.futurpreneur.ca/en/about/>

Box 11: Ester (Sweden)

Ester seeks to empower unemployed refugee and migrant women by providing them with the training, support and capital they need to start their own businesses and become financially independent. It provides knowledge, networks and finance to small groups of marginalised women who have not been able to find a job through other programs. It was launched in 2012 in the Skåne region of central Sweden and has since expanded to the capital, Stockholm.

Ester offers two programs: Pre Ester and Ester. The Pre Ester program featured as an example of best practices in the European Commission's Handbook on Integration for Policy-Makers and Practitioners. It is a nine-week introductory course that includes Swedish language lessons and classes on business knowledge and personal leadership skills.

The Ester program is an 18-month course split into three six-month parts. The first phase involves full-time training in all the skills needed to start a business. Women are split into groups of five to ten and each participant receives a personal business adviser who works with her to develop a business plan. The second phase involves registering and starting the company, and seeking microfinance. The third and final phase involves mentoring to help the business become sustainable.

Participants receive monthly grants from the Swedish Employment Agency and/or welfare support from the social authorities until they register their company.

Twenty-one women, all of whom had been unemployed for six to eight years, participated in the Skåne pilot project. Six subsequently started a business and ten found a job — a 76% success rate — while five are still jobless and reliant on government support. That is a remarkable success rate given that Ester focuses on helping women who have been out of work for a very long time and who don't speak English or Swedish at all. It is too early to evaluate the success of the Stockholm project.

The Pre-Ester program costs SEK20,000-30,000 (\$3,000-\$4,500) per participant. The 18-month Ester program costs SEK150,000 (\$22,600).¹¹⁴ This compares with an estimated annual fiscal cost of SEK500,000 (\$75,300) for unemployed refugees.

One promising business option for many female refugees may be providing childcare. The US ORR offers a specific microenterprise development scheme (Box 12) that could be replicated in Australia.

¹¹⁴ Interview with Linn Ney

Box 12: ORR's Refugee Family Child Care Microenterprise Development (RFCCMED) program (US)

Launched in 2011, the Refugee Family Child Care Microenterprise Development (RFCCMED) program serves refugees who have lived in the US for five years or less and are interested in starting a childcare business in their own home.¹¹⁵

It provides refugee participants with training in childcare and business skills, together with help in applying for a childcare licence. It also offers participants a cash stipend of up to US\$3,000 (A\$4,200) for supplies and materials needed to run their businesses.

Refugee women learn about state and federal childcare laws, regulations and licensing requirements and American cultural norms on childcare and child development. By encouraging refugee women to apply their new childcare knowledge and skills in the job market, the project helps them to better their English, advance their education, learn basic financial skills and improve their economic opportunities.

The program aims to help recently arrived refugees to earn an income that allows them to live independently. Many refugees come to the US with experience caring for small children. They may also have young children of their own to care for, making it difficult for them to work outside of their home. The RFCCMED program allows these refugees to use their childcare skills to earn an income while also caring for their own children if needed. These businesses may also help other refugees find work, as they are able to care for these refugees' children during the workday.

RFCCMED is operated by local community organisations that have been awarded a three-year grant. Grantees partner with other local organisations such as non-profit agencies that support childcare providers and government offices responsible for issuing childcare licences.

In fiscal year 2019, ten grantees each received grants of US\$175,000 (A\$243,000), totalling US\$1.75 million (A\$2.4 million).

Refugee entrepreneurs could also play an important role in regenerating **regional and rural areas**, so efforts to encourage them to settle in such areas should be accompanied by specific support for entrepreneurship.

One particular opportunity for refugee entrepreneurs in regional and rural areas is farming. Many refugees have farming experience, and with young Australians increasingly leaving the land, rural communities would benefit from an influx of refugee farmers. In addition to hiring refugees as farm workers, specific support could be provided to help refugees develop their own farm businesses.

One example of international best practice is Big River Farms in the US (Box 13), which provides refugees with land and support in every aspect of business development, including connections to wholesalers, farmers' markets and retail buyers such as restaurants.

¹¹⁵ <https://www.acf.hhs.gov/orr/programs/refugee-family-child-care>

Box 13. Big River Farms (US)

Big River Farms, a certified organic vegetable farm in Marine on St. Croix, Minnesota, provides refugee and migrant farmers with a plot of land and access to farm equipment together with training so that they are able to cultivate their own small, sustainable, commercial farms.¹¹⁶ Through its Community Supported Agriculture program it provides a market for the farmers' produce as well as support with marketing and developing their independent distribution channels.

Big River Farms is operated by the non-profit Minnesota Food Association to provide a guaranteed market for the farmers they support, and to generate funds needed to train future farmers.

Beneficiaries of its ground-breaking Community Supported Agriculture program include Mohammed Gaabane who arrived in the US as a refugee from Somalia in 2006. He started the Minnesota Food Association training program in 2011 with limited English and little income or familiarity with US food systems. Three years later, at the age of 78, he bought his own farm, Chicken Head Farm.¹¹⁷

As well as providing entrepreneurs with the support they need, we need to Spotlight success stories to change attitudes.

