

Centre for  
Entrepreneurs

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# STARTING AFRESH

How entrepreneurship is transforming  
the lives of resettled refugees

March 2018



Centre for  
Entrepreneurs



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## ABOUT THE CENTRE

**The Centre for Entrepreneurs (CFE) is the UK's leading entrepreneurship think tank. It researches the economic and social value created by entrepreneurs.**

The Centre was launched in 2013 by Sunday Times columnist and serial entrepreneur Luke Johnson, in partnership with the Legatum Foundation. In 2017, CFE joined forces with the New Entrepreneurs Foundation to form a unified charitable foundation to undertake research, campaigns and programmes to advance entrepreneurship across the UK.

Since launch, the Centre has advocated in-prison entrepreneurship programmes, uncovered how entrepreneurs are reviving seaside towns, championed angel investors as Britain's unsung heroes and shattered negative stereotypes affecting women entrepreneurs. It has also published never-before-seen data on migrant entrepreneurs, annual company formation rates, and local authority SME spending.

### Cornerstone donor:

**LETTERONE**

LetterOne is an international investment business focusing on energy, telecoms and technology, health and retail sectors. It is chaired by Lord Davies of Abersoch and co-founded by Mikhail Fridman. LetterOne firmly believes that entrepreneurs are key to strengthening the UK economy. The Centre is powered by LetterOne as its cornerstone donor.

### Report supported by:



The Saïd Foundation is a British charity founded in 1982 by international businessman and philanthropist, Wafic Saïd and his wife Rosemary. It believes in the power of education to transform lives, communities and societies for the better. For 30 years, the Foundation has provided educational opportunities to talented young people and enhanced the capabilities of those working to relieve need and combat disadvantage in Syria, Jordan, Lebanon, Palestine and the UK. The Foundation's support for this report reflects its commitment to building bridges between communities.

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# FOREWORD

**I have a personal connection with this important report. I had to leave the country of my birth, Syria, when I was 23. My mother, concerned for my safety and security, encouraged me to move to the UK to build a new life for myself.**

Those were, of course, very different times. Today, millions of people all around the world are forced to leave their homes to start a new life, and it is estimated that half the population of my home country have been displaced by the terrible war.

But I believe that my experiences can still offer a useful perspective.

I received an enormously warm welcome when I arrived here in the UK, and I know this to be true for many people from my generation who have had to seek refuge. That welcome, the powerful sense that I had found a new home, a place where my talents might be realised, all of those factors encouraged me to make the most of the fresh opportunity that I had been given. The successes I have enjoyed since then owe much to my early experiences in this country. Those gave me the confidence to know that the future could be better than the past, and they have sustained me ever since.

When refugees arrive in a new country, they are often bereft of material goods; many have nothing apart from the clothes they are wearing. But that does not mean they are worthless. Far from it. All of these people have their own special talents, and many of them have a burning will to move forward, in part to repay the faith that their new host country is placing in them.

It is these attitudes that can become the seeds of entrepreneurship and which, if

nurtured, will give back so much to their new country. Just look around the world at many of today's great companies, and you will find connections to refugee experiences: the co-founder of Google, Sergey Brin, left the former Soviet Union with his family to make a new life in America; in the UK, the pioneering IT entrepreneur Dame Stephanie Shirley fled Germany at the beginning of World War II as part of the Kindertransport rescue mission; I'm proud to note that the biological father of Apple's founder Steve Jobs came from Syria.

I was very vocal in my opposition to President Trump's early decision to bar refugees from several countries from entering the United States, and I would like to close by repeating a line from the poet Robert Frost that was famously quoted by US President John F Kennedy when he stood in front of the Berlin Wall: "Something there is that doesn't love a wall."

Even when the issues are as serious as security, building walls, whether physical, legal, or mental is not the answer to any problem. Indeed, those walls may deter the very people that a country most needs to prosper in the future.

I commend this report and very much hope that the government and business community gives it the attention it deserves.

**Wafic Rida Said**  
Chairman, Said Foundation

# FOREWORD

**Britain has always been a safe haven for refugees. For centuries we have provided shelter to those who have needed it most. We should be proud that we are on track to accept 20,000 of the most vulnerable Syrian refugees within the next two years, with widespread support to continue well beyond this target.**

But upon arriving to Britain, all-too-often we are failing to help refugees rebuild their lives. Despite a warm welcome, bureaucracy, discrimination in the labour market, and a lack of support has left too many new arrivals languishing. Three-fifths of refugees in the UK are unemployed, and of those who have found employment, half are underemployed – a terrible waste of human talent.

How can we best help them start afresh? The proper response must be empowerment. We cannot be the engineers of their lives, but we can offer refugees the opportunity and the means to shape their own.

One major way that refugees have taken control of their lives is through entrepreneurship.

Every refugee's experience is different, but they all share the virtues of courage, resilience and determination – key traits required by any entrepreneur. Many are naturally entrepreneurial and have run successful businesses before having to flee. For others, the experience of escaping from their home country, enduring refugee camps and persevering through the asylum process intensifies their entrepreneurial capabilities and pushes them towards self-employment.

Each generation of refugees has made significant contributions to the UK, and their collective impact can still be found on the high street today. Michael Marks of Marks & Spencer and Montague Burton of Burton Group were among the Jews who fled the Russian pogroms in the late nineteenth century. In the

1950s, Lakshmishankar and Shanta Pathak fled Kenya and set up the much-loved Patak's curry brand. Ugandan Asian refugees are to thank for bringing Domino's Pizza to the UK and for launching Tilda rice. The list goes on.

Refugee entrepreneurs also play a crucial role in boosting social inclusion. Migrant and refugee-founded businesses provide employment opportunities for new arrivals, who are often pushed out of the formal labour market. They also act as a bridge between migrant communities and wider society, facilitating integration.

Starting a business is never easy. It is especially hard in a new, unfamiliar country. Some organisations are already pioneering tailored startup support in the form of refugee entrepreneurship programmes. Socially-minded corporates and generous philanthropists have been quick to support such initiatives. But more can be done.

With a coordinated approach between government, business and the third sector, we can extend these fantastic programmes nationwide and help many more refugees rebuild their lives through entrepreneurship.

In doing so, we must not lose sight of the ultimate purpose of our endeavours: when refugees have lost almost everything, the greatest gift we can provide is a new start in life.

## **Oliver Pawle**

Chairman, New Entrepreneurs Foundation (home of the Centre for Entrepreneurs)





# EXECUTIVE SUMMARY

**“A refugee is someone who has been forced to flee his or her country because of persecution, war, or violence. A refugee has a well-founded fear of persecution for reasons of race, religion, nationality, political opinion or membership in a particular social group.” UN High Commission for Refugees**

## THE PROBLEM

- The world is experiencing the worst refugee crisis since the end of the Second World War and many have called on the UK to play a larger role in finding solutions.
- Since the termination of the Refugee Integration and Employment Service (RIES) in 2011 and with the axing of the post for Minister of Syrian Refugees in 2016, the UK has lacked an effective strategy for refugee resettlement. The new Integrated Communities Strategy rightly identifies the main barriers to integration, but has not proposed any fundamentally new methods to solve this problem.
- Employment is offered as the main route for refugees to re-establish their lives in the UK. However, only two out of every five find employment and of those half struggle to find employment appropriate to their skill level.

## ENTREPRENEURSHIP AS THE SOLUTION

- Entrepreneurship empowers refugees. It gives refugees the opportunity to take direct control over their lives and enables them to overcome barriers they face in the labour market.
- There is good evidence to suggest that refugees can make successful entrepreneurs. Refugees demonstrate high levels of motivation, confidence and desire for achievement, as well as a keen sense of risk and recognition of opportunities.
- Many refugees already believe that entrepreneurship is a good career path. Across many Western countries, refugees demonstrate higher levels of self-employment than their host society averages. Our own survey of refugees found that 82% of respondents agreed that entrepreneurship is a good

career path and 56% believed that self-employment/entrepreneurship is better than employment.

- Refugee entrepreneurs are more likely to employ other refugees, because they understand the barriers to employment and retain a strong affinity to others who have suffered similarly.
- Migrant and refugee entrepreneurs have a proven record for breaking down barriers between communities and facilitating the integration of newly-arrived groups into the wider society.<sup>1</sup>

## THE REFUGEE ENTREPRENEURSHIP PROGRAMME

- Refugees face unique challenges starting a business and require tailored support that helps them with cultural, financial and legal barriers. We believe that the best way to provide this is through a ‘refugee entrepreneurship programme’ (REP).
- Refugee entrepreneurship programmes across the world have successfully demonstrated how to attract applicants and deliver high-quality business advice in a short time-frame.
- With the government resettlement target of 20,000 Syrians by 2020 on track, the Centre has estimated the benefits to society if a REP were offered to all interested refugees. The economic case is strong: sponsoring interested refugees through a programme for just £2,000 each (totalling £4.8 million) could lead to savings of £170 million over five years – almost 10% of the forecasted resettlement cost and a 35x return on investment.

## KEY RECOMMENDATIONS

The Centre for Entrepreneurs wishes to work in partnership with government to convene

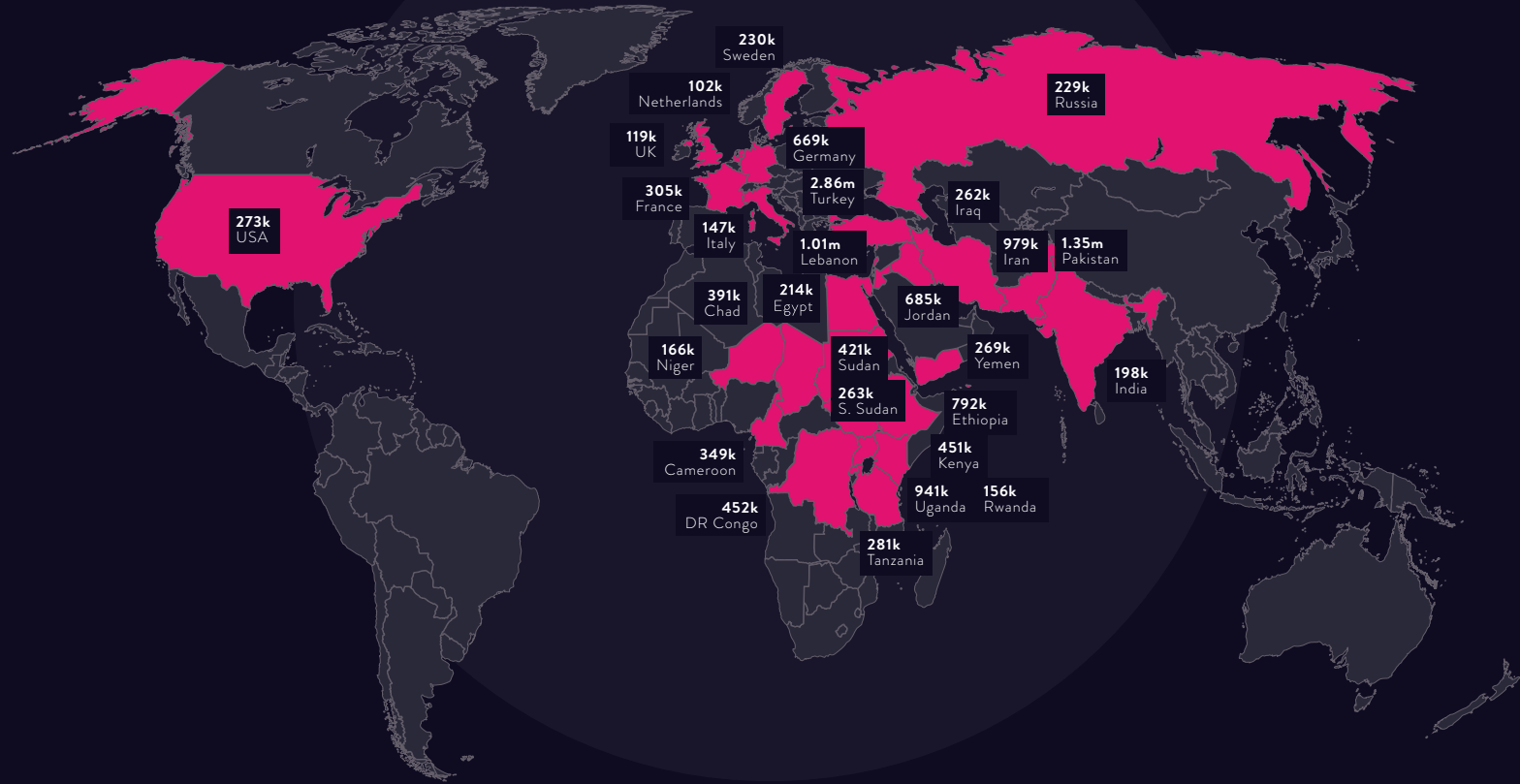
philanthropists, the business community and the third sector to implement several key recommendations that will unlock entrepreneurship among refugees.

- **New strategic vision for resettlement:** Review current support and create a new refugee resettlement strategy that positions entrepreneurship and self-employment as outcomes equal to employment.
- **Refugee entrepreneur development fund:** Design and finance a refugee entrepreneurship development fund to roll-out refugee entrepreneurship programmes across the UK. The fund should be used to finance programme operators for each participant that has successfully completed the REP. This may make use of philanthropic, private and public funds.
- **Skills mapping:** Design and introduce a skills mapping exercise during the asylum application process. This would help identify educational and vocational qualifications, employment history, where they might be best resettled based upon local economic needs, as well as entrepreneurial tendencies.
- **Financial inclusion:** Develop a platform for REP operators, banks and other financial providers to ensure that refugee entrepreneurs in the UK have access to all the necessary financial and insurance facilities required to start and grow a business.

