



# GLOBAL ROADMAP FOR REFUGEE ENTREPRENEURSHIP

# ACKNOWLEDGEMENTS

This report was prepared by Impact Hub for UNHCR. Impact Hub is a global network focused on building entrepreneurial communities for impact at scale. With 100+ communities of 24,250 change-driven entrepreneurs in more than 60 countries across five continents, Impact Hub is one of the world's largest communities and accelerators for positive change.

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# Overview of Refugee Entrepreneurship Strategies

when / if context, conditions & assumptions*	to achieve strategy	by doing recommended action	through sub-actions	responsible unit primary implementer	supporting units and/or UN, IGO partners	examples good practices or similar actions
there is extreme poverty and vulnerability and/ or there are no options to formalize or grow the business	Livelihood/ Subsistence	implementing the Graduation Approach or continue to provide support at the microenterprise level	meeting the basic needs or support the subsistence enterprises since this is a first step for creating any possibility for entrepreneurship	country offices	regional offices, headquarters, social protection partners	not applicable - necessity driven micro-enterprise are not often categorized as entrepreneurship
there are reliable ecosystem partners, the legal context does not block refugee entrepreneurship, and the policy environment enables long-term planning	Better Thematic Partnerships	building partnerships with entrepreneurship support organizations and intermediaries active in the field  experimenting with innovative approaches to support refugee entrepreneurship with partner organizations  advocating for available funding to be provided to partners instead of to UNHCR in order to better be able to establish long-term partnerships	collaborating with accelerators, incubators, membership networks, co-working spaces, award/prize programs etc.  collaborating with universities, social innovators  ensuring technical, financial and operational sustainability in partnerships for entrepreneurship support activities by working around the annual budget cycles	country offices  regional offices  country offices	regional offices, headquarters, Partnerships Unit  regional offices, headquarters  country offices, headquarters, Partnership Section	e.g., SINGA and the Human Safety Network's collaboration  e.g. <a href="#">EPIC-N network</a> , <a href="#">fiscal sponsorship models</a> , <a href="#">Hello Europa legal support solutions</a>  e.g. Global Refugee Forum and Global Compact Pledges
there are reliable social entrepreneurship ecosystem actors, there are national anchor institutions advocating for SDGs	Connection with the Social Entrepreneurship Ecosystem	building more connections and strengthening existing connections with the social entrepreneurship ecosystem  creating synergy between the impact economy actors and the Global Compact on Refugees via SDGs	raising awareness for social business models relevant to refugee entrepreneurship, connecting with interested social entrepreneurship networks  connecting with local Impact Hubs, the B Corp movement, Fair Trade networks	country offices  headquarters	headquarters, Made51, ILO, UNDP  country and regional offices	Social cooperative model, work-integration social enterprise model (WISE), e.g. <a href="#">ENSIE Network</a>  e.g. <a href="#">Catalyst2030 Network</a>
there is a functioning market, social procurement at national and global scale is not legally blocked	Enhanced Access to Market	designing refugee entrepreneurship interventions based on market dynamics  advocating for social procurement from refugees, advancing the Buy Social agenda in partnership with related actors	identifying opportunities in the market where refugees can build and scale  creating market opportunities for refugees through awareness raising with public and private buyers, participating in #BuySocial campaigns	country offices  country offices	regional offices, headquarters, IFC, ILO  headquarters, World Economic Forum	e.g. <a href="#">Kakuma as a Market Place</a>  e.g. <a href="#">World Economic Forum's Buy Social</a> agenda with the private sector, ILO Turkey's <a href="#">Social Procurement Guide</a>
there are potential funders or financial intermediaries in the ecosystem, there are existing informal solutions widely used by refugees	Enhanced Access to Finance	focusing advocacy efforts on financial institutions that can offer blended finance mechanisms  establishing partnerships to identify alternative or innovative access to finance opportunities  raising awareness with (impact) investors about the needs of refugees  mapping innovative finance areas in need of regulatory support to establish partnerships in advocacy efforts and enhance access	advocating for an enabling environment for social impact bonds, guarantees and other de-risking mechanisms  promoting innovative or alternative sources of finance such as P2P lending, equity crowdfunding, credit cooperatives, Islamic finance etc.  advocating for adjustments of investments that match the need of the refugee enterprises in terms of ticket size  collecting information on workarounds and using them as blueprints to advocate for well-functioning systems	headquarters  headquarters  headquarters  headquarters	country and regional offices  country and regional offices  country and regional offices  regional offices, headquarters	e.g. <a href="#">Refugee Impact Bond</a>  e.g. <a href="#">CircleUp</a> , village savings and loans associations  e.g. <a href="#">FAIRE</a> (Fund for Action and Innovation by Refugee Entrepreneurs)  e.g. so-called 'Somali Bank' where refugees in South Africa and Ghana go to Somalia to transfer money to families or for micro-loans as they are shop owners with cash

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there are no easy-to-access or widely used information portals, digital opportunities are not used effectively or fully	Enhanced Access to Information & Digital Opportunities	<p>providing support for the development of refugee entrepreneurship networks or connect with existing ones</p> <p>facilitating online information portals for refugee entrepreneurs</p> <p>expanding access to digital entrepreneurship support services</p>	<p>facilitating connections among interested and dedicated refugees for peer-to-peer solidarity, connecting with existing refugee student networks</p> <p>facilitating the creation of a one-stop-shop information portal on refugee entrepreneurship where all types of interested actors and newcomers can find useful information</p> <p>facilitating the creation of a one-stop-shop information portal on refugee entrepreneurship where all types of interested actors and newcomers can find useful information</p>	<p>country offices</p> <p>country offices</p> <p>headquarters</p>	<p>headquarters and regional offices</p> <p>headquarters</p> <p>country and regional offices</p>	<p>e.g. <a href="#">The Refugee Entrepreneurship Network</a>, <a href="#">The Entrepreneurial Refugee Network</a>, <a href="#">Refugee Investment Network</a>, <a href="#">The Tent Partnership for Refugees</a></p> <p>e.g. <a href="#">Refugee Entrepreneurship Platform</a> from Brazil</p> <p>e.g. Empretec training, <a href="#">UNITAR training</a></p>
there is low awareness about the economic needs of refugees, inclusive practices are executed but not widely within the ecosystem	Improved Advocacy & Policy Support	<p>building capacity for partners with low awareness for a better understanding of refugee needs and rights at various levels</p> <p>creating tools and methods to monitor inclusive practices among ecosystem actors</p> <p>facilitating inter-agency coordination among public bodies</p>	<p>creating awareness to remove roadblocks that are obstructing the inclusion of refugees into existing programs, promoting good practices</p> <p>developing an inclusive entrepreneurship index at global level to monitor inclusion of refugee entrepreneurs in existing programs</p> <p>establishing connections and referral mechanisms between social and economic integration organizations and entrepreneurship support actors</p>	<p>country offices</p> <p>headquarters</p> <p>country offices</p>	<p>regional offices, headquarters</p> <p>country and regional offices</p> <p>regional offices and headquarters</p>	<p>e.g. ICMPD's <a href="#">Enhancer Project</a>, UNCTAD-IOM-UNHCR Policy Guidelines</p> <p>e.g. Hello Europe DEI standards, <a href="#">OECD Better Entrepreneurship Inclusive Assessment Tool</a>, Refugee Opportunity Index in preparation by the Refugee Investment Network, <a href="#">UNHCR Global Compact Pledges and Contributions Dashboard</a></p> <p>e.g. OECD's <a href="#">Guidance for Local Inclusion of Migrants and Refugees</a>, <a href="#">Local Inclusion Action Tool</a></p>
there are well-functioning entrepreneurship support programs on the ground, entrepreneurship ecosystem is developed	Improved Programming	<p>taking innovative action on intersectionality issues in partnership with relevant social innovation actors</p> <p>integrating actions aiming to create behavioral/attitudinal change in refugees into the support programs</p> <p>co-designing programs with beneficiaries</p> <p>working with implementing partners to diversify the support system for refugee entrepreneurship</p> <p>working with partners to scale up good practices</p>	<p>building capacity around the differing know-how and behavior-skill-knowledge set of refugees and their ability to bring different perspectives to problem solving</p> <p>providing support for self efficacy, emotional strength and soft skills</p> <p>involving refugees in the design of strategies, projects/programs to understand the 'bottlenecks' and to enhance ownership</p> <p>making support more diverse both geographically and content-wise since most support programs are in high-income countries and focused on the early stages of entrepreneurship.</p> <p>partnering with entrepreneurship support organizations to replicate and scale good practices</p>	<p>country offices</p> <p>country offices</p> <p>country offices</p> <p>country offices</p> <p>country offices</p>	<p>headquarters, Innovation Unit</p> <p>headquarters, Innovation Unit</p> <p>headquarters, Innovation Unit</p> <p>headquarters, Innovation Unit</p> <p>country offices, headquarters</p>	<p>e.g. <a href="#">LIFEED</a>, <a href="#">Year Here</a></p> <p>e.g. <a href="#">Resilient100 Program</a> of the Refugee Investment Network</p> <p>e.g. see <a href="#">Better Incubation</a> project website for many examples, Refugee Integration Organization from Ghana</p> <p>e.g. <a href="#">Acumen Academy Accelerator</a> for East Africa</p> <p>e.g. Sida, UNHCR and Grameen Crédit Agricole Foundation financial services in Uganda, <a href="#">Empretec Programme</a></p>
UNHCR livelihood staff is in need of development in entrepreneurship support programming	Support to UNHCR Staff	<p>creating diverse and multi-layered learning opportunities in the fields of entrepreneurship and partnership management</p> <p>encouraging the use of ecosystem maps for spotting the best partnership opportunities and engagement</p> <p>creating specific frameworks to assess the impact of the refugee entrepreneurship programs</p>	<p>promoting existing opportunities systematically and sharing regular information about new learning opportunities</p> <p>segmenting types of refugee entrepreneurship and adopting engagement strategies accordingly</p> <p>moving away from individual success stories and develop a monitoring or impact management framework for refugee entrepreneurship</p>	<p>headquarters</p> <p>headquarters</p> <p>headquarters</p>	<p>country and regional offices, UNITAR</p> <p>country and regional offices, UNCTAD, IOM</p> <p>country and regional offices, UNCTAD, IOM</p>	<p>e.g. <a href="#">Collaborative Innovators</a> toolkit, Economic Inclusion Exchange East Africa</p> <p>e.g. see <a href="#">Scotland's social entrepreneurship ecosystem map</a> for a user-friendly visualization of related actors and potential partners</p> <p>e.g. <a href="#">Refugee Lens</a> of the Refugee Investment Network, <a href="#">60 Decibels' Microfinance Index</a></p>

# Contents

<b>Context Setting</b>	<b>06</b>
Positioning Refugee Entrepreneurship	<b>07</b>
Characteristics of Refugee Entrepreneurs	<b>08</b>
Panorama of Refugee Entrepreneurship	<b>10</b>
UNHCR’s Entrepreneurship Support Activities	<b>11</b>
<b>Needs and Findings</b>	<b>14</b>
Access to Finance and Markets	<b>14</b>
Access to Information	<b>17</b>
Managing Host Communities	<b>17</b>
Lack of Policy Support, or the Policy-Practice Divide	<b>18</b>
Creating Behavioral and Attitudinal Change	<b>19</b>
<b>Recommendations</b>	<b>21</b>
Enhancing Partnership Building	<b>22</b>
Building Impact and Social Entrepreneurship Connections	<b>27</b>
Enhancing Access to Markets	<b>30</b>
Enhancing Access to Finance	<b>32</b>
Enhancing Access to Information and Digital Opportunities	<b>33</b>
Enhancing Advocacy and Policy Support	<b>35</b>
Actions for Improved Programming	<b>36</b>
Supporting UNHCR Livelihood and Economic Inclusion Staff	<b>42</b>
<b>Methodology</b>	<b>52</b>
<b>References</b>	<b>54</b>
<b>Acronyms and Glossary</b>	<b>57</b>

# CONTEXT SETTING

The main objectives of this study were to put UNHCR operations into context with global best practices in entrepreneurship and inclusion of vulnerable communities and to provide strategic guidance to UNHCR in the form of a global roadmap on refugee entrepreneurship. To this end the study analyzed the breadth of refugee entrepreneurship activities that are being delivered through UNHCR country operations, implementing partners, and in partnership with relevant actors. Furthermore, the study identified good practices and areas of opportunity within the field of refugee entrepreneurship.

Refugee entrepreneurship is an emerging field. UNHCR has been supporting refugee entrepreneurship for over 10 years in order to improve refugee self-reliance and protection and the attainment of durable solutions. Since the adoption of the Global Compact on Refugees in 2018, UNHCR's priority role is that of an advocate, enabler and convener of relevant actors with the aim to create an enabling environment and facilitate the economic inclusion of refugees and other forcibly displaced persons in national and development services and programs. UNHCR also strengthened its focus towards improving refugee livelihoods by partnering with a broad range of parties, including governments, the private sector, and development actors. They also adopted (when required) market-based, results-driven interventions to enhance the self-reliance of persons of concern<sup>1</sup>. Integrating a long-term approach to building livelihoods and fostering socio-economic inclusion even in the most acute humanitarian crisis conditions, has become crucial since forced displacement is now more widespread than ever before, and the average length of refugees' displacement is getting longer. Given the context, entrepreneurship support seems to be an effective solution as it can contribute to increased economic inclusion, reduced aid dependency, and stronger social cohesion of forcibly displaced persons throughout their displacement cycle.

<sup>1</sup> Global Compact on Refugees (GCR) called for a new comprehensive refugee response model that is based on a whole-of-society approach for more comprehensive, predictable, and sustainable support to refugees and to the communities that host them. Enhancing refugee self-reliance is a key objective of the GCR. UNHCR's strategic approach to livelihoods and economic inclusion since 2019 is guided by the GCR.

# Positioning Refugee Entrepreneurship

There are many theories on entrepreneurship, entrepreneurial activities, characteristics, and motivations. Typically, entrepreneurship is associated with the creation of a new and opportunity-driven business. Necessity-driven micro-enterprises that tend to be informal and have limited capacity or intent to grow are generally not included in the entrepreneurship spectrum.

Entrepreneurial activity can be broken down into different stages. While the exact stages and descriptions vary, the entrepreneurial journey can generally be divided into the following phases:

- **Idea Stage:** A product or service idea is being developed into a concept, prototype, and business plan.
- **Startup Stage:** A product or service idea or prototype gets developed into an operational business, with the first sales of products or services, and the development of organizational structures. A venture usually becomes formalized at the startup stage.
- **Growth Stage:** A fledgling startup with minimal revenue becomes an established business with regular activities and a growing team and customer base.
- **Scaling Stage:** The business actively expands from one market to multiple markets, nationally or internationally, through different scaling strategies, develops partnerships, and raises investment to grow in size and impact.