Step 7: Spotlight success stories

Recommendation 19: Celebrate successful refugee entrepreneurs as role models to inspire other refugees and to create a more positive narrative about refugees among Australians.

Inspiring personal stories can do more to motivate and change people's minds than statistics. While the evidence presented in this study is compelling, highlighting the success of established entrepreneurs such as Tan Le and Huy Truong can help shift public attitudes about refugees. It can be helpful too to remind people that successful entrepreneurs who are not identified as refugees (such as Westfield's Frank Lowy or Google co-founder Sergey Brin) come from a refugee background.



Image 7

¹¹⁶ <http://www.mnfoodassociation.org/our-csa>

¹¹⁷ <https://s3.amazonaws.com/sfc-dynamic-content/uploadfiles/1302/Chicken%20Head%20Farm%20202015.pdf>

Recommendation 20: Create an annual Refugee Entrepreneur of the Year awards program.

Upcoming talent also needs to be recognised. High-profile Refugee Entrepreneur of the Year awards could both promote individual winners and highlight the contribution of refugee entrepreneurs more broadly.

To maximise their impact, the awards ceremony should be held outside Refugee Week, with appropriate corporate sponsorship, high-profile judges and media publicity. Various categories could be created, for instance for young entrepreneurs and founders of social enterprises. There could be both a male and a female refugee entrepreneur of the year. Awards could be limited to refugees who have arrived in Australia in the past ten years, alongside a Lifetime Achievement award for established refugees.

There could also be a category for initiatives that support refugee entrepreneurship. This could help raise awareness and funds for small organisations that do valuable work that ought to be celebrated, expanded and emulated. More ambitiously, this could be the launchpad for a broader awareness-raising campaign among the likes of philanthropists, family trusts and corporate foundations; impact investors, angel networks and venture capitalists; regional funding and service delivery organisations such as Australia Post; Inclusive Australia, a new organisation, not yet officially launched, targeting the general public's attitudes to inclusiveness; and entrepreneurship ecosystem organisations, especially those with an explicit social impact agenda.

Recommendation 21: Encourage local areas with substantial refugee communities to develop local Community Hero awards.

Many refugee entrepreneurs help revitalise their local community in all sorts of ways that may not be significant enough for national recognition, but which can be recognised locally. Local authorities in places with large refugee populations such as Fairfield could create Community Hero awards to celebrate the achievements of local refugee entrepreneurs and enhance community cohesion.

4. CONCLUSION

Refugees in Australia have great entrepreneurial potential. Despite the huge challenges they face, they are already much more likely to start a business than people born in Australia. They could achieve much more with increased investment and support, which would yield large financial, economic and social returns for local communities and society as a whole.

Based on Australian and international best practices, this report has presented Seven Steps to SUCCESS for refugee entrepreneurship: a Strategic approach, Upskilling, Connections, Capital, an Enabling environment, Specific support and Spotlighting success stories.

These seven steps will be most effective if they are introduced as a package. But, politically and practically, some of the 21 recommendations will be easier to implement than others.

The immediate priority is to raise awareness of the existing contribution and huge potential of refugee entrepreneurs among policymakers, practitioners and the public at large. Publicising the findings of this report and launching Refugee Entrepreneur of the Year awards are key to achieving this.

Another immediate path forward is to replicate and expand the piecemeal but promising initiatives we identify, such as the NEIS Highly Disadvantaged Trial, Ignite, Thrive and Stepping Stones. Thrive stands out as an innovative venture that has scaled up quickly and successfully. Another promising program that could be replicated nationally is SSI's Ignite.

At the same time, delivering substantial change across Australia requires a strategic approach. Refugee entrepreneurs often fall between two stools: neither refugee settlement service providers nor programs to encourage entrepreneurship tend to support them, let alone consider their specific needs. Entrepreneurship can become a viable option for all suitable refugees by assessing entrepreneurial aptitude quickly, providing appropriate information and training, and creating online platforms for knowledge sharing. This is readily achievable.

More challenging, but also crucial, are measures that require more public funding, notably to enable skilled refugees to acquire local qualifications, to guarantee small-business loans and to maintain welfare payments to entrepreneurs in their first year of starting a business. But the upfront cost would pay for itself by yielding large financial, economic and social returns for local communities and society.

All levels of government have an important role to play in supporting refugee entrepreneurship, and progress will also rely on not-for-profit initiatives, networks of volunteer mentors and non-traditional sources of finance. These efforts can be enhanced by the judicious use of digital technologies to connect refugees, test their skills, monitor their achievements, assess their creditworthiness, and much else.

Underpinning all our recommendations is a change of mindset. Refugees should be viewed not as passive recipients of assistance but rather as dynamic actors. With a hand up and their own hard work, they can and will flourish.