**The Centre for Entrepreneurs intends to launch the ‘Refugee Entrepreneurship Network’ that will act as a campaigning coalition to build upon this report. We invite government, businesses, the third sector and philanthropists to join us in realising the vision we set out in this report.**

**FIGURE 1: Countries with >100,000 refugees**

(Source: UNHCR data, 2017)



## INTRODUCTION

The international community is facing the greatest refugee crisis since the Second World War and the government has come under considerable pressure to play a larger role in providing solutions. Since the termination of the Refugee Integration and Employment Service (RIES) in 2011 and the removal of the post of Minister for Syrian Refugees in 2016, however, the UK has lacked direction in its resettlement strategy. The new Integrated Communities Strategy identifies the barriers to integration faced by migrants and refugees<sup>2</sup>, but has not proposed any fundamentally new methods in its approach to integration. Employment has traditionally been seen as the main way to integrate the newly arrived, but three-fifths of newly arrived refugees fail to find jobs. Employment is not the only answer. In fact, encouraging refugees into entrepreneurship and self-employment may prove to be the most innovative and effective solution for the successful resettlement of refugees in the UK.



According to the UN High Commission for Refugees, there are 65.6 million forcibly displaced people worldwide, of which 22.5 million have sought refuge outside of their home nations. Over half come from three countries: Afghanistan, South Sudan and Syria.<sup>3</sup> In 2017, there were asylum applications from 63 countries, made because of either short or protracted conflicts<sup>4</sup>, most commonly from countries in which there is well-documented political oppression, conflict and human rights abuse.<sup>5</sup>

The countries that have accepted the most refugees have been those bordering conflict areas. The top three hosts – Turkey, Pakistan and Lebanon – altogether host an estimated 5.3 million.<sup>6</sup> In many countries, the refugee system is one which provides emergency humanitarian assistance and shelter, quickly evolving from a short-term provision into an unintended, long-term strategy. The result is a stagnant population: the mean duration of refugee exile stands at just over 10 years<sup>7</sup> during which many refugees become disconnected from productive endeavours and dependent on aid. The camp system fails to give refugees opportunities to better their lives.

While displaced peoples can seek refuge in countries other than those bordering crisis regions, the response from the world's six wealthiest countries has been disproportionately weak, collectively accepting only 8.8% of refugees.<sup>8</sup> The UK in particular has relocated an underwhelming number in comparison to its regional neighbours: Denmark, France, Germany, Italy, Norway and Sweden have all accepted more refugees per capita. Many have criticised Western reluctance to share the responsibility in addressing the crisis. "In the last year, more than a million people have arrived in Europe needing our help," said Prof Alexander Betts, director of the Refugee Studies Centre, "and our response has been pathetic."<sup>9</sup>

Much of the reluctance to welcome refugees stems from the assumption they are a burden to public finances and hold beliefs incompatible with Western social norms. Misconceptions of this kind have been reinforced in the eyes of many by terror-related incidents in several European nations over recent years. Many nations around the world seem resigned to the fact that the crisis around refugees can only be that: a crisis. Some have openly stated they do not want to take on refugees. In 2016, the Kenyan government threatened several times to close Dadaab camp, one of the world's largest refugee settlements.<sup>10</sup> More recently, the administration of Narendra Modi in India announced its intention to deport around 40,000 Rohingya refugees, also citing links to terrorism.<sup>11</sup> Even the German attitude of weathering the storm in the face of large movements of migrants and refugees – "Wir schaffen das!"<sup>12</sup> – smacks of grim determination in the face of a monumental challenge.

This pessimistic outlook fails to recognise the opportunity available. Refugees have lost control over their livelihoods, and the proper response to this is empowerment. One major way that refugees have taken back control of their lives and contributed to the economies and societies that embrace them is through entrepreneurship and self-employment.

There are many examples of successful refugee entrepreneurs. Two of the most famous were Jewish refugees after the Second World War. At the age of 20, Andrew Grove sought refuge from communist Hungary in the US where he would help start Intel. Frank Lowy, born in former Czechoslovakia, made a similar journey to Australia where he founded the multi-billion dollar property development company Westfield Group.

Refugees in the UK are no exception either. Montague Burton, founder of fashion giant Burton, and Michael Marks of Marks and

Spencer were both Jewish refugees of the Russian pogroms of the late nineteenth century. Dame Stephanie Shirley arrived in 1939 on the Kindertransport scheme and would later become a pioneering IT entrepreneur. In 1956, husband and wife Lakshmishankar and Shanta Pathak were forced out of Kenya by the Mau Mau insurgency and in Britain started the Patak's brand. In 1972, Ugandan Asians brought their own entrepreneurial talent: Tilda Rice and Euro Car Parts were founded by Rashmibhai Narshidas Thakkar and Sukhpal Singh Ahluwalia, respectively. Serial entrepreneur Sieng van Tran came to the UK as a child of the Vietnamese 'boat people' in 1981. And there are many more; thousands of SMEs were launched by self-employed refugees.

Recognising this entrepreneurial potential, a number of organisations around the world have emerged to nurture it. The Entrepreneurial Refugee Network (TERN), SINGA Business Lab, Refugee Entrepreneurs Denmark and Catalysr are four examples (see our case studies from page 24). Charlie Fraser, co-founder of TERN, says, "there's something about becoming a refugee that makes them more entrepreneurial ... they've had to leave their homes, cross countries, fend for themselves and create their own solutions in desperate circumstances, and that makes them a better entrepreneur."

Despite suffering hardships, refugees find ways to be innovative; they don't just survive in a new environment, they prosper. In this report, a broad definition of entrepreneurship is used, covering the entire spectrum from self-employed sole traders to high-growth innovative businesses. Not every refugee will become or want to become an entrepreneur as it is not their only option. Host countries should create the best possible pathways to allow those refugees who wish to pursue entrepreneurship to do so. These successful pathways are the focus of our report.

# WHY ENTREPRENEURSHIP?

## Why migrants and refugees make effective entrepreneurs

There are strong similarities between refugees and migrants in their entrepreneurial intent and talent. And there is much evidence to show that migrants outperform natives in entrepreneurship.

Data from the Global Entrepreneurship Monitor showed that in most of 69 countries surveyed, immigrants demonstrated a higher entrepreneurial activity, especially in growth-orientated ventures.<sup>13</sup> Our own study on migrant entrepreneurs found that migrants are responsible for one in seven of all UK companies.<sup>14</sup>

There are three main reasons for the high levels of migrant entrepreneurship around the world:

### 1) Discrimination

Discrimination against non-native nationals in the labour market pushes them into self-employment.<sup>15</sup> This can be due to employer biases or a regulatory environment that creates disincentives for hiring immigrant workers. Many refugees arrive in a state of near-destitution; facing enormous difficulties in accessing the labour market, self-employment may often seem like the only option available.

### 2) Cross-cultural experiences

As migrants and refugees bring with them perspectives of tastes and trends from different parts of the world, this makes them more likely to spot gaps in the market. Drawing on evidence that immigrant groups are more entrepreneurial than native populations, one study suggests just this: “cross-cultural experiences may increase individuals’ capabilities to identify promising business ideas.”<sup>16</sup>

### 3) Migrant self-selection

Entrepreneurial individuals are more likely to migrate and around the world, immigration policies favour highly motivated and capable individuals.<sup>17</sup> This, however, does not apply to refugees, for obvious reasons.

### Experiences and motivations

The experiences of being a refugee are usually extremely traumatic. These experiences, however, can have a powerful impact on their desires and motivations.

In periods of dislocation and crises, people draw upon often-untapped skills, resilience and ambition to adapt to changing circumstances. This can intensify their entrepreneurial capability.<sup>18</sup> By taking ownership of their labour through self-employment, refugees can regain control over the direction of their lives.

Aided by several personality and cognitive traits<sup>19 20 21 22</sup> (see Figure 2), this motivation for control also produces a strong commitment to work hard and an openness to take on a challenge. Evidence shows that refugee entrepreneurs are willing to work double the hours to get their businesses going or hold another job to make ends meet in the interim than the average entrepreneur.<sup>23</sup> As John Else from the Institute for Social and Economic Development has written, “refugee entrepreneurs are truly the genuine article. Like entrepreneurs everywhere they are focused on measurable results, want fast and effective business services, and are keenly interested in becoming self-sufficient.”

### Employment versus self-employment

Employment has dominated the agenda of refugee economic activity – far more than any discussion of refugees’ entrepreneurial

potential.<sup>24</sup> This is understandable: employment is a significant contributing factor to the successful resettlement of refugees. It provides them with a stable means to support themselves and their families and assists towards their integration into the host society.

But refugees struggle to find employment. While statistical data on employment and integration progress among refugees is not collected on a regular basis<sup>25</sup>, the last “spotlight on refugee integration”, conducted for the UK government in 2010, found that 21 months after receiving official immigration status, refugee employment was well below the UK average (49% vs 80%). More than half of new refugees in employment also felt that they were over-qualified for their jobs.<sup>26</sup>

Elsewhere, a Europe-wide study in 2016 found that 44% of working-age refugees were unemployed and that welfare usage was high.<sup>27</sup> In Germany, the projections are pessimistic with ministers warning of long-term refugee unemployment<sup>28</sup>; in the Netherlands welfare dependency among some refugee groups is as high as 70%.<sup>29</sup> (It should be made clear that refugees do not apply for asylum in Western countries to claim welfare. In the UK, it was found that most asylum applicants did not know about welfare benefits before arriving and had no expectation that they would receive financial support.<sup>30</sup>)

Refugees face many barriers to employment. In the UK, these include: a lack of English language or literacy proficiency; a lack of relevant work experience demanded by employers; and no – or unrecognised – qualifications.<sup>31</sup> Other drawbacks include discrimination, where negative perceptions of refugees means employers overlook their skills and qualifications. Furthermore, newly recognised refugees often face delays in receiving official documentation confirming their right to stay and work in the UK. Coupled with penalties imposed on employers for hiring anyone without sufficient documentation, it is little surprise that companies have been reluctant to hire refugees.

## The answer is entrepreneurship

These disincentives and barriers leave many refugees feeling as though there is little choice but to turn to self-employment.<sup>32</sup> A Dutch survey in 2017 found that refugees felt strongly that entrepreneurship was the only way out of unemployment. Those that agreed were also more likely to demonstrate high entrepreneurial intent.<sup>33</sup> Studies such as these suggest that refugees represent fertile ground for interventions that support entrepreneurship.<sup>34</sup>

There are obstacles to success. Unfamiliarity with legal and financial structures, as well as problems with accessing credit, capital, networks and marketing resources can all discourage or prevent refugee entrepreneurs from starting and operating a business.

But these same obstacles and deterrents also apply in the labour market; indeed, they can be more significant. And in truth, this is not an either-or scenario. Self-employment is, as we are establishing, often more relevant and suitable for refugees, but it will not always be viable. Instead, we must bolster the pathways to both employment and self-employment.

## Entrepreneurship as a means for integration

Public concern over immigration levels and the ability of the UK to integrate newcomers is still high. Entrepreneurship, however, is a proven way for refugees and migrants to embed themselves into new societies. And thus, it addresses two pressing concerns: integration and economic growth.<sup>35</sup>

The phenomenon of immigrant, refugee and otherwise ostracised communities creating enclaves is well-documented. However, the entrepreneurs of these communities, far from keeping to their own, are agents of integration.<sup>36</sup> Ethnic minority entrepreneurs tend to be the first to make initial and long-lasting connections with wider society, and facilitate the integration between the new group and the population at large.<sup>37</sup>

**FIGURE 2:** *Personality and cognitive traits common amongst refugees*





This is especially true of refugee entrepreneurs. In a survey in the Netherlands carried out to determine the relationship between refugee entrepreneurship and the host society, refugees ranked integration highest among reasons for why they would consider self-employment.<sup>38</sup> This provides further evidence in favour of entrepreneurship as one of the most effective and reliable ways for refugees, or any outsider group, to integrate into a new community.<sup>39</sup> In fact, this pathway is considered so reliable that the level of refugee entrepreneurship in any given country has been used as a metric of integration in European studies.<sup>40</sup> Entrepreneurship is one of the few ways in which refugees and migrants can interact with those born into the society. The need to interact with those outside of their own group in order to conduct business transactions allows refugee entrepreneurs to establish relations with customers, suppliers, distributors, investors, networks and the wider society.

### Demonstrating interest

Refugees have long shown a strong interest in entrepreneurship. In Australia, immigration data shows that refugees are more entrepreneurial than any other migrant group. Of those with refugee visas, 9.3% earned income from their own businesses, compared with 4.3% and 5.7% of migrants with skilled and family visas, respectively. After a five-year period, the percentage of refugee-earned income from self-employment rose from 5% to over 15%.<sup>41</sup> According to Herbert Brückner of the Institute for Employment Research (IAB), an estimated 10% to 15% of working age refugees in

Germany will be self-employed within a period of a few years – the caveat being that it will take some time for refugees to learn to navigate the German market and regulatory environment.

In the UK, Centre for Entrepreneurs research has shown that refugee self-employment, much like migrant entrepreneurship, is almost as high as 20%.<sup>42</sup> There have been multiple studies highlighting the entrepreneurial activity in the Somali community in particular, many of whom arrived as refugees.<sup>43 44 45</sup> Furthermore, data from the Department of Work and Pensions shows that between April 2011 and September 2017 around 880 refugees benefited from the New Enterprise Allowance (NEA), and around 350 – over 40% – successfully set up businesses.

