

Note on gaps, needs & the way forward

France (Grdr - Adiva)

Newcomers entrepreneurship support Program

JP Morgan Chase Foundation

I. State of play

Impact of COVID-19 on migrant/refugee businesses

1.1. In what ways are these businesses hit harder in the crisis than other businesses?

A survey carried out by in France on a sample of 70 project holders and migrant entrepreneurs allows us to draw up some initial observations on the economic impact for migrant entrepreneurs. The survey was made during the summer 2020 after the lock down. Here's the main learnings.

Cessation of activity

For people who have already registered their business, nearly 50% had to stop their activity due to the health crisis. It should be noted that among the different types of impact, 52.6% of the entrepreneurs surveyed have had to face order cancellations, and 36.8% report a decrease in their clientele. Finally, for more than 30% of the entrepreneurs surveyed, turnover was halved. However, 79% of those surveyed continue to believe in the future of their company and consider that the economic impact will be temporary.

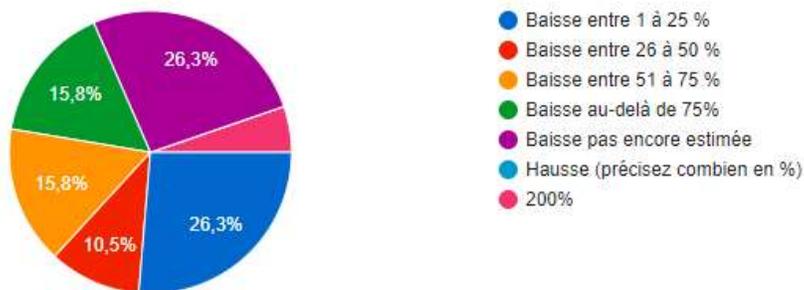
Drop out of creation rate

For those with projects under development or in the process of being registered, the impact is even more significant. Three figures illustrate the difficulties encountered by these project owners.

Firstly, it can also be seen that the health crisis is currently having only a limited influence on the desire to undertake business among migrants. Indeed, 76% of those surveyed want to resume the development of their activity as soon as the health situation improves.

Reorientation and slow down

However, for 74% of those surveyed, the measures taken in France to fight the pandemic have had an impact on the progress of their project. Among the types of impact, for 1/3 of the respondents, COVID 19 and health measures have led to a reorientation of the project, and for 61% a slowdown in the start of the activity. It should be noted that only 9% decided to abandon their project.



1.2. Are there differences between the impact of the crisis on early stage businesses and established businesses (incubating and accelerating stages)?

Through qualitative interviews with entrepreneurs of Adivé's network, it appears that experienced entrepreneurs were quite optimistic about the future of their businesses. Indeed, many of them were able to benefit from the State tremendous support (partial unemployment, guaranteed loans, deferral of charges...). Most of the entrepreneurs offering services to businesses (BtoB) continued their activity during the confinement and showed a rather impressive resilience capacity. It should be noted that the greatest difficulties encountered by these entrepreneurs are at the time of creation, but once the activity is launched, and the barrier of the first three years has been overcome, these entrepreneurs very often manage to perpetuate their activity.

However, this is a special typology of entrepreneurs, as the entrepreneurs of Adivé's network are entrepreneurs prepared to work with large companies in "supplier diversity" programmes.

We did not interview entrepreneurs providing services to consumers (B to C), but it is likely that these entrepreneurs have faced enormous difficulties as a result of the closure of shops.

1.3. Which groups of businesses have shown to be most vulnerable?

In terms size of business, the impact of Covid Crisis is the most important is for micro business, individual entrepreneurs. For instance, the State have launched a "poverty plan" targeted on entrepreneurs still under social support, especially in Department of Seine Saint Denis. Grdr and Groupement des créateurs, with the support of ADIE (micro finance) are partners in this support program with dedicated credits to help these individual entrepreneurs to revive their business.

In terms of sectors, all the businesses not digitalized encounter also difficulties with the crisis. For instance: Caterer, Sewing, Fashion, Mecanic are especially impacted by the COVID. Restaurant are closed, events are cancelled, fashion showroom are delayed, etc. Every entrepreneurs who've already develop online selling are better prepared to get through the crisis, and most of migrant small business are not digitalized. That emphasize the key issue of digital inclusion for migrant entrepreneurs, one the one hand for the entrepreneurs, and on the other hand for the clients who are less familiar with buying online.

In terms of communities and residence status, migrants developing business in the informal sector to survive, the most venerable entrepreneurs, are strongly impacted by the covid crisis, in the way they cannot benefit of the grants proposed by the government to support businesses in difficulty. Their brittle residence statut (short stay) to not allow them to access to all the social and economic support.

Impact of COVID-19 on support system (incubators, accelerators, other services)

1.4. Which needs cannot (or not sufficiently) be addressed by existing support services?

In financial terms, the State has offered a lot of aids to support entrepreneurs, which has provided a real boost for many small businesses. On the other hand, through discussions with the entrepreneurs, new difficulties emerged of a more personal nature.

The work/life balance was challenged during this period, especially for single mothers (especially during the period when schools were closed). Isolation was experienced badly by many entrepreneurs who were not used to work from home. At a time when co-working spaces became the norm, many entrepreneurs experienced real psychological distress due to isolation.

It seems that this aspect was the least addressed in the management of the crisis. Proof of this is the need expressed by many entrepreneurs to have regular meetings by videoconference in order to share and keep a link with the ecosystem. It would be interesting to think about the creation of a psychological support cell in case of new confinement.

1.5. What are the gaps and weaknesses which became especially visible during the crisis (of the supporting organisations and the support environment as a whole)?