Entrepreneurship happens both in the formal and informal economy. While all businesses start as informal ideas and ventures, enterprises are generally expected to formalize during the startup phase, enterprises are generally expected to formalize their business as part of the startup phase. During this stage, they begin paying wages or salaries and start generating revenue. Formalization is usually a prerequisite in order to access finance, markets, and support from the entrepreneurial ecosystem - which are all needed for the continued growth of the business. If refugee entrepreneurs are not legally allowed to own and run a business in the host country, the inability to formalize the business can pose a challenge in realizing its potential in terms of growth and scale.

Given the many barriers refugees face to entrepreneurship, many of the refugee enterprises across the world can be categorized as livelihood-sustaining enterprises. Livelihood-sustaining enterprises are micro or small businesses that operate to maintain an income for an individual family. Their growth is slow, as they incrementally prove their product or service through traditional business models and mainly serve local markets. This type of entrepreneurship deviates from niche or high-growth ventures in terms of market growth and scalability potential, financial performance, entrepreneurial behavior, and innovation profile..<sup>2</sup>

<sup>2</sup> For detailed information of this categorization, please refer to the report *The Missing Middles: Segmenting Enterprises to Better Understand Their Financial Needs* [https://omidyar.com/wp-content/uploads/2020/09/Enterprise\\_Segmentation\\_Report.pdf](https://omidyar.com/wp-content/uploads/2020/09/Enterprise_Segmentation_Report.pdf)

# Characteristics of Refugee Entrepreneurs

Entrepreneurship is usually not the first choice for refugees<sup>3</sup>. The decision to become an entrepreneur depends on factors such as labor market entry conditions, earning potential in self-employment compared to employment, and quality of welfare benefits<sup>4</sup>. Most refugees need to cover their cost of living right away, and to become entrepreneurs, they need financial support<sup>5</sup> during the early phases of their business development.

In contexts where unemployment is high and the economic situation is also bleak for nationals, refugees prefer to follow the entrepreneurial path rather than seek wage employment. This offers easier access to subsistence. For example, in Jordan, where the majority of nationals are employed in public service, the unemployment rate is high, and the private sector is underdeveloped. Entrepreneurship becomes a more viable pathway for refugees in this scenario. Other examples are from South Africa, Brazil, and Morocco, where refugees tend to become entrepreneurs due to the limited opportunities the formal employment market offers.

Refugee entrepreneurs are generally depicted as agriculturalists or petty traders<sup>6</sup>. This characterization stems from the fact that the main concern of most refugees is economic survival. Refugees most often focus on sectors with low entry requirements and qualifications where they can provide value based on their cultural background, skills, or experience. Typically, refugee businesses can be found in sectors such as food, small-scale trade and retail, guidance services for fellow refugees, beauty services, and handicrafts. As previously mentioned, this is the reason why the majority<sup>7</sup> of entrepreneurial

activities qualify as subsistence entrepreneurship or self-employment, characterized by necessity-based motives and no employees.

Even in contexts where entrepreneurial activity is not legally allowed, self-employment might still be the most viable option for a refugee to meet their livelihood needs due to a lack of alternatives. This also applies in situations where refugees have little to no prospects of returning to their homeland, and the opportunity to resettle in another (third) country is also very small. In these cases, self-reliance is crucial, hence refugee entrepreneurship is more common. For example, in Indonesia, many refugees are operating businesses informally with the help of locals. Many of them also run their businesses online. However, they do not have access to bank accounts or other financial services and as a result, the scale of the refugee business is always either micro, small or medium.

The characteristics of refugee entrepreneurs are different in camp-based settings where entrepreneurship is often extremely difficult due to legal, resource, and mobility constraints<sup>8</sup>. Encampment policies generate aid dependency and economic inactivity<sup>9</sup>, while the humanitarian focus in camps makes it difficult to attract the entrepreneur support community<sup>10</sup>.

Women refugees in general, tend to pursue entrepreneurship as it provides flexibility to balance work with domestic roles. But they face additional barriers combining and balancing their entrepreneurial ventures with household responsibilities or cultural norms<sup>11</sup>. In addition, women refugees experience greater financial barriers compared to their male counterparts.<sup>12</sup>

<sup>3</sup> Jörg Freiling and Aki Harima, 2019; Betsy Alley, 2020; OECD/EU Commission, 2021; Impact Hub & Human Safety Net, 2021, p.15; <sup>4</sup> OECD/EU Commission, 2021, p.11; UNCTAD, IOM and UNHCR, 2018; <sup>5</sup> Although financial support might be offered in entrepreneurship programs, there are high levels of drop-outs and limited patience to understand the sometimes slow dynamics of business development. Additionally, business ideas are sometimes not market-validated so their returns might be slow, which ends up frustrating people.

**8** <sup>6</sup> ILO, 2019, p.10; <sup>7</sup> It is important to note that more advanced refugee entrepreneurship profiles exist (urban, highly educated, focused on tech entrepreneurship, relatively well-integrated into society, previous business experience), however are not commonly the primary audience of UNHCR programs; <sup>8</sup> ILO, 2019, p.x; <sup>9</sup> ILO, 2019, p.6; <sup>10</sup> ILO, 2019, p. 21; <sup>11</sup> OECD, 2019, p. 17; Impact Hub & Human Safety Net, 2021, p.16; <sup>12</sup> Impact Hub, 2021, p.18; Betsy Alley, 2020, p.40



## What works best to support refugee entrepreneurship?

### Insights from Impact Hub's Salto Program

- Create networking opportunities among refugees and the business community. This can include (business) trips or exchange programs.
- Provide empowerment and capacity building for soft skills and self-efficacy.
- Provide financial management, strategic planning, digital marketing, and access to credit training.
- Provide support for social, ethical, or fair trade modalities such as Fair Trade support.
- Ensure easy request to information such as a helpdesk to access support.
- Provide an environment or space to meet peers in the same situation.

Differing needs of refugee entrepreneurship support programs from traditional entrepreneurship support program are identified as:

- Support to overcome language barriers.
- Having support staff with a migrant or refugee background.
- Training or support materials translated to the native language.
- Help with daily life, internet access, public transport, etc.
- Build knowledge of the local market, e.g. what are customer preferences? How do people like to pay for the products?
- Provide intercultural learning opportunities.
- Provide networking opportunities and facilitate spaces to match refugees with different actors:
  - A mentor or coach can share insights on bureaucratic processes and formalization.
  - A potential client can share feedback about needs and pains, etc.



Scan the QR code to read last year's Impact Report by Impact Hub Salto's cohort.

# Panorama of Refugee Entrepreneurship

The most common barriers refugees face when it comes to entrepreneurship are:

- Language barriers
- Lack of market knowledge
- Lack of context-related entrepreneurial knowledge
- Lack of networks
- Unfamiliarity with local legal regulations and tax systems
- Limited access to finance

On top of all this, awareness regarding available support for refugee entrepreneurs is low.

There is no universally agreed upon approach to refugee entrepreneurship support.

Some countries are proactive in terms of government policies, while others remain reactive in adapting policies to enable refugee entrepreneurship. Transit countries, such as Greece and Italy, encounter different challenges than countries of final destination, such as Sweden or Germany. Most African countries struggle with socioeconomic fragility and in some instances, political volatility.

Often entrepreneurship ecosystems are still in their infancy and entrepreneurship for refugees poses a challenge. The Asia Pacific region is known to have the fewest economic opportunities for refugees. While states in Asia Pacific have informally hosted millions of refugees over several decades, most refugees in the region are neither granted work or business ownership rights nor are they given access to education. Most refugee businesses operate inside or outside the camps within the informal economy. In these countries, lifting barriers to fostering refugee entrepreneurship or livelihood programs is largely dependent on refugee rights advocacy outcomes by governments. Refugee entrepreneurship support focuses on 'small' or 'subsistence' entrepreneurship to generate self-sustaining activities for refugees, and advocacy for an enabling environment is a necessary first step.

Outside UNHCR's and other intergovernmental organizations' operations, there are refugee entrepreneurship programs that have been effective, yet most of them are very small and often struggle with their own sustainability<sup>13</sup>. Most program implementers face a lack of long-term funding and insufficient collaboration with other social and economic integration service providers<sup>14</sup>. It is important to note that data collection and evidence in the field are mostly drawn from relatively small-scale surveys<sup>15</sup>, and the main body academic literature on qualitative and exploratory studies is primarily descriptive<sup>16</sup>.

When it comes to enabling environments for refugee entrepreneurship and noting that the Global Compact on Refugees is a non-binding and voluntary framework, there is a sharp contrast between countries that adhere to the Comprehensive Refugee Response Framework (CRRF) versus countries that still do not - in terms of treatment of refugees and their access to entrepreneurial opportunities. For example, the Malawi government has yet to adopt the roadmap for implementing the GCR-CRRF, and the encampment policy is still in place, whereas Uganda has fully adopted the framework, and host communities live harmoniously alongside refugees.

<sup>13</sup> There are multiple lines of related work, categorized under inclusive businesses, community-based businesses, inclusive entrepreneurship, humanitarian entrepreneurship etc., that promote entrepreneurship among vulnerable populations. A good part of these activities are being implemented with funds from international cooperation and the management of private sector foundations and another small but considerable part is born from some

**10** efforts of the public sector to promote self-employment.

<sup>14</sup> OECD, 2019; Betsy Alley, 2020, p.24-25; Impact Hub and Human Safety Net, 2021, p.10.

<sup>15</sup> OECD, 2019, p.13.

<sup>16</sup> Heilbrunn & Iannone, 2020

# UNHCR's Entrepreneurship Support Activities

Entrepreneurship support is a fraction of UNHCR's Livelihoods and Economic Inclusion (LEI) activities. The support ranges from cash assistance to skills development for wage employment and advocacy for decent work. Most entrepreneurship support activities would qualify as support for self-employment in the form of subsistence entrepreneurship. Ensuring that the most vulnerable people of concern get access to basic services is a priority for UNHCR. For entrepreneurship to become a viable option, the basic needs of the refugee need to be met first. This is why only a small fraction of activities focus on developing opportunity-driven or growth-oriented businesses with higher potential for return on investment.

It is crucial to note that, inevitably, in some contexts, the vulnerability of the refugee populations is so high that support for livelihood development including entrepreneurship activities cannot be prioritized. For example, 96% of refugees in Malawi live below the poverty line. Thus, resources are primarily used to cover humanitarian and basic needs. Burundi is in a similar situation.

Furthermore, the Covid-19 pandemic greatly impacted economic inclusion activities and processes. In some cases, e.g., Colombia, it was necessary to reprioritize the available resources and transfer them from seed capital for refugee entrepreneurs to humanitarian assistance for vulnerable refugee households.

In contexts where the political situation is volatile, like in West Africa (Niger and Burkina Faso) or Colombia (in the border regions with Venezuela), where there is ongoing armed conflict and violence, prioritizing entrepreneurship support becomes irrelevant because running a business, in general, is high-risk. In high conflict places, it is extremely dangerous to sell products. In addition, once enterprises do begin to flourish and sustain themselves, armed groups ambush the

businesses and regularly collect payments. There are also areas where no institutions or support agencies, including UNHCR, can enter.

In some contexts, ongoing entrepreneurship support activities are hampered by recent political tensions. For example, before the 2021 coup in Myanmar, there were a few incubators and accelerators, private investments, investments from Japan and Western countries, and support was offered by multinational companies to start-ups and entrepreneurial activities.

After the coup, they left the country or withdrew their investments. Other similar events, such as the October 25, 2021 Coup in Sudan and the Taliban's takeover in Afghanistan in August 2021, created significant challenges and setbacks, with most partners suspending or withdrawing their activities.

While supporting refugee entrepreneurship, UNHCR positions itself as:

- A facilitator
- An advocate (to push forward an inclusion agenda)
- An enabler (of optimal ecosystem development)
- A convener (of related stakeholders).

This positioning stems from the evaluation of previous programs and is reflected in the official strategy papers and concept notes. It is fair to assume that UNHCR is inclined to avoid direct program implementation because of the aforementioned strategic direction. When UNHCR is involved, it looks to transfer ownership to partners or be included in national programs. Therefore, partnerships are crucial in every aspect of the UNHCR. To date, UNHCR has partnered with financial service providers (microcredit organizations, banking service providers, loan guarantee facilities, etc.), private sector actors (mainly for employment opportunities), development actors, NGOs, governments

(advocacy for removing access barriers), other UN agencies, and research institutions in the field of entrepreneurship. Although many of the collaborations are still new, good partnership practices are already available.

## UNHCR Good Practices in Partnerships for Refugee Entrepreneurship

One important organization is the Tent Partnership for Refugees. Tent is a growing network of companies committed to including refugees and has become one of UNHCR's partners in forming a strategy to approach the private sector. Tent has been successful in sensitizing and stimulating private companies to commit to supporting refugee employment in line with the GCR. The Tent Partnership for Refugees has grown from 44 companies in 2019 to a network of over 200 major companies in 2022. To support Tent in requesting more pledges, UNHCR's office in Brazil has an initiative called "Empresas com Refugiados Forum – Companies with Refugees Forum".

Partnerships with public organizations have proved to be particularly effective in expanding the support system for the economic inclusion of refugees. In Morocco, UNHCR partnered with ANAPEC, the national agency in charge of employment, and ODECO, the national organization for cooperatives. Through these partnerships, ANAPEC and ODECO were able to open up existing programs to the refugee population that were previously reserved for Moroccans and capitalize on what already exists in the country. In Turkey, UNHCR has a strategic partnership with ISKUR (The Public Employment Services) related to labor market statistics, referral of refugees to job opportunities, and capacity strengthening.

In Rwanda, UNHCR plays a liaison role. This is done by working on refugee

entrepreneurship via project partnerships with various actors – UN agencies, development partners, social enterprises, and the private sector. There is a focus on promoting a market-based approach led by the private sector. UNHCR developed and launched, together with MINEMA (Ministry in Charge of Emergency Management), a joint strategy on refugee entrepreneurship (2021-2025) and economic inclusion, which was developed based on lessons learned from a previous strategy. The government is very much engaged- providing access to jobs and mobile banking, among other support systems.

In Indonesia, UNHCR partnered with ILO and Atma Jaya Catholic University to provide entrepreneurship training to a small group of refugees and their host community. This entrepreneurship training included different aspects of entrepreneurship, such as idea generation, financial planning, and operational management. The partnership successfully fostered entrepreneurship among refugees, and many also started their own businesses with the grant money they received at the end of the training. It is important to note that the scope of the program was very limited as it was only accessible to a small group of highly vulnerable people. UNHCR has also teamed up with UNIQLO and Liberty Society to create livelihood opportunities for refugees. In addition, International Organization Talent Beyond Boundaries has also partnered with the UNHCR and its local partner on a labor mobility program where they train refugees whose skill set matches the labor demand in Australia. The refugees are then signed up for labor mobility with the assistance of the Australian government.