Working with Ashley Community Housing and North of England Refugee Service, the Centre for Entrepreneurs conducted its own survey of 96 refugees in the UK to measure their interest in entrepreneurship. The results of the survey can be seen in Figure 4 and show that refugees are demonstrating clear entrepreneurial intent. Although it is a relatively small sample, the quantitative data we collected reinforces what academic studies and other literature have already suggested. The clearest indication that refugees have entrepreneurial interests is that 73% of respondents have considered becoming self-employed or starting their own business, far higher than the UK population at large (see figure 3).

The legacy of self-employment in their countries of origin is an important

influence on refugee entrepreneurs.<sup>46</sup> In our survey, three-fifths of the respondents either had direct business experience or knew of close relatives who run or used to run their own businesses. Consequently, refugees are more likely to see entrepreneurship as a good career choice.<sup>47</sup> This is evidenced further by the Centre's survey results, in which more than 80% of respondents agreed that entrepreneurship is a good career path, while 56% agreed that entrepreneurship was a better path than employment. This may be described as an inherited economic preference for self-employment. According to pre-civil war data, more than a third of Syrians were self-employed – more than double the European Union average of 16%.<sup>48</sup> Afghan refugees in Australia also have similar rates of personal or familial entrepreneurial experience.<sup>49</sup> Furthermore, 60% of Congolese, Somali and Rwandan refugees in Uganda are self-employed.<sup>50</sup>

The willingness of refugees to engage in entrepreneurship could not come at a better time. According to data from Global Entrepreneurship Monitor, the working-age populations in many European countries suffer from low levels of 'entrepreneurial intentions'<sup>51</sup>; comparatively few believe that 'entrepreneurship is a good career choice'. Germany, Netherlands, Spain and Switzerland all score very low on these measures.<sup>52</sup> Business-minded refugees would thereby serve as a welcome boost to many countries' ailing entrepreneurial activity.

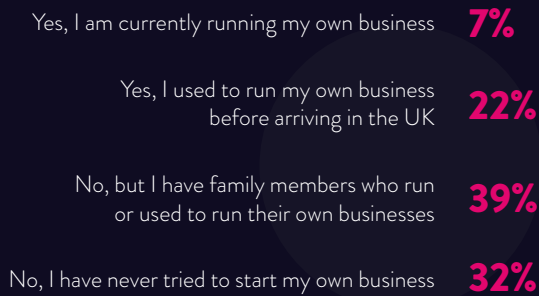
**FIGURE 3** *Entrepreneurial intent in the UK*



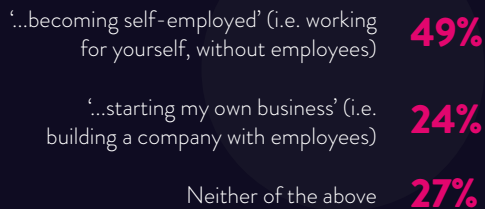
(Source: Natwest Entrepreneurship Monitor, Q1 2017)

FIGURE 4: CFE/Ashley Community Housing/North of England Refugee Service survey

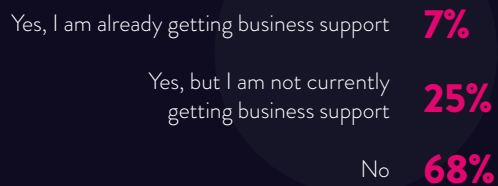
### I HAVE EXPERIENCE IN BUSINESS



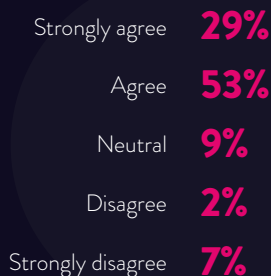
### I HAVE CONSIDERED...



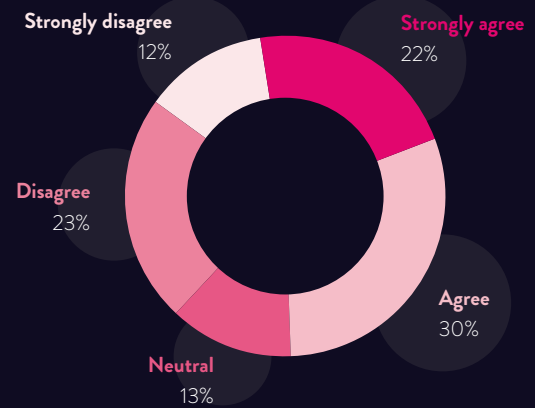
### WOULD YOU KNOW WHERE TO GET BUSINESS SUPPORT?



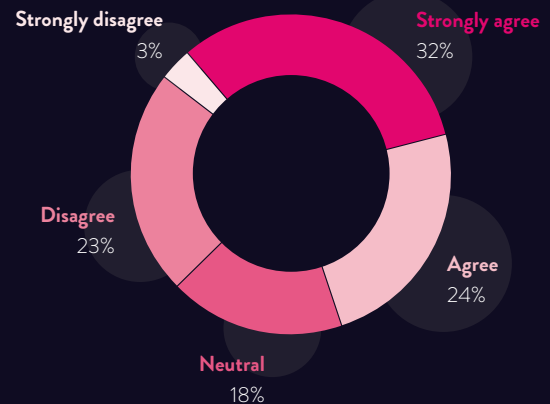
### 'I THINK ENTREPRENEURSHIP / BUSINESS IS A GOOD CAREER PATH'



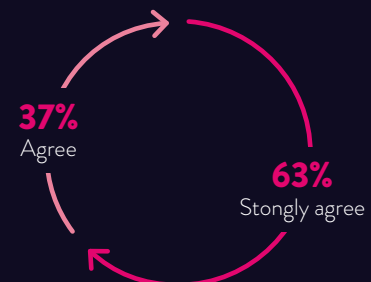
### I HAVE THE SKILLS TO START MY OWN BUSINESS



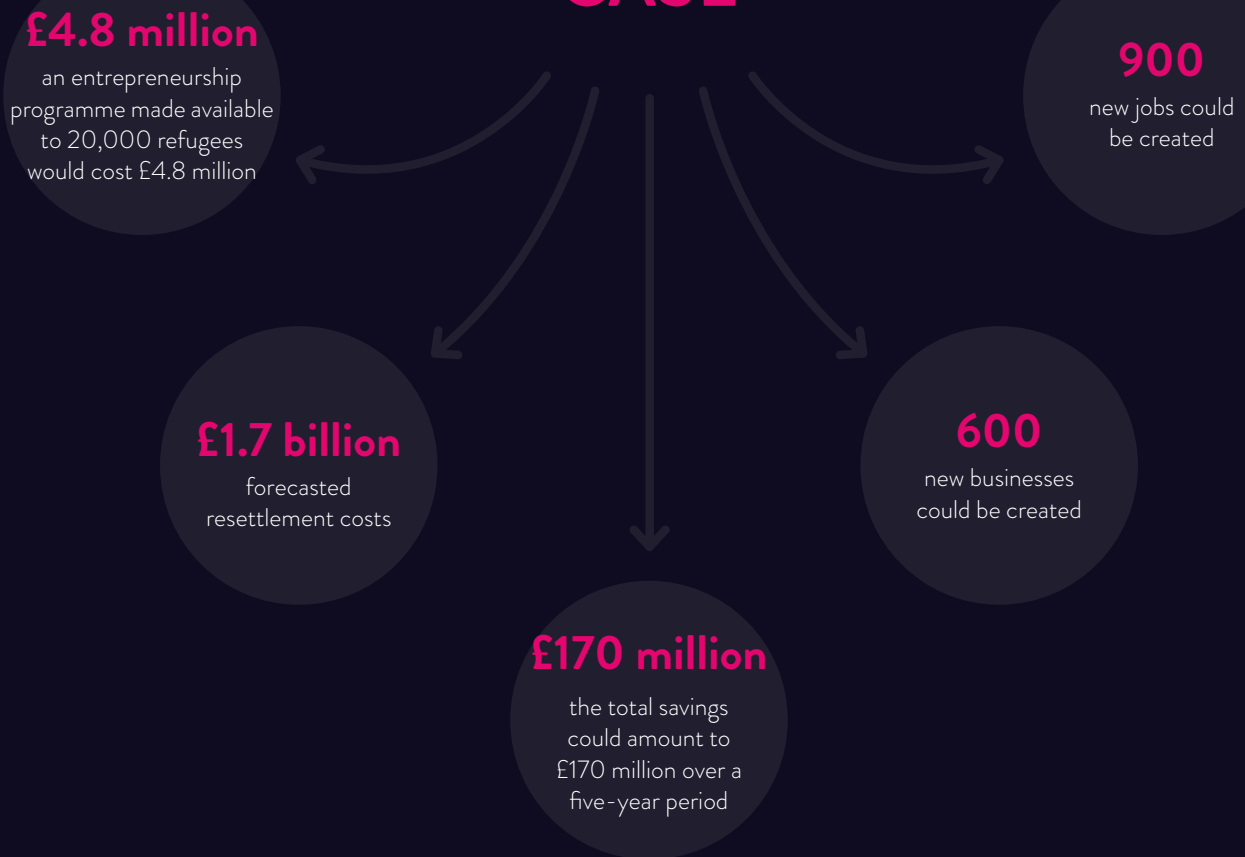
### 'I THINK ENTREPRENEURSHIP / BUSINESS IS A BETTER CAREER PATH THAN REGULAR EMPLOYMENT'



### 'I THINK MORE SHOULD BE DONE TO ENCOURAGE NEWLY SETTLED REFUGEES INTO BUSINESS/ENTREPRENEURSHIP'



# THE ECONOMIC CASE



In 2015, then Prime Minister David Cameron pledged to resettle 20,000 Syrian refugees in the UK by 2020. Currently, the present government is on track with its target. The Centre has sought to calculate the potential public savings and benefits if a refugee entrepreneurship programme (REP) were made available to all interested refugees from Syria.

The cost of resettling 20,000 refugees over five years is expected to be as high as £1.74 billion. This is based upon the National Audit Office (NAO) estimate that the annual average cost of a resettled refugee is £17,340.<sup>53</sup> Using best available data, the Centre has calculated that by sponsoring refugees who are interested in starting their own business to complete an entrepreneurship programme could create public savings of up to £170 million,

an almost 10% saving to the funding spent on resettling refugees across the UK over the same five-year period.

To estimate the cost of sponsoring all interested refugees, we use UK-based incubator The Entrepreneurial Refugee Network (TERN) as our model. From this model, we have calculated that the roll-out of such programmes would cost £4.8 million. This is based on two data points:

the cost per refugee to complete TERN's programme (£2,000); and an estimate that, of the 20,000 refugees, around 2,400 will undergo the programme. This assumes that 60% are in the working-age category; and 20% of this group show entrepreneurial potential.<sup>54</sup>

From this initial investment in refugee entrepreneurship, significant economic and social benefits will be generated, such as:



## Public-sector savings

Savings begin to accrue as participants and alumni of the programme set up their own businesses, get off welfare and begin to create jobs. Of those participants who complete the programme, it is expected that 25% will go on to grow their businesses as an immediate consequence of their training. The startup rate of REP participants is based upon standardised figures from REPs around the world for which we were able to attain data. This would lead to the creation of 600 new businesses.

## Reduced resettlement costs

The resettlement cost of REP participants is significantly reduced.. As many REPs offer employment or part-time employment inside a host company, participants are far less dependent on benefits to get by. The rate of welfare usage by REP participants is as low as 30% (compared to almost 100% of all other refugees) during their first years of resettlement.<sup>55</sup> It is this reduced cost of resettlement that is primarily responsible for the public savings made through the sponsorship of REPs: the quarterly savings made on participants is almost £8.7 million.

## New employment-generation

Using all available data, including figures from Ignite<sup>56</sup>, a refugee entrepreneurship programme in Australia, as well as UK statistics on the employment trends of SMEs<sup>57</sup>, it can be estimated that the participants of REPs will go on to employ between 3 to 4 employees (3.6 average). Consequently, it can be expected that almost 1,000 jobs will be created over a five-year period from refugee founders. Additionally, five out of every six jobs created will likely go to other refugees, further reducing refugee reliance on government support.<sup>58</sup> The Centre predicts that job growth will not begin immediately, but will likely start accumulating after the first year and half or so. According to Home Office statistics, the public cost of supporting employed refugees is almost half the NAO estimate.<sup>59</sup>

Therefore, refugees employed by fellow refugees include another, relatively small saving of £1.8 million at the end of five years. This does not include the jobs that the refugee entrepreneurs go on to create after the five-year period.

## Transformed perceptions

With this data a forecast of £174.8 million can be expected from the sponsorship of refugees on entrepreneurship programmes over five years. By removing the cost of the initial investment made of £4.8 million, the total savings would amount to £170 million, which is almost 10% of the expected cost to resettle 20,000 refugees in the UK. The significance of this can be summarised by Edin Bašić (case study on page 24) who put it in his own business language: “It is about the ‘investability’ of individuals... we need to change our perception towards refugees; a resource rather than a threat.”

The impact assessment provided only measures those who complete the entrepreneurship programmes. The remaining participants should not be classified as failures though; it is not for lack of passion or ability that excluded them from the programme, but rather capacity of the programme. It is plausible that they will create businesses later on when they are more prepared. Alumni that decide to enter the labour market are also more likely to find employment than they were before completing the programme. The number of participants calculated did not include any children coming of age who may wish to also apply for the REP or the many non-Syrians that are in UK with refugee status or awaiting asylum application approval.