Regarding incubators, the whole model has been called into question. With entrepreneurs no longer coming to the premises, many incubators found themselves in difficulty when it came the time to pay their own rent. The whole support methodology had to be rethought by digitalising all the tools, but even using digital tools, support and expertise are not of the same quality as face-to-face.

The responses provided by the actors in the ecosystem have the merit of having been reactive and creative, but there is an urgent need to invent a new support methodology.

Moreover, the entrepreneurs were able to count on their usual customers, but did not necessarily succeed in finding new customers. One solution could be to develop new portals for entrepreneurs to present their goods and services at a local level. The State should also commit itself to target public contracts to small businesses to help them stay in business.

II. Way forward

2.1. Needs for organisations to be able to better support migrant/refugee-owned and run micro and small businesses

Our objective will be to identify the common denominators of all the migrant entrepreneurs, but we will also shed light on the particularities according to 2 categories of so-called "migrant" audiences in France which relate to specific situations and differentiated in terms of trajectory, motivation, difficulties and areas of activity: newly arrived & refugee entrepreneurs and entrepreneurs from "diversity" or "minorities".

Here are a few key needs for improving and making more effective the support offers for migrant entrepreneurs in France.

- **Offer "applied" French learning:** language training offer adapted to professional learning & to sector of activity.
- **Supporting the informal economy:** innovative tools to support the structuring and progressive and transitional training of informal economies
- **Take into account transnational projects:** technical aspects of international trade, transport of goods, freight, but also relays in the countries of origin.
- **Fight against assignments to community entrepreneurship:** know-how and skills in very varied sectors of activity beyond "ethnic" business.

Common recommendations for better support for "migrant" entrepreneurs:

- **Create bridges between specific systems and common law:** Support chains, networking, integrated routes, interweaving of offers.
- **Work on the double temporality (short term / long term):** emergency needs (housing, food, health, rights) / definition and construction of the medium and long term project.

2.2. Who are the key drivers and necessary partners

If we look at the mobilization of support systems, we see that only 24% of migrant creators from outside the EU say they have used support systems for business creation, against 32% for French creators. . Among the support structures, we must distinguish:

- "generalist" systems (i.e. the Boutique de Gestion BGE networks, and the CitésLab for the support part, and the ADIE, Entrepreneur Network, France Active, Initiative France, for the financing part). These systems do not specifically target migrant project leaders but can accommodate them without distinction. However, in some cases they meet eligibility and / or free criteria depending on whether the people reside in priority neighbourhoods, are job seekers registered with Pôle Emploi, their beneficiaries of social minima, have been unemployed for more than 1 year. , etc.
- Institutions created specifically to support migrant projects.

Within this second category, however, it is necessary to differentiate:

- Organizations that work specifically with newcomers and refugees (eg France Terre d'Asile, Singa and its Finkela incubator, La Ruche incubator, La Fabrique Nomade, Elan interculturel, for the main ones;
- Organizations that target high-potential diasporas, graduates, and having transnational impact projects. On the support part, we can note: Bond'Innov, the Résonance Nord Sud incubator supported by SIAD, OFAD, MeetAfrika, and on the financing part: Cofides Nord Sud, Fondation Enthic, Investissement & Partenaires, FADEV;
- Organizations specializing in supporting entrepreneurs from neighborhoods and / or from minorities or from diverse backgrounds. We can note the ADIVE, the Determined, Time2Start, Projets 19 and the Epicéas incubator, Stand Up HEC, MDE Convergence Entrepreneur, FIA ISM, Espace pour entreprises.

A final category in its own right, a French specificity linked to the long history of decentralized cooperation and twinning with the former French colonies, concerns structures specializing in supporting and financing projects carried out by associations of "nationals". The main ones can be noted: FORIM with its annual call for projects PRAOSIM, the European Raid Guild with its micro-project agency.

2.3. What are appropriate methods to create commitment and collaboration?

The key issue to create commitment and collaboration is the dialogue between ministries / public policies. It's a necessity to break the borders between public policies, in order to reinforce the link between operators that deal with migrant entrepreneurs.

Indeed, migrant entrepreneurship in France is a challenge that might involve an inter-ministry approach. As emphasized during the NES round table, the Ministry of Cities and territories underlined that around 40% of population in "Priorities city areas" call "Politique de la ville" is immigrant, and the rate rises to 70% if we include the minorities / or population with migration background.

That inter policy dialogue should also include Ministry of labor, employment and inclusion, as we know that immigrants are over-represented in the statistics of companies registrations in France. They are more business developer than French born entrepreneurs.

We cannot give a complete answer if we only deal the issue of migrant entrepreneurship with the ministry of integration, as the issue of integration in France from the 2010's refers only to newcomers (in France since less than 5 years). We have to enlarge the scope and start the public policies dialogue to bring up the issue including every category of migrant in the policies.

Otherwise, we've introduce bellow different issues & challenges as: informal business, transnational business, ethnic business or community entrepreneurship, skills and competences, etc. all these recommendation will be applicable only if we cross the line between public policies in France.

It would be a mistake to consider that migrant issues only depend on integration policies in France, as we have a large and heterogeneous typology of immigration in France, and a long history of immigration, that changes from decades to decades (south Europe, Maghreb, sub-Saharan Africa, Eastern Europe, etc.). Migrant integration in France is the business of every public policies, and that's a challenge.

The collaboration between on the one hand : Singa, La Ruche, La Fabrique Nomade more focused on newcomers and refugees, Grdr, Adiva more focused on people with migration background is an example of a way to succeed.