In Costa Rica, UNHCR's implementing partner agency Fundación Mujer provides entrepreneurial support that consists of:

- Training (8 weeks)
- Seed capital (around 500.000 Costa Rican colones per selected entrepreneur, which is equivalent to \$750 USD)
- Accompaniment (to those that request a mentor to follow up)
- Formalization
- Linkage to marketing options

Those interested in graduating from the business management course must complete a pitch where the business model, product offering, and sales pitch are evaluated in regard to the maturity of the venture and the likelihood of its success. Those who score the highest receive seed capital. Many of the businesses are "typical," and are mostly related to gastronomy (including pastries, cakes, and common foods such as pupusas), beauty or personal care, and sewing.



UNHCR has the power to mobilize partners and resources, provide context analysis and socio-economic data on refugees, and information to influence advocacy. It also has advanced knowledge of protection needs and risks including understanding age, gender, and diversity (as stated in the [2019-2023 Global Strategy document](#)). For these reasons UNHCR is looking for ways to transform existing programs to better support refugee entrepreneurship, and identify partnership opportunities that will improve the role they play in creating optimal inclusive entrepreneurship ecosystems for refugees.

# NEEDS AND FINDINGS

The main needs of refugee entrepreneurs identified after the analyzing desk research and interview findings are:

- Improving access to finance
- Improving access to markets
- Improving access to information
- Addressing xenophobia, discrimination, and relations with host communities
- Addressing differences between policies and their implementation
- Creating behavioral change
- Improving operational management for entrepreneurship support

## Access to Finance and Markets

According to refugee entrepreneurs and UNHCR officials working on the ground, the biggest challenge for new ventures is access to finance and markets. Access to finance is an issue for every entrepreneur. However, it is an even bigger barrier for refugees because of their limited access to banking and credit services and legal obstacles that limit their economic activity. Furthermore, refugee entrepreneur finance schemes that are tailored to their particular needs tend to be very small-scale, and the supply does not match the demand. Large loans are required to solve this issue and provide the necessary entrepreneurial support, even at a very early stage.

***“The Ethiopian businesses have big warehouses for wholesale. Their value chain is strong, so they don’t necessarily want to become Hand in Hand beneficiaries because the loan sizes are too small.”***

- Hand in Hand, South Africa

***“There is too little focus on larger amounts of money for entrepreneurial endeavors. Paradoxically, because of the low availability of funds, there is a choice of fight or flight. In this case, to fight means becoming entrepreneurial, albeit based on survival, while flight is escaping to where the environment is more conducive.”***

- Inua Consulting, Malawi

***“The only instrument that comes close to microfinance in the country is a very small credit resource allowed on some credit cards from a couple of banks. Still, refugees are not financially included and do not have access to credit cards. That means that their credit limit could be as low as \$12.”***

- UNHCR Ukraine

Access to credit is needed to invest in business growth.

***“Regarding access to finance, refugees cannot get finance through the banks because they do not have a credit history. However, most organizations providing specialized support offer some sort of financial support. Yet the financial support they can provide is limited to the establishment phase (at best) and cannot support a scale-up phase.”***

- Jordan River Foundation, Jordan

In general, micro-loans and business loans within refugee camps need to be expanded. More funds need to be secured via the establishment of guarantee funds and by raising awareness in the financial support community. This is already being done on a small scale, but given the potential leverage that these financial instruments have, more resources and awareness-raising are needed..

***“One of the main constraints is that we have not been able to develop a microcredit instrument that is viable for the persons of interest. Microfinance institutions fear that applicants will not take over their loans if their refugee claim is rejected and they must leave the country. Several microfinance companies stated that they would need a guarantee fund since they cannot take the risk of lending to people who have no roots in the country or who cannot provide any type of collateral.”***

- UNHCR Costa Rica

The key to establishing successful and sustainable entrepreneurship practices is connecting refugee entrepreneurs to markets. That is why market-based studies and assessments are needed to attract the private sector and other types of stakeholders to highlight what needs to be done by whom.



***“Unless a strong channel allows quality supply to reach the refugees and their products to reach the local or international markets, any viable improvement in this sector is not possible.”***

- UNHCR Bangladesh

***“Much development can occur in refugee entrepreneurship if the government can be convinced to allow refugee products to reach the international market.”***

- Garbageman, Bangladesh

***“To promote the business of refugees, networking outside their community is very important - because to sell their products, they need access to the market and finance.”***

- RIWANI Globe, Indonesia

***“A few years ago, in Colombia, they wanted to support productive projects in rural areas. But most of the beneficiaries in the area were supported by the same initiative - to produce pineapples. Once the crops were grown and all the beneficiaries took their pineapples to the market, an oversupply of pineapples considerably reduced the sales price and resulted in great loss. The big lesson from this failure was the need to read the market first. ”***

- UNHCR Colombia

Understanding the market helps to know how to support entrepreneurs and what to promote. UNHCR seeks sustainability of resources as a humanitarian agency. This requires prioritization based on market demand. It becomes a key element in a market economy to see what the market is asking for and channel resources according to that need.





## Access To Information

In many cases, the legal and bureaucratic barriers to creating and formalizing a business get further compounded by a lack of access to information. This can result in a lack of interest in people of concern. Information and support services are needed to inform refugees of their rights, existing opportunities, and possible pathways. These services can also provide updates on the market conditions in specific sectors and the local context.

***“Most refugees are spread out all over South Africa’s urban areas and thus can be unaware of some of the social programs and benefits they qualify for.”***

- UNHCR SAMCO

***“The Refugee Entrepreneurship Platform (in partnership with the Global Compact) has become a major center for available resources, and yet, there are still difficulties in engaging more entrepreneurs. They are not sure if the platform is reaching everyone. Right now, the most important action is to spread awareness that this platform exists, so potential entrepreneurs get inspired and access the different opportunities”***

- UNHCR Brazil

## Managing Host Communities

Host communities play a crucial role in refugee entrepreneurship and are part of the solution in many contexts. Almost every country-level interview mentioned the importance of bringing together the two communities and agreed

that there should also be a focus on economic inclusion for nationals.

There are mechanisms already in place addressing tensions or needs between host and refugee communities. In countries where host communities already have resource constraints and a high unemployment rate, locals might be unwilling to incorporate refugees into their community. That is because they feel refugees are putting pressure on their already stretched resources. In these cases, it is important to expand the programming offered to refugees to the local population to foster integration and cohesion.

***“Providing micro-loans for businesses of refugees without providing some to Malawians breeds contempt. The organization “There Is Hope” expanded to also provide loans and assistance to Malawians for that reason.”***

- Inua Consulting, Malawi

***“ Everything should be done with the perspective of lifting the Jordanian economy in general, as there is a really good mirror between the refugees and the vulnerable Jordanians. The populations are similar, and they’re very youthful. Jordan is suffering economically, and the need for job growth for Jordanians is there, but the need for job growth for refugees also exists. Programming for enhancing economic development cannot and should not be done by looking only at the needs of refugees: it has to be an organic process that is inclusive of all vulnerable groups. ”***

- UNHCR Jordan

Host communities' resistance to refugee businesses can become a major bottleneck between regulation and actual implementation. For example, in Ghana, it is easy for refugees to obtain the paperwork needed to register a business. However, there is a negative stigma coming from the host community as they struggle to accept refugees in their communities. In Uganda refugees are assigned land and are allowed to move anywhere in the country, but they face the same setbacks as in Ghana as the host community is not accepting of refugees' businesses.

In other countries like Malawi and Turkey, refugees cannot register certain types of businesses on their own or fulfill management roles in certain businesses. They can only form legal entities when they have host country citizens working with them and included in legal documentation. UNHCR uses this model of cooperation between members of the host community and refugees, to set up cooperatives and income generating activities.

Other crucial issues such as xenophobia and discrimination also need to be addressed as they significantly impact refugees' ability to operate as efficient economic actors.

***“There is no integration of refugees and locals on a business level, or from an entrepreneurship standpoint, which is why refugee businesses are threatened by the local communities and conversely, local communities are threatened by refugee businesses.”***

- Kuba, South Africa

***“Programs usually address refugees and vulnerable Jordanians alike to foster social cohesion- yet establishing social links between the two categories remains a difficult task.”***

- Jordan River Foundation, Jordan

## Lack of Policy Support, or the Policy-Practice Divide

Immigrants and refugees account for a growing share of entrepreneurs but existing policies do not acknowledge this fact and do not adapt accordingly. There are significant information gaps across countries and regions regarding the maturity of the refugee support ecosystem, including policies and regulations, funders and financial intermediaries, private sector initiatives, etc.

From a policy-level perspective, the main problem is the policy-practice divide which result in a lack of harmonized implementation across various government units and levels. For example, in Colombia, even though there is a political will for support at the institutional level, the response is not necessarily as harmonized as expected<sup>17</sup>.

Even if central governments might promote new laws, in practice, they are not applied at the local level. This leads to a gap in the applicability of these laws. For example, in Jordan translating the policy work of a new law on opening up the possibility of home-based businesses for refugees (2018) has been a slow process. It took more than 12 months to get the first refugee business through the process and remove all obstacles. As is often the case, the policy changes were well known in Amman but not in the municipalities and in the respective units that sit closer to the field. Hence, there were inconsistencies in how this law was being administered and the types of documentation and paperwork required of

<sup>17</sup> Although the Ministry of Labor in Colombia has become an important ally for UNHCR, the Ministry of Education has created hurdles in the acceptance of foreign educational degrees. The Ministry of Foreign Affairs and Migration Colombia have also shown resistance to these provisions, preventing refugee claimants from working even when the Ministry of Labor promoted their inclusion. SENA (National Apprenticeship Service) changed its provisions

<sup>18</sup> to allow the registration and entry of refugees who accessed their training courses. Yet a few months later, this permit was not accepted in rural areas.

refugees. Despite commitments in the 2018 Global Compact on Refugees, few donors directly support city authorities and urban communities that host refugees.

There are cases where this divide is to the advantage of refugees. While the legal frameworks in the two host countries may be equally restrictive, the de facto treatment of refugees in these countries might look very different. An example of the disparity in countries that relegate refugees to camps can be seen when comparing Tanzania and Malawi. On paper, the refugee camps in Tanzania and Malawi are legislated similarly. Yet the treatment of refugees in Malawi is less strict, which allows for freer movement. Hundreds of refugees in Malawi work in the system outside of the camp and it is a far less punitive environment than in Tanzania. Similarly, in Indonesia, refugees are legally not allowed to move, work or own businesses. But in reality, they do not face any restrictions in terms of movement. Some airlines accept UNHCR cards which means refugees can board a flight and move across the country.

It is important to note that legal rights are moot in war-torn countries, e.g., the Democratic Republic of Congo, where citizens are also fleeing from militia and violence. Because the governing structures are constantly threatened, laws and their actual application are at odds. Potential refugee entrepreneurs are fearful of investing in the set-up of new businesses as they can end up being shut down.

The Covid-19 pandemic underlined the lack of coherent policies. Refugee businesses, along with self-employed people and entrepreneurs from disadvantaged groups, were affected most by the incoherent policies and visibly vulnerable to lockdowns<sup>18</sup>. While there were relief funds for individuals, there were no relief funds for refugee businesses that hire locals and refugees. For example, in South Africa, due to the pandemic, the government provided small and micro-business grants but most refugees didn't qualify due to the regulations and standards threshold.

<sup>18</sup> OECD/EU Commission, 2021.

## Creating Behavioral and Attitudinal Change

The need for creating change in the behavior and attitude of refugees was voiced by many interviewees. Those spoken to confirmed that most refugees, even after years, still see themselves as receivers of humanitarian aid rather than self-reliant economic actors. However, in order to succeed in entrepreneurship, it's crucial to think like an entrepreneur. These challenges partly stem from, or are exacerbated by past trauma, extensive stress, and poor mental health. Psychosocial counseling services are provided under protection-related activities, yet they are usually not linked to entrepreneurial support activities.

***“Refugees living in this region have many ongoing problems in their lives, and as a result, they always experience a lot of stress. They find it difficult to continue doing productive activities. So along with entrepreneurship training, they also require training to develop their soft skills in the area of ethics, communication, etc. If this type of training could be arranged, then the programs would be more effective.”***

- ILO Indonesia



***“More focus should be given to mental and psychological issues. In order to make entrepreneurship programs effective for refugees, they should be trained to change their mindset. Refugees must be convinced that they can have better control of their lives by engaging in entrepreneurship activities rather than depending on cash benefits. Also, many refugees are still living in shock and are depressed. This can be a trigger for suicide or engagement in criminal activities. Before training them on how to become entrepreneurs, there should be programs that can address these mental health issues.”***

- Atma Jaya University, Indonesia

The need for creating change in refugees' attitudes also arose in relation to accessing financial support. In contexts where loans and credits are available, most refugees still hesitate to use them because of their position as receivers of aid or latent trust issues.

# Recommendations

Recommendations generated in this report are inspired by existing good practices that serve multiple needs simultaneously. Operating in diverse contexts and environments requires the need for workarounds or bricolage<sup>19</sup> solutions. In addition, it is important to note that a number of recommendations are already being implemented in some countries.

The recommendations are categorized as a set of actions on:

- Enhancing partnership-building strategies
- Connecting with impact and social entrepreneurship ecosystems
- Enhancing access to finance, market, information, and advocacy efforts
- Improving programming for refugee entrepreneurship
- Supporting UNHCR Livelihood Staff



<sup>19</sup> Bricolage is an action-oriented approach which is defined as making do by using combinations of free or easily available resources to address a problem or new opportunities as explained in the seminal article of Ted Baker and Reed Nelson, 2005, Creating Something from Nothing: Resource Construction through Entrepreneurial Bricolage, Administrative Science Quarterly, Volume 50 No.3, pp.329-366.

# Enhancing Partnership Building

## 1. Build partnerships with intermediaries active in the field.

UNHCR officers tend to cooperate with existing protection or livelihood partners in entrepreneurial support operations. This is partly due to knowledge limitations regarding entrepreneurship ecosystems, but also because of the lack of well-defined partnership-building procedures at the local level.

Well-functioning intermediary organizations and mechanisms in the entrepreneurship ecosystem are crucial for creating an enabling environment for refugee entrepreneurship. The effectiveness of intermediary organizations, especially in developing markets, has been supported by different lines of research at local, regional, national, and global levels<sup>20</sup>. Intermediaries act as bridge builders and facilitators for partnerships by bringing together diverse actors and practices. Intermediaries include accelerators and incubators, membership networks, matchmaking platforms, co-working spaces, entrepreneurship support

programs, awards and prize programs, and more. Even though there is room for improvement<sup>21</sup>, intermediaries are well positioned to effectively address the specific needs of refugees by providing fundamental entrepreneurial knowledge, guidance through unfamiliar institutional processes, support for visibility, outreach and network activities in the host country, and soft support which can amount to guidance concerning individual matters.