## Wider economic activity

Furthermore, this does not consider the increased tax revenues and economic growth associated with increased consumption and investment raised to benefit businesses in the local economy. The more immediate savings offered by the sponsorship of REPs are already an exciting incentive, but the promise of future gains offer another argument in favour of its adoption.

# RE-IMAGINING REFUGEE CAMPS

**Most displaced persons who leave their home country find refuge in camps. Refugee camps, however, were never intended to be a permanent solution but have become so through lack of imaginative thinking. “Today’s refugee camps do not appear significantly different from those that existed 30 or 40 years ago. Modernisation seems to have passed them by,” said Alexander Aleinikoff, deputy high commissioner of the UNHCR.<sup>60</sup>**

The camps often exceed the capacities of their original design and the settlements produced are consequently developed by the demand for the safety under desperate circumstances. Dadaab, a Kenyan settlement intended for 90,000 Somali refugees, is now a city with almost 250,000 refugees.<sup>61</sup> Ben Lawrence, author of ‘City of Thorns’, described it in terms of safety through incarceration: “the geography of a refugee camp is about two things: visibility and control – the same principles that guide a prison.”<sup>62</sup>

Under such conditions, entrepreneurship and innovation are stifled in favour of top-down management. The international humanitarian approach imposes a planned economy on refugees, relying on governments and NGOs to direct and control economic activity by prescribing limited, predominantly in-kind resources, a system in which refugees remain in limbo: “existing approaches to protracted displacement are failing. They are inefficient, unsustainable, and lead to dependency.”<sup>63</sup> The existing system fails to recognise that refugees have talents, skills and aspirations.

Refugee camps can also present economic and social challenges for the

host nation. The UNHCR report on Lebanon, for example, concluded that the impact of the Syrian crisis on the neighbouring country was at best mixed. In a multiplier effect exercise, it found that from the \$800 million injection of humanitarian aid, \$1.6 billion was returned in GDP. However, this did not offset the estimated negative effects of 23% reduction in tourism volume and a 7.5% reduction in exports.<sup>64</sup> Neighbours of high-intensity conflicts, like Lebanon, suffer from “spillover effects”<sup>65</sup> such as these, as well as higher rates of inflation.<sup>66</sup>

It is high time, therefore, that we reimagine the refugee camp by focusing on the opportunities for innovation to unleash the entrepreneurial talent of refugees. Turkey and Uganda offer two of the most encouraging examples of the power of entrepreneurship to transform the lives of those seeking refuge. First-time business owners and seasoned entrepreneurs are generating huge benefits for local communities in both countries. By allowing enterprising refugees to flourish, both host nations (which neighbour conflict areas) have largely managed to avoid the negative consequences from “spillover effects”.

## TURKEY

Turkey is reaping the benefits of refugee entrepreneurship. There are more than 3.7 million refugees in Turkey, the majority of whom are Syrian.<sup>67</sup> Safe from conflict, Turkey has moved most of its refugees from camps into its cities. Syrians are starting businesses and creating economic opportunities for both locals and refugees. A report by Building Markets, a non-profit international trade and development agency that champions entrepreneurs in developing countries, has documented the bustling economic activity of Syrian entrepreneurs in Turkey.

Since 2011, more than 10,000 Syrian businesses have been founded in Turkey<sup>68</sup> and they represent 10% of all firms established in Turkey since 2013.<sup>69</sup> Of these, 6,000-plus have received formal investment totalling nearly \$334 million.<sup>70</sup> These entrepreneurs are creating jobs, not only for fellow refugees but also local Turkish communities. The average Syrian business in Turkey employs 9.4 people and a survey found that 55% of Syrian refugee-founded Small and Medium-sized Enterprises (SMEs) were

looking to hire more employees in the coming year.<sup>71</sup> In the years following 2017, Building Markets estimates that the entrepreneurial strength of the Syrian community in Turkey will continue to grow, establishing more than 2,000 additional new companies and raising a further \$90 million in capital.<sup>72</sup>

Syrian refugee entrepreneurs tend to be well educated: more than two-thirds are university graduates, compared to only one in ten of the overall Syrian population in Turkey.<sup>73</sup> Frustrated by barriers to regular employment, many Syrians turn to self-employment to make the most of their skills. And while language and access to capital remain the two principal barriers to economic participation, integration and growth, refugee entrepreneurs clearly demonstrate that there is a potentially huge benefit for both refugees and the host society. So much so that many commentators have speculated that Syrian businesses have saved the Turkish economy from recession, giving it an injection of vitality.<sup>74</sup>

The debate in Turkey is moving away from accommodating refugees as temporary guests to recognising their long-term presence, opening opportunities to improve their livelihoods.<sup>75</sup> Syrians in Turkey have found it far easier to transfer their skills and capital into the Turkish economy, and the host nation has benefited as a result. This may be due to greater cultural affinities and proximity to their nations of origin.

And there are more reasons to be optimistic. Syrian SMEs in Turkey expect to hire on average eight more employees each over 2018. Additionally, many Syrian business owners plan to become serial entrepreneurs: more than a third plan to start another business in Turkey; even after the war ends, three-quarters intend to keep their businesses in Turkey while expanding back into Syria.<sup>76</sup> Turkey will likely be able to retain many of the economic benefits created by the refugee entrepreneurs even after they return to Syria.

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# 10%

of all firms established  
in Turkey since 2013 are  
Syrian-owned

---

# \$334m

of formal investment into  
6000+ Syrian businesses in  
Turkey since 2013

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# 9.4

The average number of  
people a Syrian business in  
Turkey employs



## UGANDA

Uganda – once the source of an exodus – is now host to one of the largest refugee populations in the world. More than 1.5 million people, mainly from South Sudan, Burundi and the Democratic Republic of Congo have found refuge in Uganda<sup>77</sup>, with an estimated 272,000 inside Bidi Bidi, the world's largest refugee camp.<sup>78</sup> Unable to directly provide services and support, the government has opted to guarantee the right for both asylum seekers and refugees to work and travel freely within the country. In doing so, refugees in Uganda have unlocked their own entrepreneurial potential. In an extensive study of qualitative and quantitative research on refugees, the Refugee Studies Centre demonstrated the ingenuity of refugees in Uganda and the profound contributions that entrepreneurs have made to their host society.<sup>79</sup>

Many migrant and refugee communities look inwards as they arrive in new societies. In the settlements of Nakivale and Kyangwali, however, there is significant internal and external trade across refugee populations and local communities, both in the form of in-kind and cash economies. More than two-thirds of refugees identified refugees of other nationalities as their business' most important clients, and 26% identified Ugandan nationals as their largest buyer community. Beyond the national borders of Uganda, some refugee entrepreneurs are expanding their connections globally, often using Ugandan nationals as brokers to establish relations in the Middle East, India, China, Europe and North America. In this way, entrepreneurship has enabled some refugees to establish global networks that are improving their livelihoods and supporting their successful resettlement. The

economic freedom refugees enjoy in Uganda has multiplied the opportunities available to all communities. The creation of refugee businesses has not only provided the new arrivals with more disposable income but has also expanded opportunities in the labour market, employing both fellow refugees and Ugandans: 40% of refugee employers provided work for Ugandan nationals.

The fruits of their entrepreneurship are also allowing refugees to outperform Ugandan nationals and attain a greater level of material wealth. Refugees often face significant barriers in accessing information and communication technologies, but in Uganda, many have become "effective technology users."<sup>80</sup> Almost all refugees in Uganda's capital, Kampala, self-identified as mobile phone users, compared to 45% of Ugandan nationals. Furthermore, 51% of refugees said they use the internet, compared to only 15% of the general population.

Refugees are also represented across multiple sectors. From crop growers, tailors, jewellery makers, food-related businesses, beauty, transportation, accommodation, technical services, finance and other areas, refugees have made their mark. And many refugees work in more than one industry, creating multiple revenue streams rather than relying one form of employment or self-employment. As such, refugees have become largely independent from humanitarian aid – 99% of refugees in Uganda earn their own income.<sup>81</sup> In Kampala, 78% of refugees required no international aid at all. Refugees have created their own social networks and built sustainable opportunities for themselves.

**The experiences of refugee entrepreneurs in Turkey and Uganda illustrate what has been coined “bottom-up” innovation – the transformative way in which crisis-affected communities engage in creative problem-solving, adapting products and processes to address challenges and create opportunities.<sup>82</sup> Given the chance, refugees can work their way out of their own crisis and improve their lives through entrepreneurial flair. And both countries demonstrate the value of large influxes of refugees to host societies and offer examples of the innovative transformation of refugee camps into economic hubs.**

The UK is not like either Turkey or Uganda in its exposure to the refugee crisis. It has the advantage of learning from afar and at a more measured pace, nor has it needed to set up its own refugee camps. Permitting the entrepreneurial talent of refugees to be productive is clearly one way in which other countries have managed the refugee crisis first-hand. The UK can and must do the same.

# 78%

of refugees required no international aid at all

# 51%

of refugees said they use the internet, compared to only 15% of the general population.

# 40%

of refugee employers provided work for Ugandan nationals





# RETHINKING ASYLUM

The approach to our own asylum system also requires new and innovative thinking. There are many criticisms of the asylum system in the UK, but for the purposes of facilitating refugee entrepreneurship, the key improvement is uncovering the skills and talents of asylum applicants. This is an area that is currently neglected but is a proven way of identifying entrepreneurial qualities in people.

Before arriving in the UK, many refugees will have likely been in refugee camps. Yet the asylum system offers little respite from the same negative pressures – perhaps to a lesser degree – than those of the camps. Long waiting times with lack of information, an inability to work and dependency on meagre welfare, as well as needing to prove legitimate refugee status takes its toll on the applicants. As Faith Gakanje-Ajala said (case study on page 28) “because of the system, we are broken.” For more detail about the asylum process, the Refugee Council offers a comprehensive guide that can be read online.<sup>83</sup>

Since the termination of the Refugee Integration and Employment Service (RIES) in 2011, fewer resources have been made available to support refugees in their resettlement. The All Party Parliamentary Group on Refugees noted that “very little time, if any, has been given to considering what happens to refugees once they have been given protection by the UK government.”<sup>84</sup>

This includes any consideration of entrepreneurship as a viable pathway for refugees in the UK.

Asylum seekers and refugees often possess a diverse range of skills and entrepreneurial talents. During the application process, however, this expertise often goes unrecognised and unrecorded, and there is a significant risk that these skills will go unused at the expense of both the individuals and society. In mid-2015, it was estimated that there were almost 120,000 people in the UK with refugee status.<sup>85 86</sup> Each one whose talents were unrecognised represents a hugely missed opportunity.

Skills audits are already used by recruitment agencies, in business centres and in other employment services. Elsewhere, in countries such as Belgium, Germany, Portugal and Spain, skills audits have been used to help successful applicants find employment. There is no reason why this cannot be used in the UK for both employment and self-employment. It leads to the efficient allocation of skills and resources for the benefit of both newly-arrived refugees and the host society. Using skills audits, the Home Office and REP operators can more easily identify individuals who may be suited for entrepreneurship programmes.

Other institutions such as universities have stepped up to support newly-arrived refugees: some have begun awarding scholarships to asylum seekers and refugees. The timing could not be better as in recent years more and more universities are creating incubators and accelerators in support of student and graduate entrepreneurs.<sup>87</sup>

So often when policymakers consider how to assist refugees, entrepreneurship is forgotten. Yet it offers a valuable pathway for both refugees and the wider society towards helping the newly welcomed resettle in the UK. Whilst the asylum system negatively affects those subjected to it, it has not suppressed the entrepreneurial passion of refugees. Faith suffered almost an eight year wait for her application to be accepted but persevered to start her own business as soon as her refugee status was granted.

**“I never felt like giving up...  
The system took away my  
pride, but in business I went  
from nothing to something.”**

**– Faith Gakanje-Ajala**



# FROM REFUGEE TO ENTREPRENEUR: WHY THE TIME IS RIGHT

Public awareness about refugees has never been higher. The image of three year old Alan Kurdi laying lifeless on a Turkish beach in September 2015 focused attention on the crisis in the Mediterranean. But the images seemed to divide public opinion further still.

