

MicroStart's approach towards a greater financial inclusion of migrant communities

CATEGORY: FINANCIAL INCLUSION

Objective of Good Practice:

Establish an offer of microcredit and support methods that ensure the financial and social inclusion of migrant entrepreneurs, in particular methods that take into account cultural differences and language barriers.

Year of Inception of Good Practice:

2016

Keywords:

Financial Inclusion, Microcredit, Migrants

Overview of Good Practice

Since its creation, microStart has been supporting the small businesses of entrepreneurs who are full of ideas and skills, but who lack access to funding and sometimes even higher education. This is often the profile of migrants, whose financial and social inclusion is microStart's focus: 60% of the institution's clients were born outside Europe, and 10% have a refugee status from Africa, Asia, and the Middle East and North Africa region. The rationale behind the need for greater efforts to ensure the financial inclusion of migrants is directly proportional to the various challenges that entrepreneurs face, which are often more challenging for migrants. Getting loans from banks, having access to relevant cultural and legal knowledge, getting recognition for qualifications, and several other factors pose specific challenges to entrepreneurs with migrant backgrounds. MicroStart has developed an integral set of practices that adapt financial services to the needs of the targeted client group: *advisors from specific migrant communities to serve their specific communities according to their needs, webinars; trainings; website; flyers and financial plans in Arabic; microloans that conform to Islamic laws (no interest, upfront admin fee); awareness for and of women migrant entrepreneurs*. The first of these practices is the focus of this good practice. microStart's most visible and impactful migrant approach is its community officer project, which started in 2016 in Flanders. Hassan Abo Esmail, a Syrian officer, played a key role in this project and acted as an intermediary between microStart and migrant communities. His diverse background and life experiences allowed him to better understand and interact with the potential beneficiaries, therefore better presenting and tailoring microStart's offer to them. The success of the project has led microStart to expand the approach into the Brussels region and Wallonia. The approach is structured around the central role of a dedicated loan officer, described as a "social miner" in the sense that they explore and build a diversified network among the different communities. They promote the services of microStart (financial and non-financial services) through the appropriate channels (flyers, meetings, network of ambassadors) in order to encourage candidates to go ahead with launching their businesses. They also organise communication campaigns targeted at migrant communities in order to raise awareness of entrepreneurship. Such campaigns include social media, events, promotional activities among community leaders, the showcasing of successful clients with migrant backgrounds. Once the communities are reached, microStart makes sure that the services, whether microcredits, BDS, or trainings, are delivered in a way that is customised to the language and cultural background of the entrepreneur, hence the role of the dedicated officer who needs to be able to build a bridge with the communities and/or translate when cultural or background differences arise.

Innovativeness

microStart's approach to migrant-based microcredit is innovative and stands out from others in the way it considers the diversity of the clients it is reaching out to and in the way members of specific communities are being recruited to create an initial trust bond between potential beneficiaries and the NGO. This "social mining" consists of reaching out to migrant communities in underprivileged neighbourhoods, joining them in the places where they gather, and in their daily activities. Word of mouth then becomes key to reaching more clients. microStart also works through an approach of establishing networks with grassroots organisations and targets young refugees, who are a vital to reaching out through digital channels like Twitter, Facebook, WhatsApp, and providing translations for posts.

Institutional profile

As a leading microfinance institution in Belgium, microStart provides advice and microcredits to (future) entrepreneurs who do not have access to financing from the traditional banking sector. Created in 2011, microStart is driven by the belief that each human being regardless of their education, background, income, economic position, origins, or geography has a right to economic initiative and a right to choose their destiny in our society. The organisation is also part of the LIME (Labour Integration for Migrants Employment) initiative from ALDA and works with UNCHR in Belgium on partnership and advocacy matters.

Type of Organisation

NGO

Country

Belgium

Products & Services provided

- **Financial:** Business microloans
- **Non-financial:** Entrepreneurship training, Financial education, Mentoring, E-learning courses.

Gross Loan Portfolio

€ 10.3 million
(as of Dec 2020)

Number of clients

1,784
(as of Dec 2020)

Target Audience

Rural population, Urban population, unemployed people or people on welfare, women, ethnic minorities and/or immigrants, youth, disabled people, people excluded from mainstream financial services.

Organisation Website

<https://microStart.be/en>

Outcomes

The outcome of the community officer project confirmed the success of customising the microcredit offer and tools to the diverse backgrounds of migrants.

In numbers:

- 210 refugees have received financing (microcredit) since the beginning of the programme (107 in 2020 alone).
- 214 refugees have attended a group training or webinar since the beginning of the programme (105 in 2020).
- 165 refugees have received individual coaching since the beginning of the programme (85 in 2020).

Efficiency and Sustainability

Demographic studies show that immigrants are mostly young and working-age individuals, driven by initiative and a work ethic to build a future and to integrate. This constitutes a true opportunity for EU countries, who welcome a lot of migrants. Moreover, studies and social impact studies as well as research carried out by various organisations (KPMG, Vlerick, Vises, Vluchtelingenwerk Nederland, OECD, Open Migration), seem to conclude that microStart's approach will create economic, cultural, and social added value. In addition to creating their own jobs, investing in society, and paying taxes and social contributions, young refugee entrepreneurs also create jobs. They find the empowerment and self-esteem needed to fit into society and to create a solid livelihood. Furthermore, through their businesses they learn the language faster, and obtain social, soft, and communicative skills. All these factors combined assure social impact and integration in Belgian society.

Lessons Learnt

While developing its approach, microStart discovered the importance of being direct, diverse, and comprehensive. The ability to speak the languages and understand the clients' cultural backgrounds are the drivers behind the strategy that is embodied by the dedicated officers. Some other key points that microStart has found essential to tackle include:

- Firstly, access to knowledge and support schemes have to be provided to refugees, through outreach, social mining, and raising awareness events.
- Then, BDS needs to be adapted to the clients, so that support, procedures, and rules are understood by the migrants. Language is of course the core of microStart's project.
- BDS then has to be customised to the clients' needs, talents, and future projects.
- Finally, microStart has discovered the importance of out of the box solutions for refugees—who lack resources and access to finance—adapting its financial products and delivering them in a comprehensible way.

The approach is complemented by microStart's advocacy efforts on migrant inclusion by lobbying government institutions for more financial support measures for migrant entrepreneurs. This practice is feasible to implement by other organisations and it requires that some effort be put into background research and understanding a community, and then investing in staff and relationships with community members who are experienced and already have awareness of cultural and background differences so as to be available to such needs and responsive to diversity.

In Practice: Success Story

Wasim BAYAZID, "Fluffy falafel", Vegan catering services, Courtrai

Wasim, a Syrian refugee, arrived in Belgium in 2016 and had only one thing in mind: integrate and contribute to Belgian society and economy. Surprisingly, Wasim had never cooked in his life before and yet, look at him now, he offers vegan catering services and promotes his home country's delicacies including, amongst others, his famous falafel! Wasim was guided through his first falafel preparation step by step by his grandmother back home, via Skype.

"microStart offered me all kinds of help. First of all, coaching and mentoring and then financial support. microStart helped me get all the information and walk me through the different steps to start my entrepreneur job/ business in Belgium."

Further Readings

- <https://microstart.be/index.php/fr/actualites/microstart-lance-microstart-arabe>
- <https://www.levistrauss.com/2019/06/21/lSCO-europe-honors-refugees-for-world-refugee-day/>