UNHCR holds an influential function to provide legitimacy as well as organic connections to refugee communities. These are needs repeatedly expressed by entrepreneurship support intermediaries who work or aspire to work, with refugee entrepreneurs. Furthermore, UNHCR can bring in much needed additional services (via partners or other ways) that most support programs cannot offer, for example, language training.



<sup>20</sup> European Venture Philanthropy Association (EVPA), 2020, Enablers of Impact <https://evpa.eu.com/knowledge-centre/research-and-tools>; The Global Accelerator Learning Initiative (GALI), 2017, Accelerating Startups in Emerging Markets: Insights from 43 Programs <https://www.galidata.org/publications/accelerating-startups-in-emerging-markets/>; Nesta, 2016, Good Incubation in India: Strategies for supporting social enterprise in challenging contexts <https://>

<sup>22</sup> [www.nesta.org.uk/report/good-incubation-in-india/](http://www.nesta.org.uk/report/good-incubation-in-india/)

<sup>21</sup> Aki Harima et al., 2020.

## 2. Experiment with innovative approaches to support refugee entrepreneurship in collaboration with partner organizations.

Entrepreneurship support is a complex issue and needs a lot of outside-the-box thinking and experimentation which often goes against the usual practice. The risk of failure is a reality that needs to be addressed but most development actors back away when risk arises. Sharing the burden of risk-taking with trusted partners has the potential to bring positive results.

The intermediary and facilitating capabilities of universities, combined with the physical (facilities) and operational (human resources) capacities they have, offer significant opportunities in this respect. Universities are ‘anchor institutions’ that can play an important role within a city- or country-level ecosystem when it comes to entrepreneurial culture.

Apart from conventional roles related to research, publishing, curriculum development, and

education, universities can also play intermediary roles, such as coordinating award programs or running incubation programs for enterprises. Universities also often take on a facilitator role to enhance collaborations and partnerships within the ecosystem<sup>22</sup>.

Partnerships that provide fiscal sponsorship opportunities can be an innovative way of supporting refugee entrepreneurs. Fiscal sponsorship is a good practice that is widely used in the USA to support unincorporated citizen-led initiatives, social enterprises, or other organizations without a tax-exempt status or legal entity. The entity holding a tax-exempt status sponsors the activities or a project of the other entity, individual, or group and carries out the fiduciary and administrative requirements. ‘Shelter foundations’ in France carry out a similar function by covering the legal and fiduciary duties of other foundations.



<sup>22</sup> For example, Common Good First is a global network that connects community projects with each other and to universities around the World. BRICKS (Building Research Innovation for Community Knowledge and Sustainability) is another example from Asia that aims to develop innovative solutions to social challenges in Hong Kong by promoting collaboration between HEIs, NGOs, social enterprises and other actors that deliver public services.

### 3. Establish long-term partnership strategies by advocating for available funding to be provided to partners instead of UNHCR.

Long-term partnership strategies are key for effective partnerships with program implementers. In many interviews the one-year budget cycle

of UNHCR has been referred to as a barrier for achieving good results from partnerships.

#### Partnership Building Checklist for Enhancing Refugee Entrepreneurship

- Check the activities and programs of global networks like the Impact Hub Network, Design Factory Network, SINGA, Spark, Building Markets, etc.
- Find online marketplaces and connect them with refugee businesses. This can be done by establishing partnerships with global online market places such as Etsy, DoneGood, Good Market, Ten Thousand Villages, Thrive Market, EarthHero, Anqa Collective, etc.
- Map out potential inclusive and social entrepreneurship support programs where refugees can be integrated. Social or inclusive entrepreneurship programs are ideal for refugees because they understand needs-oriented entrepreneurship better. There is a big number of social entrepreneurship programs running in most regions of the world. For example, Ashoka Fellows work on social cohesion or livelihood solutions in different countries. For more information, review Social Impact Award winners, Enactus, Global Shapers, and JCI networks.
- Follow events and get familiar with areas of inclusive entrepreneurship, inclusive businesses, community-based innovation and entrepreneurship, market-based solutions for refugee integration, and humanitarian entrepreneurship areas for spotting better

***“At the operational level, the UNHCR office works on annual budget cycles as a humanitarian assistance agency with limited possibilities for support. It cannot provide development-related support. Whereas a start-up, in general, requires 3 years to stabilize and overcome its challenges. We can only give some support so that people can become self-sufficient and stand on their own feet.”***

- UNHCR Costa Rica



integration and referral opportunities.

- Engage with existing innovative solutions for advocacy, partnerships, and creating an enabling environment. Partner with innovative platforms like LIFEED and advocate for everyone to understand that they are not a burden but a contributor when offering their experiences. Also, partner with innovative solution generating platforms for refugees such as the UNDP Accelerator Labs, Open Ideo, European Social Innovation Award, etc.
- Build collective impact models<sup>23</sup> around refugee entrepreneurship. Collective impact models are actors and mechanisms aligned by an area of focus and common impact goals with a common agenda, shared measurement, mutually reinforcing activities, continuous communication, and backbone support in place. Kiva's Refugee Investment Fund and the Global Compact on Refugees' pledge system are good examples. However, for collective impact, they need a secretariat and community building to focus on refugee entrepreneurship-related pledges and open calls.
- Engage with ongoing advocacy campaigns in the field, such as Good Lobby's partnership with Ashoka's [Hello Europe Platform](#).
- Map areas where UNHCR can create leverage such as:
  - > Innovative finance sources that need regulatory support.
  - > Access to global market opportunities created by certification and accreditation systems such as the Fair-Trade certification, Good Market certification, Social Enterprise Mark CIC certification, etc.
  - > Existing UN agency good practices and toolkits such as ILO's cooperative training packages (My.coop, Start.coop and Manage.coop) that support people in starting and better managing a cooperative.

<sup>23</sup> Please refer to the Collective Impact Forum's page for more information: <https://www.collectiveimpactforum.org/what-is-collective-impact/>



- Establish partnerships with refugee entrepreneurship support platforms or development actors active in the field, such as the Global Refugee Entrepreneurship Network, Refugee Entrepreneurship Network, The Entrepreneurial Refugee Network, Entrepreneurial Mindset Network, Refugee Investment Network, The Tent Partnership for Refugees, Kiva, ILO, UNCTAD, IOM, UNDP, UN Women.
- Leverage networks or platforms such as:
  - > Networks of universities or student networks such as EMES, EPIC-N
  - > Global, regional, or national social or impact entrepreneurship networks such as the Ashoka Network, Impact Hub Network, Social Enterprise World Forum (SEWF), Aspen Network of Development Entrepreneurs (ANDE), Zebras United, Euclid Network, Social Enterprise Ghana, Turkey Social Entrepreneurship Network, etc.
  - > Specialized networks such as the Global Alliance of Impact Lawyers (GAIL), the European Venture Philanthropy Association (EVPA), the African Venture Philanthropy Alliance (AVPA), and the Asian Venture Philanthropy Network (AVPN) also design ecosystem-level interventions for creating enabling environments.
  - > Global accelerator or incubation programs ,such as SINGA
  - > Local refugee support networks or refugee peer networks, such as Project Phoenix
  - > Accreditation and certification institutions such as the BCorp Foundation, World Fair Trade Association, Social Enterprise Mark CIC, Economy for the Common Good
  - > Crowdfunding platforms, such as StartSomeGood or CircleUp (equity crowdfunding)
  - > Partnerships with social or inclusive finance institutions or their umbrella organizations such as Triodos Bank, Erste Bank, Global Alliance on Banking with Values, EVPA, AVPN, AVPA, Global Impact Investing Network, Toniic.



# Connecting with impact and social entrepreneurship ecosystems

## 1. Build more connections and strengthen existing connections with the social entrepreneurship ecosystem and the impact economy.

One of the biggest trends in the entrepreneurship arena is the increasing interest and focus on social and environmental impact from all types of actors. Cooperation around SDGs is rising, impact entrepreneurship movements (e.g., BCorp, Doughnut Economics, and Fair Trade) are growing, and the number of social enterprises worldwide is rising significantly. Social enterprises contribute to solutions to social and environmental problems and prioritize social impact over profit maximization. Combined with Covid's effect on the shared consciousness of global problems and increasing awareness about climate change at the citizen level, impact and social entrepreneurship are becoming more mainstream.

Because refugee entrepreneurs are rarely aware of the social enterprise concept, they often miss opportunities to access funding and support in the social entrepreneurship<sup>24</sup> sector. This leaves a lot of room for improvement to better support refugee entrepreneurs to access and discover opportunities for social and environmental ventures.

There are many bridges to build between social entrepreneurship and refugee entrepreneurship. Although there are good examples of social enterprises run by refugees, connecting these fields is larger than just enabling refugees to become social entrepreneurs. It also means mobilizing or scaling innovative and inclusive business models that are currently being implemented by social enterprises worldwide. For example, Work Integration Social Enterprises (WISEs) show successful results regarding

youth employment in Sub-Saharan Africa, and social cooperative models incentivized by intergovernmental grant programs have successfully brought refugee and host communities together in Turkey. Connecting refugees to established social enterprises for partnerships, market integration, and employment opportunities is another line of action to pursue<sup>27</sup>.

Not only does social entrepreneurship offer relevant business models for refugee-owned or refugee-led businesses, but social entrepreneurs are also at the forefront when it comes to social integration endeavors. Social enterprises adopting models that train or employ displaced people to do dignified work can be highly replicable<sup>28</sup>.

<sup>24</sup> Impact Hub & Human Safety Net, 2021, p.8.

<sup>25</sup> British Council, 2020

<sup>26</sup> These are social enterprises that have a social mission for workforce development to directly support vulnerable community members who are facing exclusion from the labor market by training and employment

<sup>27</sup> opportunities although in some countries they are highly dependent on public procurement. In this model, the social cooperative model can evolve into mutually owned structures as well as full employee-owned models.

<sup>27</sup> Impact Hub & Human Safety Net, 2021, p.26.

<sup>28</sup> Haller and Kreiner, 2019.

## Social Enterprise Models for, with, and by Refugees

### Social cooperative models

Social cooperatives use the cooperative model as a legal entity, business model, and governance setup. Social cooperatives do not distribute profits among their members but reinvest their profit into their mission. In the refugee entrepreneurship support arena, this model is generally used for social cohesion purposes to bring host communities and refugees together as cooperative members. [Beri Coop](#) is an example of a social cooperative from Turkey.

### Social enterprises with refugees as Beneficiaries

- **Work Integration Social Enterprises (WISEs):** WISEs specifically focus on integrating socially excluded people through skill development and employment. WISEs can be distinct legal forms, but can also be attached to any legal form as long as activities focus on the employment of a target group developing working and social skills as well as social integration. [Roetz Bikes](#) is an example from the Netherlands.
- **Market Intermediary Social Enterprises:** The market intermediary model provides services to its target group or beneficiaries or clients (such as small producers) to help them access markets. In this model, social enterprise services aim to add value to the products via product development, production and marketing assistance, and credit. The market intermediary model purchases the products and then sells them. UNHCR's own [MADE51](#) is an example.
- **Market Linkage Social Enterprises:** The market linkage model facilitates trade relationships between target groups, small producers, and the market. The social enterprise functions as a broker connecting buyers to producers and vice versa and makes revenues from charging fees for this service. Selling market information and research services is a second type of



business common in the market linkage model. Unlike the market intermediary model, this type of social enterprise does not sell or market clients' products; rather, it connects clients to markets. Ten Thousand Villages is an example.

Source: Four Lenses <http://www.4lenses.org/>

#### Refugees as Social Entrepreneurs

Despite varying definitions, it is generally agreed that, at a minimum, a social enterprise is essentially an entity, irrespective of its legal form, that has a social or environmental mission at its core and uses commercial methods to achieve its impact goals. Most social entrepreneurs act on a needs-driven business or impact model, have close connections with disadvantaged communities and have a better understanding of the livelihood component in entrepreneurship. That is why the social enterprise model is compatible with some refugee enterprise models. Refugee Talent is an example of a social enterprise from Australia which uses a technology that allows companies to recruit and hire refugees internationally through a partnership with Talent Beyond Boundaries and fill skill gaps in organizations.



© UNHCR/Ruben Salgado Escudero

## **2. Create synergy between the impact economy and the Global Compact on Refugees via the UN Sustainable Development Goals (SDGs).**

Impact economy is a relatively new term, describing organizations, businesses, and investors that have a mission of addressing environmental and social challenges. The number of SDG-related initiatives is rising, and collaboration around the SDGs is increasing globally, yet awareness regarding opportunities for alignment between Sustainable Development Goals and the Global Compact on Refugees is low.

In the short-term, conducting targeted informational meetings with existing Global Compact pledge makers and potential contributors could be a first step. This will help raise awareness of refugee entrepreneurship and refugees' identities as actors of economic development in regards to the SDGs.

# Enhancing Access to Markets

## 1. Design refugee entrepreneurship interventions based on market dynamics.

It has been mentioned by many field officers and partner organizations that in order for entrepreneurship support programs to be successful, interventions should be planned with a market-based approach. Since contexts are varied and there is no standard solution, knowing supply and demand dynamics is key. For example, in Jordan, several sectors are identified in which there is real potential for young refugees to build and scale. These are ICT, agriculture, and green growth. These are spaces where refugees can contribute to what can be seen as national objectives. Agriculture is an excellent example because it is

an area that the government wants to grow and one that traditionally, Jordanians are not interested participating in. Another example is ICT. There is a lot of interest from young people to develop ICT skills, and Jordan wants to redevelop itself as an ICT hub.

Market-based assessments are key to attracting the private sector and to the better frame which functions should be fulfilled by whom. Uganda and Sudan<sup>29</sup> recently initiated a partnership with the IFC, based on IFC's work with the Kakuma Market in Kenya (see below), which is worth replicating in other camps in the region and worldwide.

### Kakuma-Kalobeyi Challenge Fund

The Kakuma-Kalobeyi refugee-hosting area represents a good practice on how to support the bottom-up informal economy practices on entrepreneurship and create integrated markets. Kakuma-Kalobeyi refugee-hosting area is in Turkana County of Kenya and hosts over 250,000 displaced people in Sub-Saharan Africa. The large population of the Kakuma-Kalobeyi refugee-hosting area makes sustaining and distributing decent financial and social aid for all difficult. Regardless, the refugee community is working towards achieving a decent living by initiating an informal economy through entrepreneurship. There are more than 2,500 refugees who own businesses in the area that both employ and serve the people in the Kakuma region.

In 2016, IFC learned about this market opportunity created through entrepreneurship and found that increasing opportunities and funding for Kakuma entrepreneurs could solve many service problems

<sup>28</sup> Haller and Kreiner, 2019.



for refugees. The analysis resulted in IFC initiating the Kakuma Kalobeyei Challenge Fund (KKCF) - a five-year program that enables local SMEs, social enterprises, and large firms to invest in the Kakuma-Kalobeyei region.