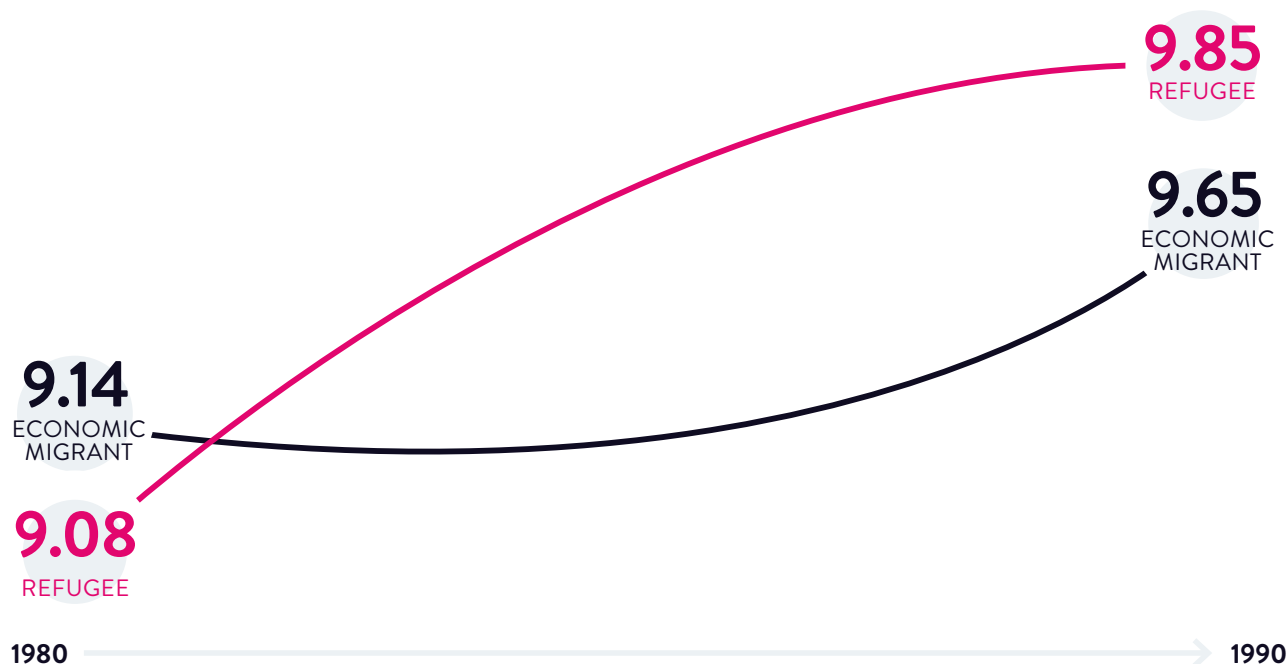
In Western Europe, one aspect of this divide is the public cost associated with resettling large numbers of people. “Clearly there are significant costs and risks shouldered by host countries,” said Omer Karasapan of the World Bank, “but there is another side to the story — the contributions made by refugees as they bring new businesses, markets, and skills to their host communities.”<sup>88</sup> But this initial cost is often not put into perspective of future gains. In a report by the Open Political Economy Network (OPEN) and the TENT Foundation, it was estimated

that refugees could repay public spending on them almost twice within five years.<sup>89</sup> An absorption cost of €69 billion would serve as an investment, bringing in returns of €126.6 billion in GDP by 2020.

While refugees may provide long-term gains, it is still suspected that they underperform economically when compared to the host society’s norm. The high rates of unemployment found in refugee communities is an important concern. In Sweden, for example, which has been widely praised for its generous treatment of refugees, unemployment among refugees is as high as 74%.<sup>90</sup> This, however, is not an inevitability, and is affected by the opportunities and restrictions placed in front of refugees. In the United States, a report from the Migration Policy Institute showed that, overall, refugees have a higher rate of employment than native-

born people, and that refugees who have been in the US for 20 years or more also have higher median household incomes.<sup>91</sup>

There is evidence to suggest that entrepreneurship plays a strong role in this. In a study by Princeton University and IZA Bonn, the outcomes of refugee groups and economic immigrants in the US were compared over a period of ten years, between 1980 and 1990 (see Figure 5). The study revealed that although refugees started on the backfoot – earning 6% less and working 14% fewer hours than economic immigrants – by 1990 they had overtaken their counterparts: refugees earned 20% more and worked 4% more hours.<sup>92</sup> Self-employment is not only allowing refugees to overcome the economic barriers that they encounter in a new society, but also to outperform other less disadvantaged newcomers.



**FIGURE 5:** Standardised earnings of refugees and economic migrants between 1980 and 1990.

Source: Princeton University and IZA Bonn

For many, entrepreneurship can lead them to the end of their journey, towards safety and prosperity. In the UK, the current economic environment is highly favourable for refugees to become entrepreneurs. Self-employment in the UK has been steadily increasing and refugees can contribute further to this growth: from the last quarter of 2000 to the first quarter of 2016 self-employment rose from 11.7% to 15% of the workforce.<sup>93</sup> Whilst the number of potential refugee entrepreneurs is relatively fixed<sup>94</sup>, many observers have been vocal in their confidence that refugees have the ability and desire to be self-employed.<sup>95</sup> Some of the causes for this rise echo the reasons why many refugees pursue self-employment: values of greater economic freedom and the desire of greater personal autonomy being two pertinent similarities.

The UK is already one of the best countries to start a business, taking 7th placing in the world in the “ease of doing” business category by the World Bank.<sup>96</sup> With tailored support provided by such organisations as featured in our case studies, entrepreneurial refugees will be increasingly able to take advantage of incubators, accelerators, scale-up schemes and mentoring programmes to help start their businesses. Government contributions have also supported entrepreneurial success. Initiatives such as Start Up Loans, New Enterprise Allowance (NEA), Seed Enterprise Investment Schemes, the National Business Support Helpline and others, have all supported business creation and growth in the UK.<sup>97</sup>

<sup>98</sup> In fact, Razan Alsous (case study page 26) directly benefited from the NEA and a Start Up Loan. For refugees, there is more support now than there ever has been to start a business.

Many refugees have received a positive welcome in the UK: in 2017, it was revealed that local councils across the UK had committed themselves to house almost 22,000 Syrian refugees, with Glasgow, Coventry, Gateshead, Birmingham and Edinburgh pledging the most support, in descending order.<sup>99</sup> Grassroot movements and charities have also galvanised support through campaigns and petitions.

But helping refugees to make the most of their resettlement is also important, and efforts to support refugees must go beyond accommodation. This follows what we recognise as a desperate need to provide useful solutions to societal problems, especially those regarding issues of migration. As David Miliband, president and CEO of the International Rescue Committee said in a speech in June 2017, “the most vulnerable refugees need to be given a new start, and a new life in a new country.”<sup>100</sup> Now is the time for the UK to do more, but if it is to firmly establish entrepreneurship as a legacy in this and future generations of refugees, a new strategy will need to be adopted.

The current absence of effective government structure for supporting refugees – the RIES scheme was abandoned in 2011, and the post of Minister for Syrian Refugees removed in 2016 – gives us an opportunity to change the agenda and introduce policies that support refugees entering entrepreneurship. As Professor Monder Ram from the Centre for Research in Ethnic Minority Entrepreneurship (CREME) says, “we need to start rethinking refugees, and other migrants, as potential assets for Britain.”

# RECOMMENDATIONS

The Centre for Entrepreneurs wishes to work in partnership with government to convene the business community, the third sector and philanthropists to implement eight key recommendations, outlined below, that will unlock entrepreneurship among refugees.

## **1) New strategic vision for refugee resettlement**

In recent years, the role of assisting refugees with integration, getting them into employment or business, and providing other tailored services has largely fallen on individuals, charitable and local community organisations, faith groups and businesses. This work should be praised. However, we recommend that the government work with business and the third sector to review its current support and create a new refugee resettlement strategy, one that positions entrepreneurship and self-employment as outcomes equal to employment.

## **2) Mobilising the business community**

The Centre calls upon businesses big and small to be more vocal in their support for refugee entrepreneurs and to play an even greater supporting role. To date, the private sector has provided important funding for refugee entrepreneurship programmes, but there is both the resources and willingness to do more. Firms can provide placements, workspace, mentoring and other valuable guidance for refugee entrepreneurs.

## **3) Rolling out refugee entrepreneurship programmes**

The Centre wishes to work with government, philanthropists and various experts to design and fundraise for a refugee entrepreneurship development fund. This would finance the roll-out of REPs across the UK. This should be through a 'payment by results' method. The fund can be used to reimburse the programme operators for each participant that has successfully completed a REP. Our estimates suggest an initial investment of £4.8m would support up to 2,400 participants, leading to 600 business formations. The resettlement savings could be up to £170 million: almost 10% of the expected public cost

of resettling 20,000 refugees over five years and a 35x return on investment.

## **4) Financial inclusion**

Banks and other financial service providers should work with REP operators to ensure that refugee entrepreneurs in the UK have access to all the necessary financial and insurance facilities required to start and grow a business. One of the main difficulties for new refugee entrepreneurs is access to finance. With no data about them, financial institutions cannot determine their risk and credit profile. REP operators can build detailed profiles of their participants, detailing and vouching for their skills, financial responsibility, credit worthiness and business plans. In this way, REP operators can act a trustworthy referee for refugees who lack personal data.

## **5) Skills mapping**

Design and introduce a skills mapping exercise during the asylum application process. This would help identify educational and vocational qualifications, employment history, where they might best be accommodated based upon the needs of local economies, as well as motivations, skills and characteristics that may identify them as having entrepreneurial traits. A few countries – including Belgium, Germany, Portugal and Spain – already do this.<sup>101</sup> The results of the skills mapping should bear no weight on the asylum application itself.

## **6) Fast-track ILR and citizenship for refugee entrepreneurs**

The government should establish a fast-stream to Indefinite Leave to Remain and UK citizenship for refugees who set up successful businesses. Currently, refugees must wait five years before applying for Indefinite Leave to Remain and then citizenship. This will help provide refugees entrepreneurs

with a clearer sense of security about the future in their new society.

## **7) Building strategic partnerships**

REP operators should establish working relationships with other services that refugees commonly require. These include: housing, language, legal, and welfare services, among others. The Integrated Communities Strategy has a number of proposals to increase migrant and refugee access to these services. REP operators should integrate their own staff with these service providers.<sup>102</sup> These collaborative relations should also include non-profit, profit, public and private partnerships and investors already working within the refugee community.<sup>103</sup>

## **8) Engaging alumni**

REP operators should invite successful alumni to return and play a direct role in the programme. This can include mentoring participants, offering employment placements as host companies, as well as providing funding and loans. This can help increase the pool of opportunities available to participants<sup>104</sup> and help promote the entrepreneurial ventures of new participants.<sup>106</sup> It will help REP operators become more sustainable in their long-term development.

**The Centre for Entrepreneurs intends to launch the 'Refugee Entrepreneurship Network' that will act as a campaigning coalition to build upon this report. We invite government, businesses, the third sector and philanthropists to join us in realising the vision we set out in this report.**





#### CASE STUDY

## EDIN BAŠIĆ - FIREZZA

When the civil war in Yugoslavia reached their hometown of Mostar, Edin Bašić and his family were taken by surprise. Coming from a mixed-marriage family of a Serbian mother and a Bosniak father, Edin's attention was on the last few exams of his Civil Engineering degree rather than the sectarian violence building up around him. Describing himself as a natural problem-solver, Edin's ambition was to use his engineering skills to solve Africa's water crisis – a goal typical of his attitude to always “think big”. But before he could put his ingenuity in the service of others, Edin had to find a way to survive the brutal siege of his city.

From one day to another, tanks and heavy artillery were bombing Mostar from the surrounding hills. Mothers were sending their children away in buses and Edin recalls following developments on TV in disbelief, as bombs exploded nearby: “how can other European countries live a normal life while this is happening to us? We’re not that far away!” he remembers thinking.

Faced with becoming two more victims claimed by the war, Edin and his girlfriend drove to the Croatian capital of Zagreb, and from there, decided to seek refuge in London. While safe and warmly accepted in the UK, this was to be the most difficult period of his life.

Upon arriving in London, Edin didn’t speak a word of English, which he cites as his biggest challenge. He also had to rely on welfare payments while his application was processed, which he couldn’t wait to get off of.

Meanwhile, the war back home had taken a toll on his family: Edin’s father had been captured and taken to a concentration camp; no one knew what had become of him.

Where others might have been overcome by such problems, Edin picked himself up and used them as motivation. “After a while you think, ‘it doesn’t get worse than this,’” he says. “Tomorrow is another day, and it’s only going to be as good as I make it. There’s no point in sitting down crying.”

His solution was to lose himself in work. Still with very little English, he started working as a kitchen porter in an Italian restaurant in the Paddington area of London. The work was hard, washing dishes “all day, every day” in split shifts of 60-70 hours a week. But before too long, his commitment was paying off. Edin quickly rose through the ranks, eventually

becoming the restaurant’s head chef. Even more important – as he’d later find out – is that what started as necessity had instilled in him a passion for cooking.

Over the next few years Edin kept building on his experience in the hospitality sector, working as a regional manager for some of London’s leading restaurant and cafe chains. And although becoming a restaurateur had never crossed his mind before coming to London, he was getting ready to start his own venture. “I was happy in Mostar,” he recalls, “but now I was here and had a world of opportunity in front of me; part of me always knew I would use my experience to open my own thing.”

In 2001, Edin spotted a gap in the food-delivery market, and with co-founder Adnan Medjedovic (a fellow Bosnian refugee) made the leap to found Firezza. According to Edin, there were many new concepts around, but nothing exciting was happening in delivery. “You had your usual American companies offering a product that wasn’t great – thick, soggy pizza.” The pair placed the bar high and set out to create the best pizza in the world, available to eat in, take away, and via delivery. Originality was key, so they recruited their first pizza chef from Naples, imported fresh Italian Mozzarella, and sold the product in rectangular pieces by the metre, just like in its birthplace.

The formula was a success, and word of the great pizza spread; their restaurant in Lavender Hill was buzzing with customers. The strength of the product became even more evident when one of their regular patrons offered to back an expansion to a second location. This would be the start of more investment into the business, another 15 locations over the next decade, and a string of awards including Best Pizza Delivery Company – ahead of international giants.

What started as quiet ambition in the kitchen of an Italian restaurant was now one of London’s hottest pizza chains.

Around that time delivery was really taking off and suitors were lining up to acquire Firezza. In 2016, Edin and his partner made the big decision to sell, accepting a bid from Pizza Express and, reportedly, making several million pounds each. “It felt strange, at first,” he says of the exit. “I wanted this, but until the last moment you never think it will happen to you.” Once the feeling sunk in a few days later, Edin was able to celebrate with his brother and father, now safe and visiting in the UK.