The KKCF program represents good practice with its inclusive support mechanisms for refugees and businesses. It also changes the investment perceptions of many businesses by making both profit and social impact in a disadvantaged region. Through the KKCF, impactful and inclusive SMEs and social enterprises in the local area receive funding, access to a potential market, and capacity-building support for scaling and investing in the Kakuma region.

KKCF also simplifies governmental and regulatory services for refugees and private organizations to facilitate investment work. For many large businesses it can be challenging to understand the return on investment in a refugee settlement area. Therefore, KKCF guides businesses on financial and market projections of their investment returns. All the practices in KKCF represent a practical business model as it engages the businesses and their existing practices with the global displacement response.



© UNHCR/Martim Gray Pereira

## 2. Advocate for social procurement from refugees and partner with organizations advancing the BuySocial agenda.

UNHCR can further promote social procurement from refugee entrepreneurs among governments and private companies as a way to provide access to market support. UNHCR can act as an ambassador for Buy Social campaigns<sup>30</sup> and ensure visibility for online marketplaces of refugee businesses. ILO Turkey has recently published a Social Procurement Guide as a roadmap for reducing inequalities, and the involvement of disadvantaged groups in public procurement and supply chains.

UNHCR has already made related efforts with MADE51, which brings refugee artisans together. MADE51 provides an online marketplace where

refugee artisans can promote their skills and share their products. Global online marketplaces like this can be helpful for refugees in countries where they face legal restrictions on movement, like in Bangladesh. Alignment with the international social enterprise community's social procurement and Buy Social visibility campaigns has the potential to bring instant benefits. Furthermore, UNHCR's efforts might be further expanded to other regions. Interviewees from Indonesia and Afghanistan voiced the need for a collective platform for refugees to sell their products that would also promote entrepreneurship among refugees and support them to network with potential suppliers and buyers from inside and outside the region.

<sup>30</sup> For some of the most well-known efforts, please see: World Economic Forum <https://www.weforum.org/covid-alliance-for-social-entrepreneurs/buysocial>, Social Enterprise World Forum (SEWF) <https://sewfonline.com/policy/social-procurement/>, and Social Enterprise UK (SEUK): <https://www.socialenterprise.org.uk/campaigns/buy-social/>. Haller and Kreiner, 2019.

# Enhancing Access to Finance

## 1. Advocate for blended finance mechanisms with financial institutions (bonds, guarantees, de-risking mechanisms, technical assistance, etc.)

There is growing interest from blended finance initiatives in supporting refugee entrepreneurship. It is recommended for UNHCR to engage in advocacy to support financial intermediaries in risk reduction for refugee investments and with innovative financing mechanisms. UNHCR has already been facilitating innovative models for risk-sharing for financial intermediaries. One such example is the blended finance program consisting of a lender's guarantee, debt funding and technical assistance. This program was established by the Livelihoods and Economic Inclusion Unit in

partnership with Sida and the Grameen Credit Agricole Foundation in Uganda and aims at incentivizing debt financing to financial institutions willing to provide credit to refugees.

At the global or regional level, partnerships with equity crowdfunding platforms (e.g. CircleUp) and social or inclusive finance institutions or their umbrella organizations (e.g. Triodos Bank, Erste Bank, Global Alliance on Banking with Values, EVPA, AVPN, AVPA, Global Impact Investing Network (GIIN), Toniic, etc.) can be established to ensure access to social financial services.

## 2. Collect information on the workarounds already used by refugees to access finance and use them as blueprints.

An example is the Somali Bank, where Somali shop owners with cash are approached by refugees in South Africa and Ghana to transfer money to refugees' families or for micro-loans. Somalis offer these services at a reasonable price, compared to loan sharks who charge exorbitant amounts.

Working with refugees to formalize existing solutions might be better than trying to develop completely new financing systems. These types of cases of positive deviance can serve as a blueprint for innovation within support system for refugee entrepreneurship.

## 3. Establish partnerships to identify alternative or innovative access to finance opportunities.

There are newly emerging funds that aim to fill the access to finance gap for refugee entrepreneurs. One such example is FAIRE, the Fund for Action and Innovation by Refugee Entrepreneurs, which is an endowment fund created in 2018 in France. FAIRE's founder, Nick Nopporn Suppipat, an entrepreneur and political refugee from Thailand, saw the potential for innovation and growth that refugees could bring and was frustrated to see this potential systematically blocked by the lack of capital. FAIRE invests in incubators and entrepreneurship-focused organizations,

such as PLACE, to create a pipeline for refugee entrepreneurs to develop, test, and refine their ideas.

Innovative financing mechanisms such as blended finance instruments are being developed with a focus on improving private sector support and efficiency, and raising additional funds. Blended finance instruments allow organizations that have different objectives to invest alongside each other while still achieving their individual objectives of financial return, social impact, or a combination of both.



Organizations like KOIS Invest, Kiva, and others are building alternative instruments to create a more robust ecosystem of financing support for organizations and social enterprises tackling the challenging and complex crises of refugees<sup>31</sup>. There are several best practices that can be built on, such as The Finnish Innovation Fund Sitra's social impact bond Koto-SIB<sup>32</sup>, the Kiva World Refugee Fund<sup>33</sup>, and the Refugee Impact Bond<sup>34</sup>.

Also, UNHCR's partnership with IFC to identify blended finance opportunities is key to scaling innovative access to finance models.

Other innovative financing solutions that work well for refugee entrepreneurs are P2P lending, equity crowdfunding, credit cooperatives, Islamic finance, etc.<sup>35</sup>

#### 4. Raise awareness with (impact) investors about the needs of refugees.<sup>36</sup>

Impact investing is a flourishing field, however, the investment amounts offered to social enterprises often do not match the needs of refugee-led enterprises in terms of ticket size. The majority of social enterprises engaged in

businesses serving or operated by refugees are looking for small investments, typically between USD 250,000 and USD 500,000, as opposed to deals offered by most impact investing funds which are above \$2 million.<sup>37</sup>

## Enhancing Access to Information and Digital Opportunities

### 1. Provide support for the development of entrepreneurial networks and facilitate online information portals for refugee entrepreneurs.

It is recommended to partner with refugee entrepreneurship support networks to facilitate the creation of a well-documented one-stop-shop information portal on refugee entrepreneurship. The portal should allow all types of interested actors and newcomers to find helpful information along their entrepreneurial journey or entrepreneur support delivery process. Many stakeholders have mentioned that there is a big information gap regarding existing opportunities. Interview findings from South and West Africa suggest that there is a need for creating a network of refugee entrepreneurs and locals from the host community for peer mentorship and resource sharing since currently there is little collaboration between local business people and refugees.

Engaging with existing networks is another method that can be useful for the inclusion of refugees. However, it should be noted that most of these networks are used by those with linguistic, financial, organizational, cultural, and social capital. It is unclear to what extent these types of networks can mobilize certain disadvantaged people to start a business and develop their entrepreneurial skills.<sup>38</sup>

<sup>31</sup> Haller and Kreiner, 2019.

<sup>32</sup> <https://kotosib.fi/en/>

<sup>33</sup> <https://go.kiva.org/refugees/>

<sup>34</sup> <https://www.refugeeimpactbond.org>

<sup>35</sup> Selsah Pasali, UNCTAD, 2021.

**33** <sup>36</sup> UNHCR is already conducting a number of studies on the need for financial services with IFC and UNCDF. Use of information coming out of those studies will be crucial for the facilitation of access to finance for refugees.

<sup>37</sup> Haller and Kreiner, 2019, p.22.

<sup>38</sup> OECD, 2014, p. 37

## The Refugee Entrepreneurship Platform, Brazil

In 2019, UNHCR Brazil worked on a research project with the International Migration Observatory to understand existing refugee entrepreneurs and their barriers. This research led to the development and implementation of the Refugee Entrepreneurship Platform (Refugiados Empreendedores) to create visibility for refugee entrepreneurs. On this website, launched in February 2021, they included and offered a platform to 101 refugee and migrant entrepreneurship businesses. The platform has a search engine that filters the type of enterprise, city location, and country of origin.

Every enterprise has its own story on the site, plus links to its social media and website (if applicable). The platform also has several training resources, including in Spanish, a directory of NGOs that offer support (for example, in obtaining their micro-enterprise ID number as a legal formalization tool), and options for microcredit (e.g. Crédito Pérola, which is one of the most flexible microcredit entities).

Lastly, the platform offers extra materials and opportunities for visibility such as an entrepreneurship catalog during Christmas to spotlight enterprises, women entrepreneurship opportunities offered by partners, and mentorship programs such as “Guru de Negócios” by Aliança Empreendedora.



## 2. Expand access to digital support services.

Interviewees made both positive and negative comments about digital support modalities for refugee entrepreneurship. Lack of internet and poor connection were considered to be barriers by refugee entrepreneurs, while the potential for increased accessibility was praised. Most interviewees expressed the need for active and up-to-date listing, curating, and promotion of online or tech-enabled entrepreneurship opportunities.

Promoting [Unitar's social entrepreneurship programs](#) should also be considered here. Furthermore, the provision of technological upskilling training programs for refugees and the establishment of more hubs or centers for refugees to access the internet and engage in remote work, were recommended. [Techfugees](#) or UNHCR's own Blue Oasis are examples of such training programs and digital hubs.

# Enhancing Advocacy and Policy Support

## 1. Build capacity for more awareness and understanding of refugee needs and rights.

Awareness might be particularly low among private enterprises, local authorities, and the host population. UNCTAD, IOM, UNHCR, and UNITAR started e-courses in 2020 for participants from various backgrounds working directly in fields related to migrant and refugee entrepreneurship. Although the courses' main target audience

was policymakers, it attracted participants from NGOs and migrant-, refugee, and asylum-seeking entrepreneurs. Better promotion of these types of learning opportunities is needed, especially among NGOs and business support communities, as knowledge of such efforts is low.

## 2. Create tools and methods to monitor inclusive practices among ecosystem actors.

Effective monitoring and communication of progress can strengthen advocacy for inclusive and better entrepreneurship support practices among intermediary organizations. Therefore, UNHCR could propose an inclusive entrepreneurship index<sup>39</sup>. Since most incubators and accelerators do not have the financial and human resources needed for advocacy, policy dialogue, and outreach, support from UNHCR in this regard

would be valuable and important. In many countries, policies are also falling behind in acknowledging and enabling the potential of social entrepreneurship. Most government funding is still targeted toward profit-driven ideas and concepts<sup>40</sup>. Collaboration with the social entrepreneurship ecosystem to promote existing inclusive practices in the field carries greater impact potential.

## 3. Facilitate inter-agency coordination among public bodies and intergovernmental entities.

UNHCR can accelerate pre-program and post-program referral service facilitation by inter-agency coordination among public bodies and intergovernmental entities. There is no or low connection and referral mechanism between the

organizations supporting the social and economic integration<sup>41</sup> of refugees and the ecosystem actors involved in entrepreneurship support<sup>42</sup>. This applies to national, regional, and city levels in most countries.

<sup>39</sup> A non-exhaustive list of such indices which might be useful are: Business Call to Action Inclusive Business Maturity Diagnostic Tool, Hello Europe DEI standards, OECD Better Entrepreneurship Policy Tool, Migrant Entrepreneurship Self-Assessment Tool, Refugee Opportunity Index in preparation by the Refugee Investment Network, Startout - Inclusion Impact Index, Diversity Atlas or the Local Inclusion Action Tool (LIAT) measuring cities' capacities for migrant and refugee inclusion across different contexts.

35 <sup>40</sup> Impact Hub, 2021, p.17.

<sup>41</sup> Entrepreneurial support for refugees is generally isolated from labor market integration services. A divergent example is from Sweden where the National Employment Agency provides funding to the National Growth Agency which supports entrepreneurship (Impact Hub & Human Safety Net, 2021, p.15).

<sup>42</sup> Impact Hub & Human Safety Net, 2021, p.14.

# Improving programming for refugee entrepreneurship

## 1. Take innovative action on intersectionality issues in partnership with relevant social innovation actors.

Studies and platforms maintain that any disadvantaged community member can tap into a different set of knowledge, know-how, and behavioral skill set (resilience, adaptability, hard work), and therefore being able to bring different perspectives to problem-solving and entrepreneurship. Similarly, in a report published by Esade Business School and Ashoka<sup>43</sup> perseverance, adaptability, an interconnected view for navigating multiple systems, building bridges, and an empathetic and empowering approach towards excluded communities, were identified as positive skill sets and competencies of entrepreneurs from refugee and migrant backgrounds.

***We went through a rebranding of activities by turning negative terms into positive ones: “assistance” is “opportunity”, a “problem” is “unrealized value”. It is important in the world of entrepreneurship to be moved by positive actions and values, not negative ones.***

- UNHCR Ukraine

***We realized that refugees take more risks than natives because they have lived different life experiences, so entrepreneurship is also the result of this risk-taking.***

- SINGA, France

Partnerships with innovative actors are needed to advocate for the positive capacity of disadvantaged community members. Ecofeminism or indigenous culture-inspired, circular, or green businesses are examples of this. For example, the “Maternity As A Masters” program is an innovative business model approach that reframes the set of skills gained by women during their maternity leave (e.g. multitasking and crisis management). The [LIFEED](#) platform is then scaled out and scaled across versions of this model. Recently this area has been enriched with discussions about intersectionality and diversity, such as BIPOC impact on business or alternative professionalism standards.

In some contexts, refugees arrive in a country and are already equipped with competencies and skills that might be lacking in the local market. For example, in Morocco, Syrian refugees are well known for their skills in dental prostheses or well-drilling, which adds value to the Moroccan market. There are also many refugees from Yemen and Central Africa who originally came to Morocco to study and then ended up acquiring refugee status as conflicts in their respective countries did not allow them to return. They possess a rich set of skills in more technical sectors such as computer sciences and IT. In Mozambique, the label “made by a refugee” was being considered because customers were willing to pay more for products or services by refugees.

In other contexts, like Asia, where the legal rights of refugees are minimal, more mainstream advocacy with governments is needed for the creation of enabling environments and the lifting of regulations that create obstacles for refugees to start or operate a business.

<sup>43</sup> Naimi et al., 2020.

## UNHCR's Entrepreneurship Support and Diversity

UNHCR programming has an age, gender, and diversity approach with deliberate policies to ensure inclusion across the world. In entrepreneurial programs, women, and in some places youth get preferential treatment in accessing opportunities and services.

However, the gender dimension in the camps might be different altogether. In some contexts, young women are not easily allowed to leave the camp or to commute depending on the perceptions and concerns regarding young women leaving the camp for hours or days on end. The 'Breadwinner woman' role might also be a source of tension and lead to increased gender-based violence in the camps.

Although the programs are gender-sensitive, in certain regions, the participation of women in entrepreneurial activity or training remains very low due to cultural issues. Therefore, more effort should be placed on removing these cultural barriers through increased collaboration and persuasion. For example, in Afghanistan, UNHCR designed its programs in a way that allows women to run their businesses from home.

UNHCR had a specific support initiative for survivors of gender-based violence in Costa Rica. Eight entrepreneurs from a shelter house, referred to by Cenderos, were supported. A particular approach was needed for these entrepreneurs as they required much more emotional support than technical support. Entrepreneurs were hence linked with emotional support alliances.

In Eastern Africa, Indego, a UNHCR partner in Rwanda, runs awareness-raising sessions for women on their legal rights as part of their programming. They also work with UN Women to promote women entrepreneurship. In Uganda, the Uganda Women Entrepreneurs Association coordinates with all development partners, private sector actors, and NGOs to support women through training, forums, gala dinners, and annual awards.



Interviewees from certain countries like Uganda and Brazil, mentioned that more support is needed to ensure young people are included. Also, in South Africa it has been mentioned that refugees are mostly urban and decentralized, which makes it hard to reach vulnerable groups who need assistance the most and to include them in the design of programs.

## 2. Integrate actions aiming at creating behavioral and attitudinal change in refugees into entrepreneurship support programs.

Research shows that attitudes affect levels of entrepreneurship. The 2021/22 Global Entrepreneurship Monitor showed that observing other community members starting businesses, being able to spot business opportunities, and having confidence in their ability to start a business

are all important positive influences on a refugees' intention to start and realize their business. Support for self-empowerment, emotional strength, and soft skills should be core parts of the entrepreneurial skills training for refugees.

***Entrepreneurship or professional support should not be based on vulnerability criteria. Vulnerability criteria are only relevant insofar as they help to provide a full picture of whether a support grant should be given or not. Professional results and professional development should remain the cornerstone of every entrepreneurial project.***

- UNHCR Ukraine

***Set up competition for pitches instead of handouts for refugee entrepreneurs. This will push the merit-based aspects.***

- UNHCR Senegal

## 3. Co-design programs with beneficiaries.

An important recommendation is to always involve migrants and refugees in the design of strategies, projects, and development as they understand the barriers that stem from cultural differences. Some

religious and cultural barriers can be overcome with the implementation of co-design principles. For example, in a refugee camp in Kenya, Kakuma, most refugees are Muslim, and when attempting

to run programming for entrepreneurship, it is difficult to engage the women as permission is required from their husbands. In such cases, it is necessary to obtain program buy-in from the whole community through co-designing.

Co-designing refugee entrepreneurship solutions and programming with refugees to ensure

coordinated efforts work well.

A good example is the Refugee Integration Organization from Ghana which co-designs its interventions with refugees for buy-in. From that, they established a microfinance scheme run by the in-camp refugees, leading to a 94% repayment rate.

#### 4. Work with implementing partners to diversify the support system for refugee entrepreneurship.

The support ecosystem for refugee entrepreneurship is quite broad but not particularly diverse. While there is an overlap between some of the services provided, other aspects remain starkly underdeveloped, for example, access to markets and long-term support.

Support from intermediaries on access to markets, networks, and information, as well as business skills development and more, needs to be diversified both geographically and content-wise.

Despite the high numbers of refugees in low- and middle-income countries<sup>44</sup>, most accelerator or incubator programs are in high-income countries. In addition, most of the support is concentrated at the idea or early stage. The number of programs supporting refugee enterprises at later stages and referral mechanisms that help to include refugee entrepreneurs in mainstream support services are scarce<sup>45</sup>. Refugee entrepreneurs have support needs that differ significantly based on the developmental stage of the venture.

***Most refugee-focused entrepreneurial support is rightly focused on the initial intervention stages. However, there is a gap in terms of growth-stage programs. This leaves entrepreneurs who are still vulnerable to fend for themselves shortly after taking the large risk of starting a venture. There is a need for clear pathways for refugee entrepreneurs along the entrepreneurial journey, leveraging existing support programs at various stages into a coherent package.<sup>46</sup>***

Tailored support is necessary, especially at the early stages. Entrepreneurs from underrepresented and disadvantaged groups require more tailored support to address individual and systemic issues. Evaluations show that tailored support schemes

have higher participation rates, high satisfaction levels, and more positive outcomes compared to general support schemes.<sup>47</sup>

At later stages, a balance between tailored business support and inclusion in existing support

<sup>46</sup> Impact Hub, 2021, p.13.

<sup>47</sup> OECD, 2019; OECD/EU Commission, 2021, p.22.

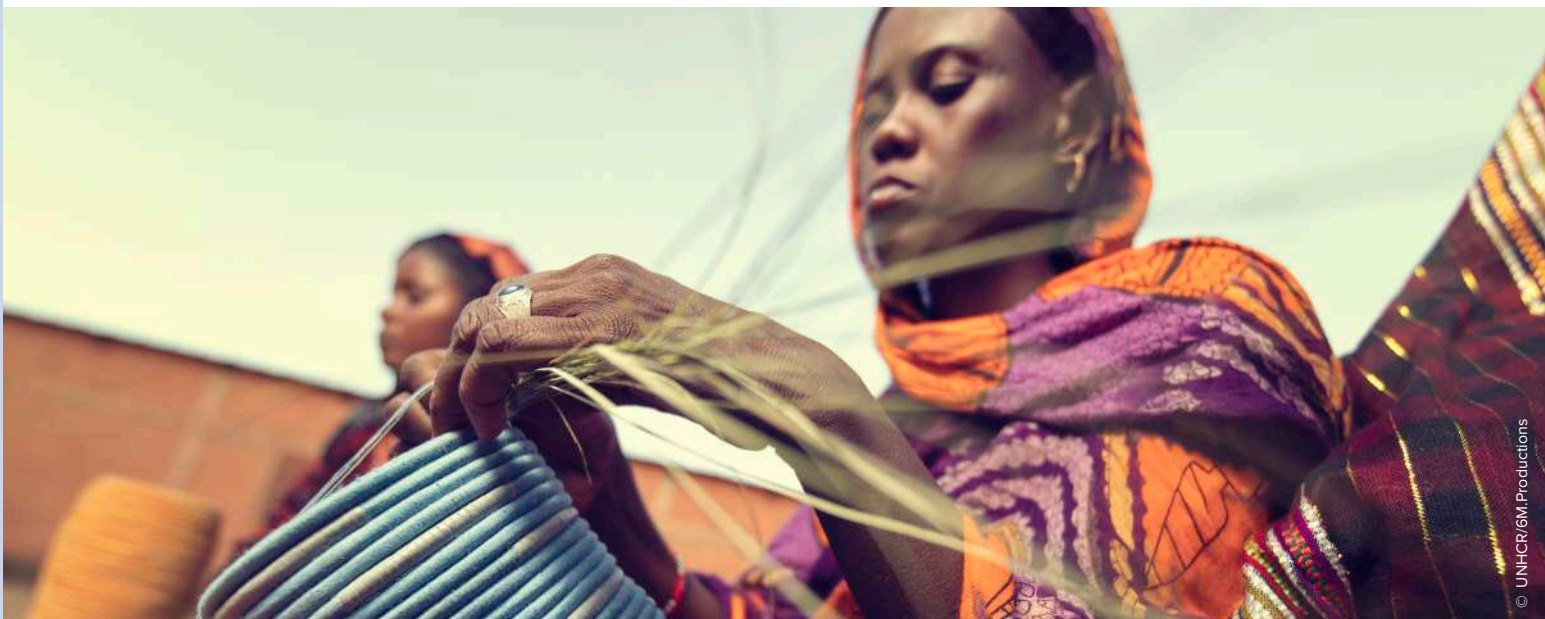
systems becomes crucial. Integrating and connecting refugee entrepreneurs with local entrepreneurs at the city level ensures better long-term success than separating refugees into their own groups.<sup>48</sup>

Regarding segmentation of refugee entrepreneurship, UNHCR's approach and added value would vary at different stages.

1. In cases of extreme poverty and vulnerability, UNHCR should provide support for meeting basic needs and implement the Graduation Approach. The [Graduation Approach](#) is a method adopted by UNHCR, which is modeled after BRAC's approach to fighting extreme poverty in Bangladesh and aims to foster innovative, market-based methods for building refugee self-reliance.
2. When basic needs are met and refugee entrepreneurs are living above the poverty line, UNHCR should support micro-enterprise for sustaining livelihoods. These necessity-driven micro-enterprise are not often categorized as entrepreneurship by entrepreneurial ecosystem actors because
  - They have limited potential and intention to employ people other than immediate family members.
  - Some of them are informal and have limited short-term prospects of formalization.
  - They have more limited financing needs or are better served by microfinance institutions.<sup>49</sup>

If there are no options to formalize the business and grow, UNHCR will continue to provide support at the micro-enterprise level. But in other contexts, focusing on high-performance micro-enterprise and helping them grow into small businesses might be prioritized in entrepreneurship support operations.

3. For micro-enterprise with growth potential, UNHCR should partner with entrepreneurship support organizations that can design programs to help microbusinesses think about growth, help formalize the business (where legally possible) or find workarounds.



<sup>48</sup> Impact Hub Amsterdam, Impact Hub Network, 2021, p.13.

<sup>49</sup> Please refer to the report *The Missing Middles: Segmenting Enterprises to Better Understand Their Financial Needs* [https://omidyar.com/wp-content/uploads/2020/09/Enterprise\\_Segmentation\\_Report.pdf](https://omidyar.com/wp-content/uploads/2020/09/Enterprise_Segmentation_Report.pdf)



## Components of Entrepreneurship Support Programming

Typical activities in the incubation process and other support mechanisms are listed below.

Programs are time-bound support interventions of varying lengths. They can include any of the items in this list and typically include a mix of group- and one-on-one support.

- Mentoring - Mentoring typically involves a more experienced person helping the entrepreneur engage in personal development. In contrast to coaching, it is typically more relationship-driven. Mentoring support can be long-or short-term.
- Coaching - Though sometimes used interchangeably with mentoring, coaching tends to be more task-oriented and not personal in nature. The coach will typically help the entrepreneur achieve a specific goal during their work together.
- Peer-to-peer learning - Peer-to-peer learning involves bringing enterprises together in structured or unstructured ways to facilitate learning from the experiences and skills of each other. Many entrepreneurs are eager to learn from others who are in the 'trenches' of entrepreneurship. Peer-to-peer learning often works best when done in a non-competitive environment, in a live format and in-person, using flexible but facilitated formats.
- Masterclasses or themed courses - These are short or long courses on a specific topic. Some examples of topics include; managing finances, impact measurement, Theory of Change (ToC) training, storytelling, marketing strategy, social media and digital marketing, leadership development, tax and compliance, intellectual property, design thinking, business model thinking, etc.
- Access to networks - Facilitating access to



peers, funders, suppliers, customers, and other relevant networks that the entrepreneur would have difficulty accessing on their own is a key activity in entrepreneur support. Network support services may provide a mechanism for expanding access to social, human, and financial capital for nascent entrepreneurs.

- **Co-working Spaces** - Shared working spaces can either be open hot-desk style workplaces or private offices. They are usually part of a larger space and typically include access to meeting rooms and event spaces. They provide a physical work infrastructure and allow for better networking opportunities with peers, funders, and experts, access to shared services, and access to programs along with other support.
- **Shared Services** - Access to shared business support can include reception services, marketing support, internet, filing, accounting support, etc.
- **Access to Finance** - Access to financial services facilitate connections with funders and funding opportunities, and helps entrepreneurs prepare for securing such opportunities.
- **Expert Support** - Providing entrepreneurs access to technical experts on topics such as legal matters, accounting, investment, etc. is a common service. Expert support can be provided on a 1:1 basis or in group sessions and may also include the dissemination of research and relevant data.
- **Hackathons or Challenge-based Business Idea Marathons** - These are short-term intense engagements where groups of entrepreneurs and various supporters (experts, funders, partners, etc.) come together and form smaller groups to create solutions. The focus is on quick and crowd-sourced innovation and problem-solving. This method can be great to help overcome a specific problem but can also be used to kickstart projects and ideas.



# Supporting UNHCR Livelihood Staff

## 1. Create diverse and multi-layered learning opportunities for UNHCR livelihood staff in entrepreneurship and partnership management.

Capacity building, training, and peer learning on entrepreneurship, entrepreneurship support, and partnership management could be offered to UNHCR's livelihood staff. There are existing training

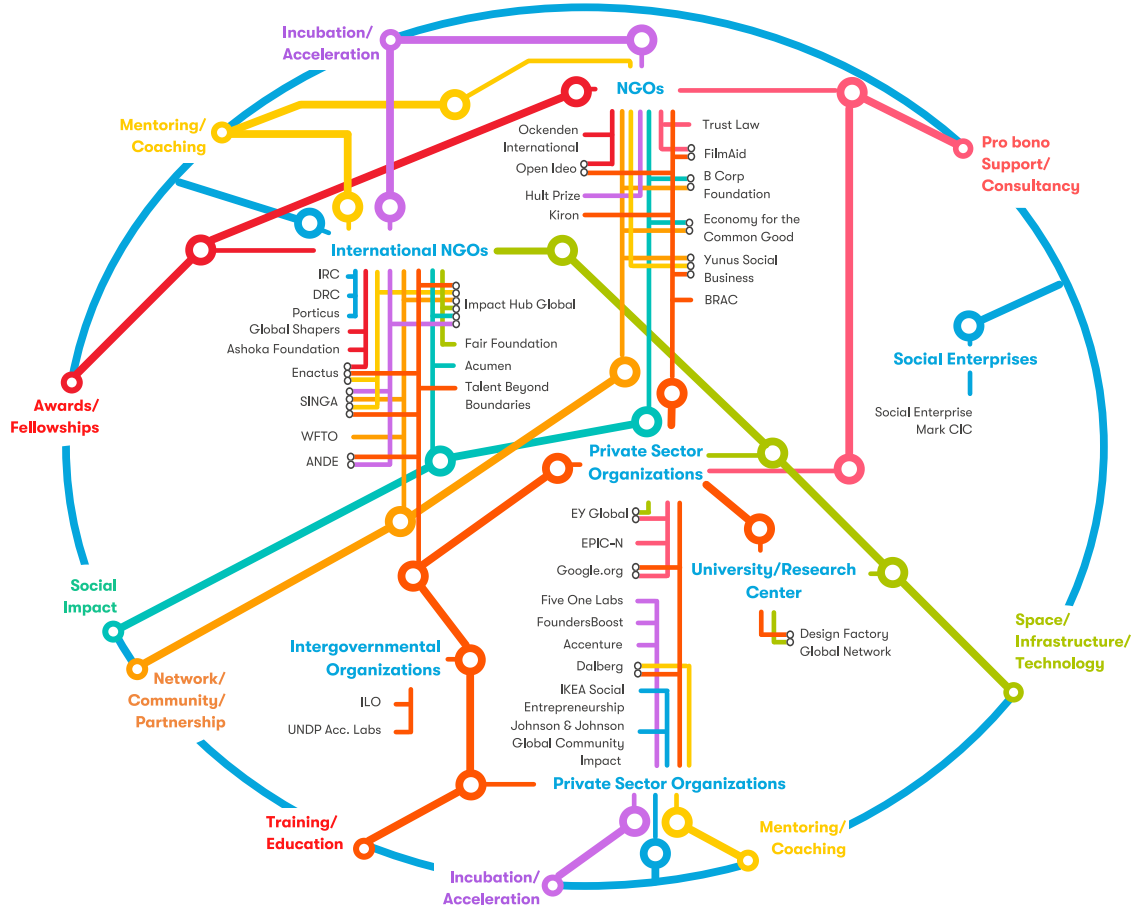
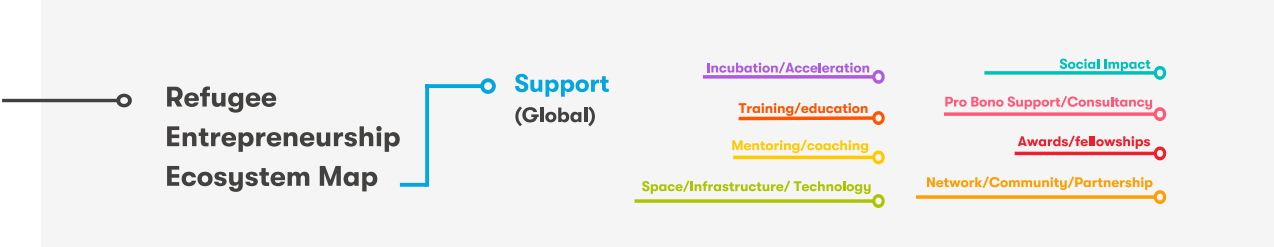
and learning programs (Empretec, Unitar) and areas for peer exchange. Yet, for the cross-pollination of good practices, learning still needs to be further enhanced and incentivized.