Having overcome hardship and achieved success, what does Edin think of the refugee experience? “It really makes you thick-skinned, feeling you can survive anything. I wouldn’t wish it on anyone, but I managed to turn my problem into an opportunity.”

In his view this is a transition any refugee is capable of. “To escape persecution and reach safety, you need to find ways to keep going. In this sense, all refugees are entrepreneurs,” he explains. “With some basic support, like language lessons, we can help unlock some amazing talent. Over the last decade, through my company I have contributed between one and two million pounds in taxes, every year. Not too bad for a refugee that came here with nothing.”

At only 51, Edin’s entrepreneurial journey is not over. He’s currently working on three startups, all of them food-related, one of which he’s particularly enthusiastic about: “I want to disrupt delivery aggregators by doing things completely differently; my goal is to combine technology and a food-related service to bring local communities together. I’ve got big ideas, we’ll see how it goes!”





## CASE STUDY

# RAZAN ALSOUS YORKSHIRE DAMA CHEESE

For those fleeing war, coming to a new country can mean finding solace and an opportunity to pursue long-held dreams; but for Razan Alsous, the narrative has been different. After two degrees in laboratory science and French, her career was just starting to take off. She had a happy family life, having married successful entrepreneur Raghid, and becoming a mother to three children. Everything seemed on track until a wave of violence would force her to leave Syria.

Razan was studying for her third degree, a BSc in Pharmacy, when unrest started building up around the campus – located in the Dara’a region near Damascus. “Mass protests had made the area unsafe,” she recalls of the growing violence. “I hadn’t realised it at the time, but this was the first act in the civil war that followed.” Razan, who was planning to help her husband set up a pharmaceuticals firm, was forced to put her studies on hold.

Leaving the country hadn’t yet crossed her mind, but that changed a few months later when she received an unexpected phone call from her husband; his offices had been destroyed by a car bomb, and he was fortunate to make it alive. Two days later the family was on a plane to the UK, planning to stay a few months until things got better back home.

Tragically, things didn’t go according to plan. With no sign of peace in Damascus, the family had no choice but to apply for asylum and leave everything behind.

“What people often don’t realise is that you lose everything,” Razan says of their decision to resettle. “My husband’s successful business was destroyed by the bombs, and the ensuing financial crash practically erased our savings.” All of a sudden, the family could no longer afford basic goods, let alone previous luxuries.

Changing that was now down to Razan: with her husband still waiting for asylum (only granted two years later), she had been left the family’s sole breadwinner. With two degrees, several years’ experience in executive roles and speaking four languages (French, German, English and her native Arabic), she was, quite clearly, a strong candidate.

But no one was willing to employ her. Razan describes this rejection as her most painful experience since leaving home: “When things got bad in Syria, I compiled all my qualifications. I thought, ‘wherever I go, this will show what I’ve achieved’. But when you just

wait in the job centre with no offers, it feels like being stabbed in the heart.”

Thankfully for Razan, the work ethic and ambition that made her succeed in Syria would also get her out of this stalemate. Despite having no previous entrepreneurial plans, she believed that starting a business could be a way out of the low-skilled, low-paying employment she was faced with.

After toying with a few ideas that weren’t quite right, the lightbulb moment came during a trip to the supermarket: she was going to make cheese!

A keen cook, Razan was looking for Halloumi to prepare a staple Middle-Eastern breakfast; on being told by her local Aldi that the cheese was only seasonally available, she thought, why not introduce it as a year-round delicacy, just like in Syria? The market was clearly there – the UK had been one of Europe’s top two consumers for a number of years.

And what better place to produce cheese than Yorkshire, with its ample supply of high-quality milk? Razan’s adviser at the job centre found the idea convincing enough to refer her to the local enterprise agency, and before too long she was receiving mentoring workshops and a £2,500 loan via the Start Up Loans scheme.

The funding was minimal, but it was the most she could claim as a humanitarian migrant. Now Razan just had to find a way to make it work. Encouraged by her mentor, and with plenty of ingenuity, she managed to put together the basic equipment she needed: “we didn’t have enough to buy specialised machines, so we had to modify equipment used in kitchens and restaurants.”

Meanwhile, Razan had to undertake some serious self-education. Despite her love of cooking, she’d never attempted cheese before. After putting the kids to sleep, she’d stay up late into the night studying academic sources and traditional recipes.

Thanks to her background in microbiology and some experimentation, she

perfected the recipe, but the business still needed a name. “When my children are older, I want them to see in the company their origins, but also the country that welcomed them,” Razan says of the story behind the brand. “That’s why I matched Dama – short for Damascus – and Yorkshire.” Yorkshire Dama Cheese was born.

The Syrian staple made from Yorkshire milk quickly won over the critics, and the story behind it gained a lot of attention. To test the viability of her product, Razan entered The World Cheese Awards alongside 3,000 other contestants; much to her surprise, she came in third. The success helped expand her distribution network, and international media outlets, from CNN to BBC Arabic, queued up to cover the Syrian entrepreneur rebuilding her career from scratch.

More honours soon followed. Having outgrown her first workshop, Razan was about to move in her new premises when she got another unexpected phone call: HRH Princess Anne was to honour her contribution to the area by inaugurating the new facility. “When we first moved here, securing basic goods like warm clothing could sometimes seem like a dream. Being honoured by Princess Anne was something I truly had never imagined,” Razan says about one of her proudest moments.

Yorkshire Dama Cheese has come a long way – from an escape out of low-skilled labour to a fully-fledged business. But according to its founder, this is only the start. “At the moment we’re struggling to keep up with demand; while this is a mark of success, we need the right investor to help us grow.”

Looking back, Razan is overcome with gratitude for the chance she was given, and wants other newcomers to be just as successful. “When people come here, they are a big pool of energy, ready to chase every opportunity they’re given. If we help them put their skills and talents to use, we’ll be unleashing a huge creative force, and that’s a win-win situation.”





## CASE STUDY

# FAITH GAKANJE-AJALA FAGEE FASHIONS

From taking part in the liberation of Zimbabwe at age nine, to starting a new life in the UK 25 years later, Faith Gakanje-Ajala has faced her fair share of adversity. The owner of a thriving textiles business, she was forced to leave it all behind after becoming the target of government violence. But despite having her application rejected five times and waiting nearly eight years for asylum in the UK, Faith never lost hope: now a graduate of TERN's incubator, not only is she recreating her previous success, but is helping other African women along the way.



Growing up a chief's daughter in Zimbabwe's Gokwe region, Faith's free spirit came out at an early age, when she enlisted as junior support staff in the country's liberation movement. After getting married and starting a family, it was the same desire for independence that made her start her own textiles business with a loan from the newly established Ministry of Gender and National Affairs. "In Africa, many women become financially dependent on their husbands, but I wanted to live life on my own terms, with my own resources," she says.

The business went from strength to strength over the next decade, until things came to an abrupt halt. Faith's company, like so many others in the area, was supplying European hotels with fabric and repair services. But by 2002 this was no longer seen as acceptable and Faith began to receive threats from her former comrades. With others in the area losing their businesses and even their lives, she had little choice than to look for safety in what she calls "the closest thing to a second home country."

Yet coming to the UK was the start of another difficult chapter. As with others in her situation, she spoke very limited English, and with no paperwork in her native Shona, understanding the asylum system was challenging and at times distressing.

After being placed in Nottingham, she had to move house seven times by 2010, constantly changing housemates in the process. Life would become much harder every time her application was rejected as she would lose access to housing: in the span of five rejections (followed by as many appeals), Faith had to face homelessness and destitution, an experience she says truly marked her. And when it came to getting by on benefits, this former employer of five couldn't help but feel restless and ashamed.

The eight years she spent "in limbo" left Faith with the feeling she was misunderstood, and that she hadn't been given a chance to take life in her

own hands. "You're being told that as an asylum-seeker, you can't enter employment or make profit; you're labelled 'a person with complex needs', which doesn't reflect who I am; I can't say the process didn't leave me traumatised..."

Even while enduring this personal odyssey, Faith looked to challenge the problems she saw around her. In 2006, with a group of female African asylum-seekers and refugees, she started the African Women's Empowerment Forum (AWEF), a community interest company based in Nottingham. The initiative, which was quickly endorsed by the local council and funded by organisations such as the Big Lottery Fund, aims to empower women through a variety of campaigns – mostly focused on education – and counselling workshops. Through the forum, Faith says she could voice some of her concerns, find a supportive community and, critically, make a difference in the lives of African women going through the same challenges.

After five attempts and eight long years, Faith was granted refugee status in January 2010, and was finally able to resume her entrepreneurial activity. Just nine days after receiving the acceptance letter, she recalls being on the phone with the Rayne Foundation, applying for one of its business development schemes. Very soon Faith would be awarded a £15,000 grant to research an idea and come up with a business plan.

Off the back of the scheme, and after a trip to Gambia learning about traditional dress-making, Faith was ready to start Fagee Fashions, her "integrated fashion label" that combines African patterns and fabrics with British styles.

With support and mentorship from TERN, Faith turned the business into a profitable venture, importing raw materials from Nigeria, which she then tailors and sells at the Creative Quarter, an enterprise space in Nottingham. Thanks to the finance

made available via TERN, she's now able to rent her own workshop, opening the way for better machinery and increased production. Currently producing nearly 100 pieces monthly, Faith hopes that increasing her output will help draw investment and take the company to the next stage.

Asked about her vision for Fagee Fashions, Faith says her first goal is to open her own shop on the high street. From there she'll look to move production to Africa to increase scale, while contributing to the continent's economic growth.

But the commercial side of the business is intimately linked with Faith's social mission. "After coming to the UK and experiencing hardship, I couldn't separate that experience from being a businessperson. That's why I want to empower other refugees and asylum-seekers from the African community by giving them textiles and leadership skills at my company."

Even at this early stage, Faith has opened up the business to anyone she can help. Having grown attached to children in social care who she met through AWEF, she lets them help her on weekends; this gives them work experience and some pocket money. She also mentors young women studying in local fashion schools, showing them sewing techniques and business basics, while they use design software to help her sketch new ideas.

With the hard times now behind her, and an exciting entrepreneurial journey ahead, Faith is confident she'll attain success. "All my life I haven't let anyone push me down and I've never felt like giving up. I just know I'll achieve my goals – and one day I'll be a millionaire, even if it's at 80!"



## CASE STUDY

# MICHAEL SEBHATU GENIUS IP

“For over 100 years, the construction industry has had the requirement to cut a square hole. No one’s managed to make a tool that can do that, ever; until Michael did.” Genius IP co-founder Ean Brown isn’t afraid to state the importance of Michael Sebhatu’s invention. The Quadsaw is a drill attachment that can effortlessly cut a square opening for sockets in seconds, and could save builders thousands of hours a year. But if it wasn’t for Michael’s resolve to survive one of the longest wars in Africa, and his lifelong dream to become a top engineer, technicians would have never set eyes on this invention.



Michael was growing up in a small village in Eritrea, when at 10 he realised he wanted to be an engineer. Describing himself as naturally curious, all it took was seeing an airplane fly over his father's farm. "I instantly wanted to know how it could fly without flapping its wings," he recalls. The very next year he convinced his father to send him to the capital Asmara, the only place he could get an education.

Hostilities in Eritrea's 30-year war of independence against Ethiopia meant that Michael had not been able to go to school for the previous four years, but within a few terms he had caught up with his age group. At just 15 he was ready to move closer to his dream when his brother offered to train him at his new engineering workshop in Addis Ababa, Ethiopia.

The next six years saw Michael master the practical side of the trade, but also witness the dramatic escalation of the war. This culminated when, at age 21, the Ethiopian government presented him with an impossible dilemma: join the fight on the Ethiopian side, or be persecuted. Michael couldn't face going to war against his homeland so instead he chose "the exile life", fleeing to Kenya.

His escape sounds like a Hollywood film, but it's an entirely true story: on the top of trucks and buses, he travelled 1,500km from Addis Ababa to Nairobi, all the time exposed to the elements. "There was a lot of wind, and a lot of sand," Michael recalls. "I wouldn't see people for hours and hours – it felt like travelling to the end of the world..." To make things worse, Kenya proved inhospitable. After a rejected asylum application to Sweden and a short stay in Norway, Michael would finally start a new life in the UK.

While Norway had offered him safety, Michael wasn't ready to give up on his engineering ambitions. Qualifying there would take a decade, so he made the tough decision to move one last time, to London. Once here, he wasted no time:

in just two weeks he was in Westminster College preparing for university.

"In hindsight, I don't really know how I did it," says Michael. He'd go on to get a BSc in Mechanical Engineering and an MSc in Product Design, but it all took a huge effort. Starting college with only a few words of English, it could take hours to read a single chapter. And at university he'd spend all of his free time in the library, making up for lost ground. To top things off, Michael had to support himself throughout, working odd jobs three times a week.

Despite finally being fully qualified, Michael would have to go into interior design to make a living after no engineering firm would give him a chance. But as frustrating as it felt at the time, this was to be his big break.

A few years into his career, he was working as an upmarket kitchen fitter. The job involved handling kitchen sets worth tens of thousands and the workmanship had to be flawless. That's why Michael was taken aback one day, when an electrician was cutting a socket opening using just a pad saw on a hand-drawn line. Surely there must've been a tool that could do that more quickly and accurately!