## 2. Encourage the use of functional ecosystem maps to spot partnership opportunities and engage with experts active in the field.

Functional ecosystem maps allow users to spot major actors, mechanisms, and opportunities in their own ecosystem and neighboring ecosystems

, such as social entrepreneurship, social economy, or inclusive entrepreneurship. The maps can display:

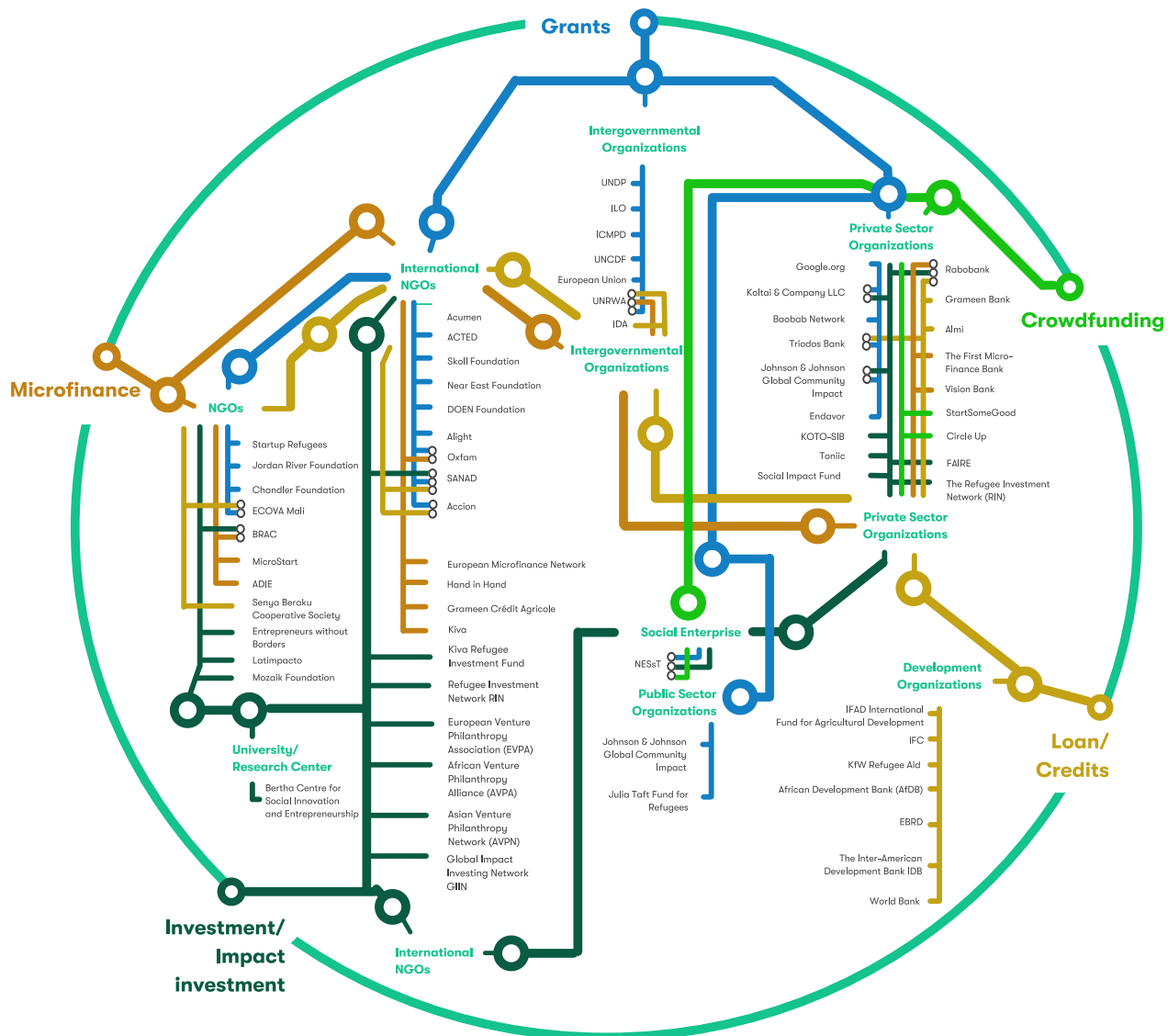
- Ecosystem level functions such as access to market, finance, advocacy, awareness, capacity building, regulations and policy, knowledge, intermediary, etc.
- Organizations and mechanisms, such as institutions and sometimes influential individuals and projects, programs, funds, prizes, awards, working groups, task forces, communities of practice, networks, platforms, events, etc.
- Actor types, such as financial service providers, development actors, private sectors, NGOs, government units, research institutions, UN agencies, social enterprises, etc.
- Geographical coverage, such as regions, sub-regions, countries, camps or special regions, global reach, and online reach.



# Refugee Entrepreneurship Ecosystem Map

## Finance

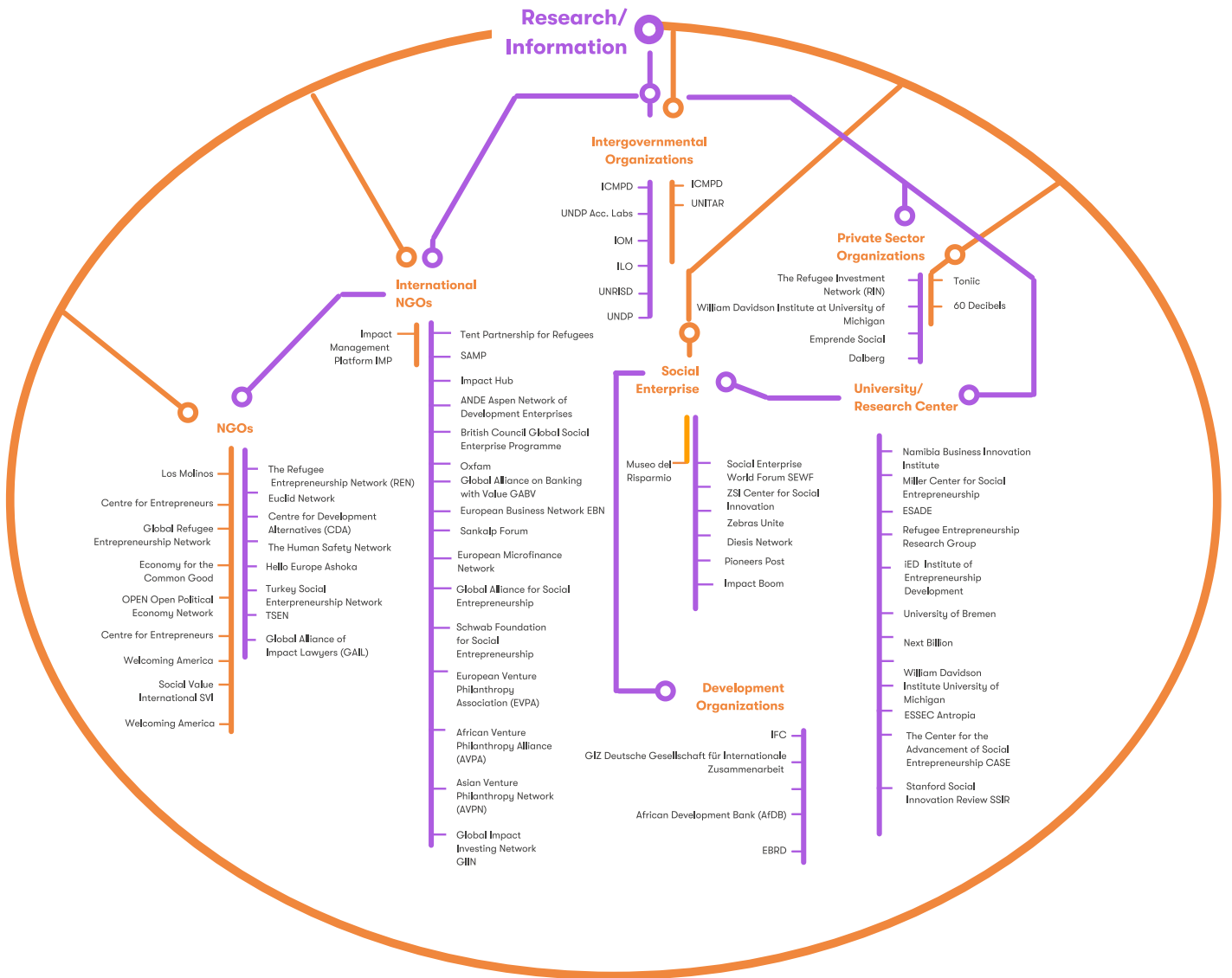
- Investment/Impact investment
- Grants
- Loan/Credit
- Microfinance
- Crowdfunding