Yet no such thing existed. No DIY shop offered such a device, and the Patent Office revealed many unsuccessful attempts to design one. Michael saw this as a golden opportunity to make it himself. All of his spare time, from lunch breaks to late evenings, was now devoted to sketching and coming up with concepts, and it would stay that way for several years until he finally cracked it. "I can tell you, it wasn't easy!" he says with a smile. "It's easy to have one blade moving at one direction, but having four moving at the same time, you have so many mechanical challenges."

After decades of ups and downs Michael's luck turned when, through his day job, he met IP lawyer Ean Brown.

Ean was looking to start a venture at the time and was quickly won over by Michael's idea and talent. The two went on to found Genius IP, a company commercialising breakthrough inventions. Now, nearly seven years since they first met, and after more investment into the product, the company is close to shipping the first batch of Quadsaws.

"It took us six years to become an overnight success," Ean says. The company has received interest from every major market in the world in all six continents – even an engineer in Antarctica has ordered the Quadsaw! Meanwhile, meetings with the UK's largest construction companies and nearly every wholesaler show that the product is gaining steady traction domestically.

"At the end of the day, knowing my invention will make life easier for construction workers is one of the biggest rewards," Michael tells us. Indeed, the Quadsaw doesn't just offer speed, but accuracy in any operator's hand, saving additional time by eliminating the need to repair damaged walls.

Yet Michael hopes to make an even broader contribution. "I hope my story goes beyond showing people the potential of refugees and actually draws more talent into the engineering world." As he explains, with focus shifting to digital technology, it's been harder and harder to find the right engineering talent, with Asian countries now leading the way.

And his own entrepreneurial future? "The company is Genius IP, not Quadsaw," Michael insists. "We have many other breakthrough ideas and inventions in development. We're taking it one step at a time, but this is just the beginning!"



## MODEL

# THE ENTREPRENEURIAL REFUGEE NETWORK

Founded in October 2016, TERN – The Entrepreneurial Refugee Network – is the UK’s first incubation programme exclusively for refugees. Despite being a relatively new organisation, TERN boasts one of the most comprehensive programmes of its kind internationally, providing everything from work experience and pre-incubation, to micro-finance solutions.

The TERN story began when Ben Fraser met Fred Kastner at a Techfugees event in January 2016. Ben and his brother Charlie had previously seen the hardships refugees faced in Kos and Calais, and Fred had worked in some of the world’s largest refugee camps in East Africa, developing self-sustaining business communities; it was clear to them more could be done to unlock refugees’ potential in the UK.

The three of them, alongside fourth co-founder Megan Karlshøj-Pedersen, went on to launch TERN with the aim of making humanitarian migrants self-sufficient through business, and ultimately promoting a positive dialogue around them.

“When refugees arrive, they lack access to networks and finance” Charlie explains. “The first is obvious, while the second is

due to the financial system not having the structures to recognise refugee entrepreneurs at the moment.” TERN has access to both of these, and leverages them to meet participants’ needs.

One of TERN’s main strengths is serving entrepreneurs in all stages of their development. In the ICE Academy, run in partnership with Ben & Jerry’s, potential entrepreneurs earn money as

part-time ice cream vendors while getting basic business training to see whether entrepreneurship is right for them; and an on-demand service offers the wider community standalone sessions.

The flagship programme is an intensive three-month incubator, whose graduates stay connected via a fellowship network. Equally impressive are its funding solutions. Unlike other similar programmes who rely on case-by-case funding for their startups, TERN has partnered with ReStart, a charity giving zero interest loans, to supply their most developed alumni with seed funding.

As for the profile of the incubatees? The majority come from Syria, with a few participants from African and Asian countries. The youngest entrepreneur is 18 and the oldest is 70, and their businesses are equally diverse, from fashion, to hospitality and tech. While some are still at the start of their journey, others are seeking investment in the multiple tens of thousands. After 12 business startups in 2017, TERN is incubating 30 more in 2018 and will expand the ICE Academy to include 50 participants across three countries.

In terms of improving the sector as a whole, the team has set the bar high: TERN is pushing for new forms of funding that can help other initiatives be more sustainable. 'Payment by results' is a system where government and the private sector recognise the social and economic value of getting refugees to start businesses. "Evidence shows that programmes like ours save taxpayer money and contribute to the economy by creating new businesses" says Charlie. "Having that value recognised financially would make us and others even more effective."

TERN is similarly innovative when it comes to credit for their refugee-led businesses. Social underwriting is a very new concept, exploring how you can underwrite an individual not just through previous credit history, but also through their social behaviours and peers. TERN sees programmes such as their own as ideal for that, given they capture multiple data points: an

application form, workshop attendance, whether alumni have a positive attitude to learning, and of course their lending history through ReStart's loan.

At its core, TERN's mission is to empower refugees, and enable them to contribute. As Charlie eloquently puts it, "refugees are often portrayed as victims. The problem is that if you keep doing that, one person's victim becomes another person's burden. We're all about changing that."

## THE PROGRAMME

### Recruitment

TERN recruits participants through two channels: social media campaigns and "gatekeeper organisations". The gatekeepers are a diverse pool of 450 organisations working with refugees, from Refugee Council to local churches. They directly refer suitable candidates to TERN, or circulate TERN's application among their members.

### Selection

Selection for the incubator has two stages:

An application form where candidates must show they have refugee status and a business idea. Basic English is necessary in practice but not a formal prerequisite. This is followed by assessing applicants' experience, quality of idea, education level and general application sophistication. Nearly 50% progress to the next stage.

Development sessions: One to two-hour meetings acting as informal interviews. They aren't yet aimed at assessing the business idea (which is often at a very early a stage). Instead TERN runs some 'example tasks' to see if the applicant has a 'learning type', suited to quickly growing a concept while accepting feedback.

TERN currently has a 25% acceptance across all programmes.

### ICE Academy / pre-incubator

The ICE Academy offers part-time employment with Ben & Jerry's and early business development, with the goal of transitioning into the incubator. Many refugees, despite having a skilled

background, enter the destitution brackets once in the UK. This means they don't have the time or capital to start a business. The pre-incubator is designed to stabilise their socio-economic status as they prepare to become entrepreneurs. In 2017, eight refugees took part, and in 2018 the scheme will be expanded to Germany and the Netherlands, covering 50 participants in total.

### Incubator

TERN's flagship programme, aimed at giving the most qualified applicants the skills, networks and finance to rapidly start and grow a business. The incubator is structured around weekly workshops that cover basic principles such as design thinking and lean startup methodology. In Charlie's words, "the aim is not so much to teach business, but to offer an environment to grow and develop their own concepts." Each incubatee of the 13-15 person cohort works in a team of four: a TERN team member, a business buddy (usually a young business student acting as 'co-founder') and an experienced senior mentor.

### On-demand support

In a field as fluid as entrepreneurship many newcomers can benefit from just one to five interactions, or just access to a marketer; the rest they can do on their own. With this service TERN reaches a different part of the community.

### Graduation and financing

Incubation ends with a graduation ceremony. While this is largely symbolic, TERN is looking to evolve to a point where its certificate has value in itself, recognised by institutions and reflecting participants' credit-worthiness.

### Fellowship

Alumni join the TERN Fellowship. This gives them access to networking opportunities with TERN's soon-to-be 70 graduates and a host of business discounts via employee perks platform included.co. Graduates also become ambassadors for TERN and are given small financial incentives to make referrals, or represent TERN at events and in media.





## MODEL

# SINGA BUSINESS LAB

Being Berlin's most innovative incubator for refugees isn't always easy. SINGA Business Lab has struggled to meet demand for its services, receiving a striking 100 applications in its first year. It's not just that it's based in the European country with the most welcoming asylum policy; as co-founder Suhayl Chettih proudly says, the Business Lab has made a name for itself because it offers the latest techniques in innovation – the type you'd normally find in a Y-Combinator workshop.

**“We want to show that ‘refugee’ is just an experience, not an identity.”**

A former McKinsey management consultant born and educated in the US, Suhayl decided to leave his corporate job when he saw the destruction wreaked by the war in Syria. Inspired by Germany's openness to refugees, he decided to move to Berlin and use his business skills for a positive impact. By late 2016 he'd found his way to SINGA Deutschland, the German branch of an international social enterprise supporting newcomers, and in January 2017 he launched the Business Lab under the SINGA umbrella. "While SINGA engages newcomers more broadly, the Business Lab empowers refugees to start successful, innovative businesses," Suhayl says of its mission.

Given the level of interest in the Business Lab, the selection process for the final cohort is extensive. Over a one-month pre-incubation period (the idea phase,) 30 shortlisted candidates go through business modelling workshops, pitching training and expert feedback to validate their assumptions. Through this process, 10 to 15 entrepreneurs are selected for the incubator, while the rest are directed to other suitable programmes. According to Suhayl, the selection process is designed to support as many refugees as possible. "We don't yet have the capacity for a 30-person cohort, that's why we help as many individuals as possible through the idea phase," he says.

The incubator runs over an intensive four months, and consists of two to three workshops a week. These cover "MBA type skills", from innovation methodology and design thinking, to marketing and finance. The programme also offers integrated legal and financial support. The Business Lab has partnered with legal and accounting firms that run regular workshops for incubatees on all aspects of German bureaucracy. Startups that need tailored services, such as certificates or documents in preparation for investment can access them through the programme.

While it's common for newly established business support programmes to help launch SMEs, the Business Lab stands out for its large number of high-potential startups. Out of six companies in their first cohort (the last to complete the

incubator), only two are in traditional sectors such as clothing and food. All others are tech-enabled, two of which have been particularly promising: Niuversity, founded by Syrian academic Dr Fadi Alshalabi is an online upskilling platform that's raised €50,000 and is close to securing VC investment; and Bote, an IoT security device aimed at parents has already won initial funding through Jusoor's global entrepreneurship competition.

"In the Business Lab, we teach user-centred design, and this is what we followed to shape our own offering," Suhayl says of the programme's ethos. "We also consulted successful commercial incubators, and it quickly became clear that there are no methodological differences between what a refugee and any other entrepreneur needs. In this sense we are similar to most other incubators, only with broader access."

With another 11 participants graduating from the incubator in May 2018, Suhayl hopes more success stories will follow. The goal for the next three years is to produce "at least five very promising projects each cohort." But the Business Lab's long-term plans also include a social goal. "Many people don't believe refugees are capable of improving the economy. They see 'refugee' and 'entrepreneur' as separate concepts," Suhayl explains. "We want to prove them wrong and show that 'refugee' is just an experience, not an identity."

## THE PROGRAMME

The Business Lab has run two cohorts:

- Cohort 1, March - July 2017: 6 businesses (7 participants, 2 of which became co-founders)
- Cohort 2, January - May 2018: 8 businesses (11 participants)

6 out of 14 businesses are high-potential startups.

### Recruitment & selection

The Business Lab recruits participants through online campaigns on Facebook and other websites, while many candidates find about the programme via word of mouth and apply independently. Out of

approximately 100 applicants, the 30 most promising were invited to the idea phase; 11 went on to the execution phase. Selection for the idea phase is based on the originality, innovativeness, scalability and feasibility of the idea, while participants progressing to the incubator must show adaptiveness and a willingness to learn. Unsuccessful applicants are given feedback on their idea and are signposted to other suitable programmes.

### Idea phase/ pre-incubator

The idea phase covers the first month of the programme. Its aim is to take participants from an idea to a fully formed business concept through a Business Lab-devised innovation framework. Participants hone the desirability, feasibility and viability of their idea over weekly workshops. They then conduct practical tests, including customer interviews and prototype testing, before getting expert feedback from a mentor.

### Incubator

The main stage of the programme runs over four months and is divided into a concept phase and an execution phase. It enables participants to complete all operational requirements of their business. Through two to three weekly workshops and mentoring sessions they finalise their business plan and legal planning, obtain any certificates and form a marketing strategy. While the Business Lab doesn't offer funding as part of the programme, it helps incubatees set up crowdfunding campaigns and connects them to investors through its contacts and via networking events.

### Demo day

At the end of the execution phase, the Business Lab runs a demo day for its graduating participants. There they have the chance to display their business to members of the community, other entrepreneurs and investors, with the aim of making useful contacts.

### Alumni support

After participants have graduated they maintain strong connections through alumni networking events. Where needed, the Business Lab offers ad hoc support and consulting services, for example when alumni are preparing for venture capital investment.





MODEL

# REFUGEE ENTREPRENEURS DENMARK

Refugee  
Entrepreneurs  
Denmark



**Refugee Entrepreneurs Denmark (RED) is a relatively small programme, but is tackling some of the biggest structural challenges holding back refugee entrepreneurs, while helping launch impressive startups in its incubator. RED offers a wide spectrum of services, from basic upskilling to facilitating corporate partnerships. It's also one of few European organisations to provide early business training in asylum centres. Through all its activities, RED's core mission is to create active citizens, ready to contribute in their new country.**

While studying for his MA in Social Entrepreneurship, RED's founder, Conor Clancy, found that although many refugees are entrepreneurial, they can have a hard time starting up once in Denmark. "Sometimes they don't know where to begin and think it's too much work, when in reality it's just a cultural shift," he explains. That's why much of the incubator programme is focused on preparing business ideas for the Danish market. After narrowing the concept into a feasible business plan, there's a strong focus on branding and marketing – in Conor's experience, a few adjustments to communication and style can help businesses win over Danish consumers and become profitable more quickly.

In a sector where funding can be hard to come by, RED has a strong record of making deals between its members and large corporations. According to Conor, "the strategy is to target corporates' desire for CSR, but asking for reciprocal partnerships rather than handouts."