# Refugee Entrepreneurship Ecosystem Map

Knowledge

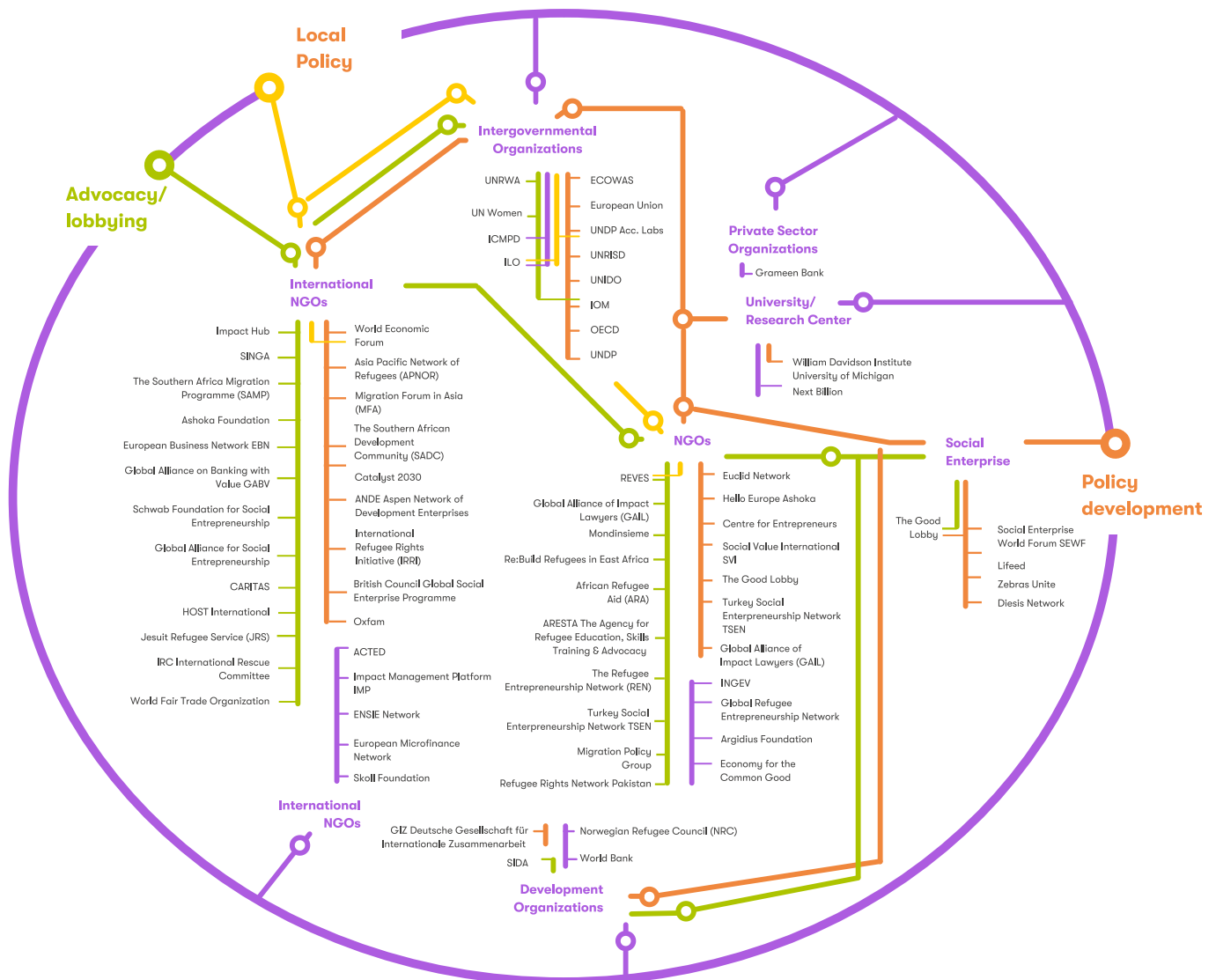
Research/information



# Refugee Entrepreneurship Ecosystem Map

Advocacy/  
policy/  
awareness

- Policy development
- Advocacy/lobbying
- Local policies

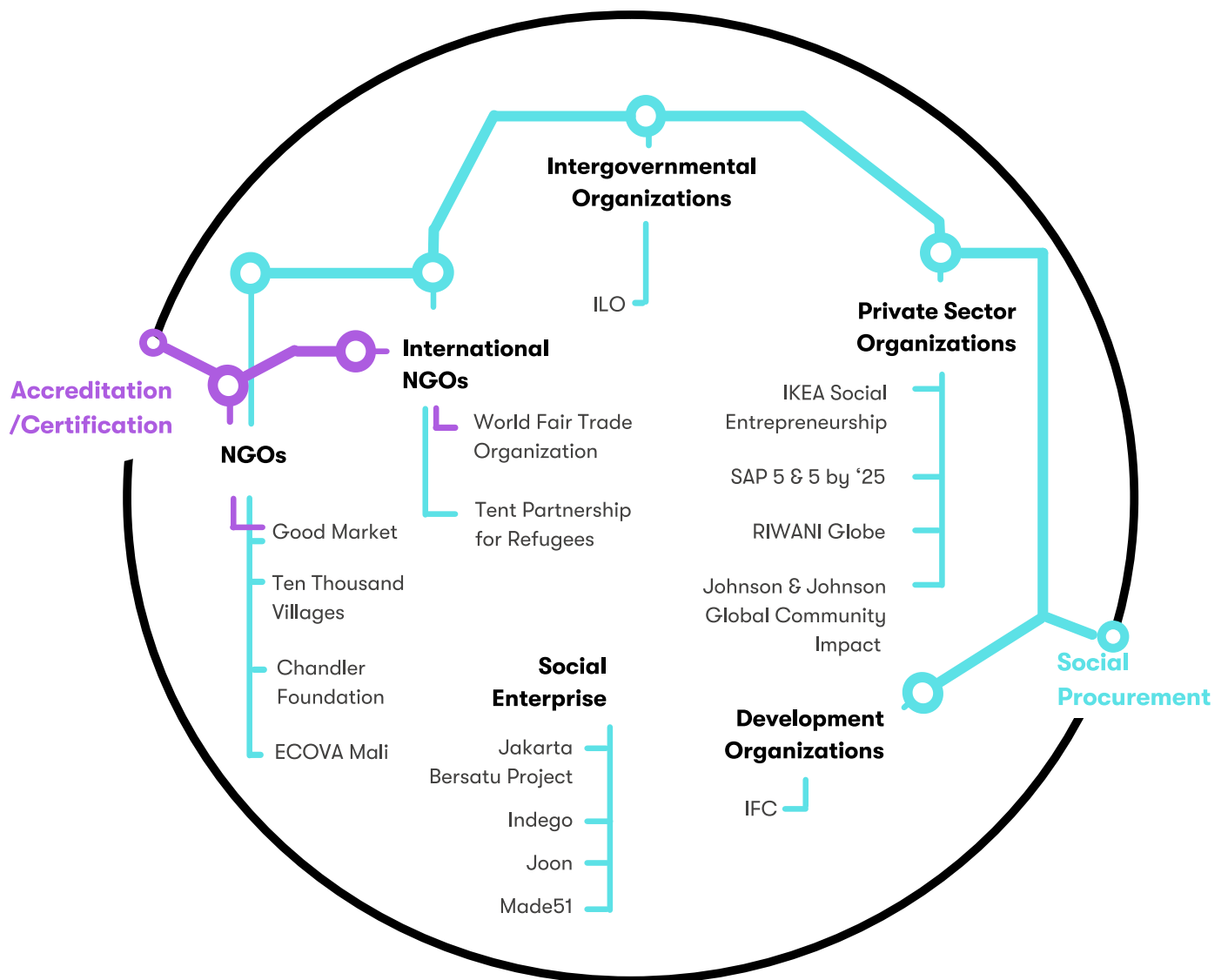


Refugee Entrepreneurship Ecosystem Map

Market

Social Procurement

Accreditation/Certification





## Panorama of Refugee Entrepreneurship Ecosystems

There are developed ecosystems where an enabling ecosystem for entrepreneurship exists, for example in Europe. In such ecosystems, there are a growing number of new initiatives that promote refugee entrepreneurship. This shows that the vision of entrepreneurship is widening to include refugees. For example, in France, when SINGA opened its incubator six years ago to support refugee entrepreneurs in Paris, it was the first to offer such a service. Now there are at least ten such incubators in Paris alone. This shows that there is a definite focus and momentum in France to promote refugee entrepreneurship.

There are countries and regions where refugee entrepreneurship takes place only or primarily in the informal economy. In regions like Asia, this is due to complex legal barriers preventing refugees from owning businesses or registering businesses. In some ecosystems, like Bangladesh or Indonesia, government policies and local authorities aim at prohibiting any refugee-led initiatives because of the reluctance to allow refugees to settle in the country long-term. Hence, why there are no formal refugee entrepreneurship ecosystems. In the informal economy, many businesses are run by refugees but the scale of these businesses is small. Because they are not legally allowed to operate, they usually remain fledgling and at risk of being shut down by the authorities. There are not many programs or initiatives in the region to support refugee entrepreneurship, and the efforts focus on advocacy.

In some regions and countries, e.g., the Middle East, North Africa, and Brazil, the informal economy is often a place of higher income, that is free of tax burdens and allows refugees to create multiple income streams.

***Brazil charges a lot of taxes which led to many ventures operating informally. A micro-entrepreneurship law reduced the tax burden in the early years.***

- Venezuelan Refugee, Brazil



***Approximately more than 50% of the productive units of Colombian citizens are informal, and the same is true for the people of interest. In many cases, due to lack of access to information, the difficulty of creating an enterprise given the institutional regulation, as well as the tax burden involved in formalizing them, generates a lack of interest in both citizens and the people of interest. Even the tax reform approved last year is still placing an enormous tax burden on small and medium-sized entrepreneurs, which can slow down their progress.***

- UNHCR Colombia

In some ecosystems, like Uganda, the environment is conducive to refugee entrepreneurship.

The legal framework is supportive and makes it easy to start a business. Despite the easy entry point, many businesses close quickly due to a lack of economic development. It is a small market that cannot sustain large businesses. The majority of refugees operate in the micro-business space.



***Many businesses don't get support for more than one year, and the available support is very limited. The cost of credit and interest rates is very high. There is a need to help provide long-term support and growth.***

- UNHCR Uganda

Then there are also ecosystems where skills brought by refugees are needed in the ecosystem.

***It is being increasingly recognized that there are gaps in the Jordanian economy for skills that refugees can cover and step in. One of the impacts of Covid-19 on Jordan was the realization of how much produce Syrians brought into the country. When Covid-19 hit, and the borders were closed, suddenly Jordan had massive gaps in its food supply chains. So now Jordan wants to revitalize agriculture, and the Syrians are seen as people who can contribute to that revitalization. Why? Because they're better harvesters. Also, there is a genuine interest from Syrians to seize those opportunities in the marketplace and become small business owners.***

- UNHCR Jordan

### 3. Create specific frameworks for impact assessment of refugee entrepreneurship programs.

There is no clear and holistic evidence-base, impact evaluation framework encompassing both business and wider integration outcomes, or indicators for refugee entrepreneurship. An impact framework for refugee entrepreneurship

should serve as an evaluation tool on the effectiveness of support provided to refugee entrepreneurs. A shared pain point is that the impact is not effectively evaluated and that impact assessments center on individual success stories.

***Data collection is needed. Analysis of the market, opportunities, obstacles, evaluation of past interventions, and drawing partners and actors together to act upon these are necessary.***

- UNHCR Uganda

***An aspect that should be improved in our program is data analysis, to better differentiate among refugee types, to understand the different needs and vulnerabilities, and to better tailor the support provided. More data and tools are needed to differentiate between types of refugees. Currently, they are all treated alike.***

- UNHCR Morocco

***In many cases, interesting individual success stories (which may not even exceed 10% of all the effort made) are made visible but the impact is not evaluated, let alone the mechanisms for approaching, mainstreaming, and integrating the response.***

- UNHCR Honduras

While UNHCR can build on impact measurement methodologies used to evaluate the effectiveness of entrepreneur support, more work is needed to develop an impact measurement framework tailored to refugee entrepreneurship.

Apart from impact assessments, UNHCR is able to provide socio-economic data on refugees, which can be used to build stronger and more insightful business cases that then enable other ecosystem players to make better-informed decisions.

# Methodology

Global and regional desk reviews were conducted in Europe, MENA, Americas, East-, West-, and South Africa, and Asia Pacific to respond to the above-mentioned needs and identify:

- Features of the entrepreneurship ecosystem in the regions and selected countries
- Relevant UNHCR practices in the field
- Relevant ecosystem actors and their activities
- Legal or de facto barriers
- Inclusive entrepreneurship practices, including impact and social entrepreneurship
- Intersectionality issues (gender, age, disability, place, socio-economic status, etc.)



The country selection was based on feedback from UNHCR and took into account UNHCR’s programming priorities and operational footprint, and to a lesser extent, context typology (number of refugees, IDPs, returnees, type of operation, and positively deviant cases). A country selection table is included below to display the spectrum of countries.

		Refugee Volume	Urban Refugee	Camp Settings	Rural Settings	Strong Economy	Dire Economy	IPDs	Returnees	Peculiarities	UNHR operational footprint or emerging priority
Africa	Burundi						✓		✓		
	Rwanda	✓	✓	✓			✓		✓		
	Sudan	✓	✓	✓	✓		✓	✓	✓		
	Uganda	✓	✓	✓	✓		✓			✓	
	Malawi			✓						✓	
	South Africa		✓					✓			✓
	Burkina Faso		✓	✓	✓		✓	✓			
	Niger	✓	✓	✓	✓		✓	✓	✓	✓	
Americas	Brazil			✓		✓					
	Colombia	✓	✓	✓				✓	✓		
	Costa Rica										✓
	Honduras							✓			
Asia & Pacific	Bangladesh	✓		✓	✓		✓				
	Indonesia	✓	✓					✓			
	Myanmar						✓	✓		✓	
	Afghanistan						✓	✓	✓		
Europe & MENA	France					✓					✓
	Turkey	✓	✓		✓	✓					
	Ukraine							✓		✓	✓
	Jordan	✓	✓	✓							
	Morocco		✓								✓

Notes:

- Refugee volume refers to numbers of refugees over 100,000.
- Economic outlook and diversity of economic activities or lack of sufficient economic activity are important determinants for benchmarking entrepreneurship ecosystems.
- In strong economies, differences across countries can be explained by factors such as labor market entry conditions, expected earnings compared to employment, and the strength of labor market integration measures.
- UNHCR operational footprint information was completed by UNHCR officials.

47 interviews and 10 consultation meetings were conducted with UNHCR country-, regional-, and global-level contacts, and major development actors and practitioners - some of which are UNHCR’s partners active in the field.

UNHCR contacts were identified through the referral of the headquarters and regional bureaus.

Additionally, 3 synthesis and feedback workshops were carried out among regional researchers as well as regular progress and follow-up meetings, and one-to-one gatherings.

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# Acronyms and Glossary

ANDE:	Aspen Network of Development Entrepreneurs
AVPA:	African Venture Philanthropy Association
AVPN:	Asian Venture Philanthropy Network
EBN:	European Business Network
EVPA:	European Venture Philanthropy Network
GAIL:	Global Alliance of Impact Lawyers
GCR:	Global Compact on Refugees
GIIN:	Global Impact Investing Network
IFC:	International Finance Corporation (member of the World Bank Group)
ILO:	International Labour Organisation
IOM:	International Organization for Migration, UN Migration
LEI:	Livelihoods and Economic Inclusion
MFI:	Microfinance Institution
OECD:	Organization for Economic Cooperation and Development
SAMCO:	South Africa Multi-Country Office
SDG:	Sustainable Development Goals
SE:	Social enterprise(s) or social entrepreneurship
SEWF:	Social Enterprise World Forum
SIB:	Social Impact Bond
SGB:	Small and Growing Businesses
SME:	Small and Medium Enterprises
SSE:	Social and Solidarity Economy
SROI:	Social Return on Investment
ToC:	Theory of Change
UNCDF:	UN Capital Development Fund
UNCTAD:	United Nations Conference on Trade and Development
UNDP:	United Nations Development Programme
UNHCR:	United Nations High Commissioner for Refugees
UNITAR:	The United Nations Institute for Training and Research
WISE:	Work-integration social enterprise

Some commonly used terms used by various experts or membership bodies across the world in the inclusive and social entrepreneurship sector are listed below. In many cases, there are no commonly agreed upon definitions and meaning changes from context to context.

#### **B Corp**

A business that meets high standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose, accredited by the B Lab. Outdoor brand Patagonia is one famous B Corp.

#### **Ethical Business**

Similar to corporate social responsibility (CSR) and responsible business, ethical business is about a company seeking to minimize the negative impact they make on society or the environment.

#### **Fair Trade Business**

A trading partnership, based on dialogue, transparency, and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Cafe Direct is one example.

#### **Circular Economy**

Economic development and growth decoupled from the consumption of resources, based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.

#### **Impact Economy**

A relatively new term, intended to capture those organizations, businesses, and investors which have a mission of addressing environmental and social challenges.

#### **Impact Investing**

The Global Impact Investing Network (GIIN) defines impact investments as “investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.”

#### **Inclusive Business**

A private sector approach to providing goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the base of the pyramid by making them part of the value chain of companies’ core business as suppliers, distributors, retailers, or customers.

#### **Responsible Business**

A business that operates efficiently and responsibly, meets and exceeds

legislation, and always considers its impact on people (the workforce, the community and society at large) and the environment.

### **Small and Growing Business**

A term often used to describe commercially viable businesses with five to 250 employees that have significant potential, and ambition, for growth.

### **Social Enterprise and Social Business**

While definitions vary, a social enterprise is often understood as a business with primarily social objectives, whose surplus profits are principally reinvested for social purposes in the business and the community. Muhammad Yunus, the Nobel Prize winner and founder of the Grameen Bank in Bangladesh who developed microfinance solutions for the poor, uses the term social business to describe a “non-loss, non-dividend company”.

### **Social Impact Bonds**

A payment-by-results contract is where social investors pay for an organization to deliver a service, for example, helping homeless people find a home. If the service is successful, the government repays the investors with interest. The first example was a model in Peterborough in the UK to reduce the number of prisoners reoffending.

### **Social Innovation**

Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations with a primary social purpose.

### **Social Return on Investment (SROI)**

A methodology or framework for measuring non-financial value, such as environmental or social value.

### **Sustainable Business**

Often used to refer to an enterprise that seeks to create minimal negative impact and perhaps a net positive effect on the environment and society, alongside financial success - meeting the triple bottom line.

### **Venture Philanthropy**

A high-engagement and long-term approach whereby an investor for impact supports a social enterprise or other social purpose organization through grants, and high-engagement guidance to help it maximize its social impact.

### **Work Integration Social Enterprise (WISE)**

Organizations whose social mission is to (better) integrate vulnerable people (e.g., long-term unemployed or disabled) into the labor market.