One promising example is TellMe, a platform offering newcomers a social network, telecommunications and information on Danish bureaucracy; the startup is currently in talks with a major mobile network. Car-wash company Carma Wash is also close to a deal with a large multinational which, according to Conor, could prove highly lucrative for both parties. "This strategy proves that refugees don't absorb resources, but on the contrary add value to existing businesses," he says.

One of RED's biggest challenges is to overcome misconceptions around newcomers' potential. At the moment, local government and job centres are responsible for finding refugees a job and, as a result, entrepreneurship will often be ruled out

as "unrealistic". Refugees aren't allowed to register a business while on welfare, and on top of that, job centres are sometimes rewarded for getting them into employment as quickly as possible, regardless of the job. "The result is that we have doctors cleaning hotel rooms and entrepreneurs washing dishes," says Conor. "We'd like to see this change, and local government to start offering microfinance for refugee businesses, like they do for locals."

As you might expect, ambitious newcomers looking to start a new life can often be disillusioned by the obstacles. That is why RED will be rolling out Asylum Centre Startup Hubs – pop-up workshops preparing asylum-seekers for Danish bureaucracy and industry while they wait for asylum. "Refugees can wait several years in those centres with very little at their disposal, to the point of facing mental illness," Conor explains. "We want to prevent that and have them enter society as active citizens."

## THE PROGRAMME

### Recruitment

One-third of applicants come from recruiting workshops and RED's outreach to other organisations; another third through engagement with the refugee community; and the remaining third through independent applications and referrals from third-party organisations.

### Selection

In its first cohort, RED had a 90% acceptance rate, taking on 12 entrepreneurs; 50% are Syrian, and the rest are primarily from the Middle East and West Africa. Applicants go through two interviews before they make it to the programme. "We look for motivated individuals," the organisation says. "We can help them with

anything, but we can't teach motivation and drive." RED signposts unsuccessful applicants to other organisations.

### Incubator & accelerator

RED's core programmes are the incubator and the accelerator. These are targeted at different development stages, but are interlinked, and they draw heavily from Conor's academic expertise in social entrepreneurship. The incubator is divided into five phases and revolves around weekly one-to-one workshops. Entrepreneurs hone their idea into a business plan and adapt branding for the Danish context, until they're ready to launch.

Once a business is advanced enough, RED makes connections to investors through its network and pursues corporate partnerships. RED is also in talks with local banks to set up a micro-finance scheme for qualified incubatees.

### Asylum centre startup hubs & upskilling workshops

RED will soon be rolling out business workshops in asylum centres and shorter courses for the broader community. The latter will prepare newcomers for the Danish labour market and teach vital business knowledge like digital and financial skills.

### Graduate support

RED maintains graduate companies in its portfolio for five years. This transitions them smoothly into the mainstream and offers a form of "insurance" to investors. RED also takes a 10% stake in all businesses. This is to ensure their own sustainability, but also to act as motivation. "We don't position ourselves as a charity," Conor says. "We want entrepreneurs to see us as partners, that's why we ask for something in return."



## MODEL

# CATALYSR

**Based in Sydney's suburb of Parramatta and already running for two and a half years, Catalysr has made a name for itself as an entry point to Australia's startup ecosystem. The programme has drawn from academic research and new business concepts such as effectuation theory, to help launch some promising startups and even get national media attention in the process.**

Catalysr started largely as a result of Usman Iftikhar's frustration with the Australian job market. He was born in Pakistan and earned an engineering degree before moving to Australia, but he wasn't able to find any meaningful employment for two whole years. That prompted him to start his own venture, and he soon joined an incubator focusing on social enterprise.

There, he and co-founder Jacob Muller decided to start an organisation that would guide migrants and refugees out of unemployment and help them set up innovative businesses. Moreover, their goal was to foster a movement of fresh companies that will make Australian business more diverse and disruptive.

Catalysr made a conscious decision to target both economic and humanitarian migrants. "We are explicitly recruiting from both groups, but we don't ask participants to specify their background, as it can be a sensitive matter," Usman says. He estimates that about a third of participants come from a refugee background.

Catalysr's entry criteria require a tech or tech-enabled idea. This is not to focus on the tech sector per se, but to ensure the programme attracts entrepreneurs with high-impact, scaleable concepts. This focus is in part possible thanks to the plethora of business support initiatives in Australia – organisations such as Settlement Services International's Ignite programme are tailored for refugees looking to set up a small business.

After an online application and a phone interview, successful applicants join a three-month incubator. The programme offers all the key components, with a few interesting twists. In the first month of the incubator, participants meet Catalysr's entrepreneur-in-residence once a week. For the rest of the week, they stay connected through the 'huddle' – an online 9am meetup in which they share their daily goals and achievements. "Some participants struggle with it at first, but we've found it helps motivation and knowledge sharing," says Usman.

In the remaining two months, participants work with a personal coach and track their progress by filling out the 'founders' scorecard'. This tool came out of Jacob and Usman's research, and helps refine business skills by keeping track of key cognitive traits, such as a scientific mindset and growth-oriented thinking.

Catalysr's participants are as interesting as the programme itself. According to Usman, most founders tend to be young and influenced by the Australian startup environment rather than the market in their country of origin. Two of those are Aninda Mukhopadhyay and Yue Cao, who are currently seeking early-stage finance for their AI-enabled dynamic calendar app. Defying demographic norms across most entrepreneurship programmes, Catalysr's latest cohort is predominantly female.

With the programme moving in such a positive direction, what are Catalysr's next steps? The short-term plan is to continue providing effective support and keep improving the quality of startups going through the incubator. The team is also exploring new ways of making an impact, including a podcast series

where successful migrant and refugee entrepreneurs share their story.

But when it comes to long-term success, Usman has a bold vision: prove the power of refugee entrepreneurship by helping create 10,000 jobs in ten years: "While state and city government have been very supportive, even funding our programme, discourse at the national level often traps refugees in a stereotype. We believe most of our impact will be felt in the long term, by showing that refugees bring tangible benefits to Australia."

## THE PROGRAMME

Catalysr's team includes two full-time and three part-time staff but extends to a network of more than 500 advisors, coaches, mentors and investors that are involved on an ad hoc basis.

### Recruitment

Catalysr accepts refugees and economic migrants but explicitly targets both. Recruitment mainly happens via online campaigns.

### Selection

Applicants are assessed through an online application and a phone interview. Unlike other programmes, Catalysr doesn't only accept individual entrepreneurs but also teams working on the same business. This means that while they've always aimed for five to ten businesses per cohort, the total number of participants, and the intake ratio, have varied considerably across cohorts. Each application represents one business.

- Pilot: Nine businesses out of 25 applications, formed by 16 participants
- Cohort 1: Nine businesses out of 50, formed by 32 participants
- Cohort 2 (current cohort): Five businesses out of 50, formed by 18 participants

Applicants are assessed over the general quality of their application, their openness to new ideas, and by whether their idea, tech-related or not, can have a broad impact.

### Incubator

After experimenting with a two-month pilot and a four-month first cohort, Catalysr has settled on running two three-month cohorts per year.

The first month starts with a 2-day bootcamp, covering basics like the Australian legal framework and setting expectations for the programme. Over the next month, participants work with the entrepreneur-in-residence and the huddle to complete weekly tasks, such as finalising the business plan and getting customer feedback. At the end of the first month there is an initial pitch night, where participants get feedback from a small group of mentors and investors.

The final two months are focused on personal development with the support of a coach, using the founders' scorecard. This stage also includes fortnightly 'fireside chats' where successful entrepreneurs share insights from their experience.

According to Usman, Catalysr's curriculum is influenced by the lean startup approach, a similar method called effectuation theory, and their own learnings from the pilot programme.

### Funding

While not yet able to provide in-house funding, Catalysr leverages its network to match incubatees with angel investors and venture capital. The team also refers businesses to Thrive Refugee Enterprise, an organisation supported by Westpac Bank, providing refugees with loans up to \$30,000 (circa £16,000) without credit checks.

Even though long-term viability is still a challenge, Catalysr is one of very few programmes of its kind to combine funding from three sources: government (at city and state level), third sector, and corporates – among which Australian tech giant Atlassian.

### Pitch night and alumni community

The end of the incubator is marked with a second, much larger pitch night, attended by local MPs, corporates and investors.

Participants completing the incubator have access to an informal alumni community, focused on knowledge exchange, connection sharing, and mentorship from older cohorts.



# CONCLUSION

The refugee experience is one that no one would wish for. But it is not one without hope. We have an opportunity to make possibly the greatest positive change in their lives since resettling. To be an entrepreneur is challenging but refugees have a hard-wired sense of survival, motivation and perseverance. For every challenge, there is a solution and entrepreneurship is a strong answer to the question of how refugees can restart their lives and succeed in a new society.

Once granted protection, refugees have three fundamental needs: to re-establish their domestic lives, regain independence and connect with a new society. However, relatively little has been done to support refugees beyond the essentials of resettlement. Refugees feel displaced, culturally isolated and suffer from some of the highest rates of unemployment of any demographic. Lacking a ministerial role, and following the closure of key refugee support services, the UK has lacked direction as to how to support resettled refugees.

More often than not, the go-to response has been to help refugees into employment. This may be exactly what most refugees need, but there is a sizeable number of refugees who – whether they are pushed or pulled into it – require the opportunity and means to pursue entrepreneurship. And this is something they want: there is good evidence that refugees have entrepreneurial desire and talents, more so than the population at large.

Entrepreneurship must be acknowledged as a viable pathway for resettled refugees. The UK cannot forget that in previous decades refugees have flourished through their entrepreneurial talent. As Charlie Fraser said, “every generation of refugees has its entrepreneurial leaders. There’s no reason why we should expect this generation to be any different.”

This should not just be left to develop passively. The current organic growth is

rooted in the work of a small number of refugee entrepreneurship organisations. Investing in the growth of such programmes can act as a multiplier: the growth of refugee-led businesses in the UK could be exponential.

That is why the Centre for Entrepreneurs wishes to work in partnership with the government. By bringing together the public, private and voluntary sectors to implement the eight key recommendations we have made, the Centre hopes to unlock the entrepreneurial talent of refugees nationwide.

The potential payoff is huge. We estimate that a refugee entrepreneurship programme made available to all interested refugees could lead to public savings of £170 million over five years.

This is far more than just a cost-saving measure. Refugees need an opportunity to restart their lives. Entrepreneurship is a proven way to establish new connections, overcome economic barriers and regain personal autonomy. The UK has a chance to start afresh and be more innovative in its approach to assisting refugees in their resettlement. It is clear from the findings in our report that entrepreneurship is a step in the right direction for both refugees and government. As Faith Gakanje-Ajala said, “innovation is the only way forward – entrepreneurship was the only way to go.”

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# ACKNOWLEDGEMENTS

**The Centre for Entrepreneurs would like to thank the following individuals and organisations for their invaluable contributions to the writing of this report.**

## Individuals:

Alan Thomas, Andy Lee, Anna Jones, Charlie Fraser, Conor Clancy, Dina Petrakis, Ean Brown, Edin Bašić, Faith Gakanje-Ajala, Fiona McSwein, Gokce Tuna, Jenny Rumsey, Josephine Goube, Julie Baker, Lisa Doyle, Matthew Rogers, Maximilian von Thun-Hohenstein Yoshioka, Michael Sebhatu, Mike Butcher, Mohamed Nasreldin, Monder Ram, Nicola Cobbold, Rachel Sharp, Razan Alsous, Suhayl Chettih, Tamsyn Brewster, Uri Meirovich, Usman Iftikhar.

## Organisations:

Ashley Community Housing, Catalysr, CREME, Genius IP, HERA, SSI Ignite, NatWest, North of England Refugee Service, RefuAid, Refugee Council, Refugee Entrepreneurs Denmark, Refugee Service, Simply Business, SINGA Business Lab, Techfugees, The Entrepreneurial Refugee Network, Westland London, Yorkshire Dama Cheese.

This is by no means an exhaustive list. Countless others provided inspiration, support, advice and introductions to make this report possible.

**The Centre for Entrepreneurs is an independent, charitable think tank that relies on the generous support of individuals and businesses to conduct its entrepreneurship research and campaigns. We are grateful to everyone listed below for their support.**

## Cornerstone donor:

LETTERONE

## Report supported by:

Saïd Foundation

## Business Forum:

Arbuthnot Latham, C. Hoare & Co, NatWest.

## Patrons:

Andrew Dixon, Luke Johnson.

## Senior Fellows:

Alan McCormick, Glenn Elliott, Robert Kelsey, Toby Baxendale.

## Fellows:


Alex Price, Alexandra Isenegger, Alison Lowe, Andreas Koupparis, Catherine Gannon, Catherine Gazzoli, Clare Hopkins, Dale Murray, David Barrie, Duane Jackson, Duncan Cheatle, Guy Mucklow, Guy Rigby, Helene Panzarino, Ian Merricks, Jonathan Bannister, Kulkit Thiaray, Lara Morgan, Lopa Patel, Lord Leigh, Michael Hall, Mike Hockey, Mike Sotirakos, Mohan Panguluri, Nick James, Nick Sturge, Oli Barrett, Paddy Willis, Paul Atherton, Phin Mpofu, Rebecca Hopkins, Sahar Hashemi, Stuart Rock, Suren Siva, Syd Nadim.

This report was authored by Robert Osborne and Michael Patrikalakis, and edited by Matthew Rock and Matt Smith. The report was designed by Jonty Young with the portraits taken by Rahil Ahmad. Portrait of Razan Alsous taken by Rob Whitrow, courtesy of Accounting Technician Magazine. Portrait of Usman Iftikhar courtesy of CGU Insurance.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of any of our donors.



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