



Building An Inclusive Recovery

TERN: Notes on the Gaps, Needs & Way Forward

Summary:

The Covid-19 pandemic has had significant economic and social impacts on communities across the UK. However, this way forward report outlines how refugee entrepreneurs have experienced disproportionate immediate threats to their livelihoods and face an uneven road to recovery. It highlights the significant progress made in London's business ecosystem to include refugee founders in the last four years, and spotlights the clear limitations that the pandemic has highlighted. Indeed, the crisis has highlighted that the vast majority of refugee founders continue to suffer from a lack of support, undermining business resilience and reducing access to business capital at critical moments.

However, there remain clear opportunities for the London ecosystem to seize its traditions of welcome and entrepreneurship to ensure that the recovery is inclusive of marginalised founders. To do so, this report introduces the London Declaration of Refugee Entrepreneurship with its stated ambition to expand business support to 50% of London's refugee entrepreneurs by 2025.

Methodology:

The following report is based on quantitative and qualitative responses from four data sources:

- 1. Covid-19 Immediate Impact Survey:** TERN client survey carried out in April 2020. Shared with 145 refugee entrepreneurs, with 114 respondents at an 80% completion rate.
- 2. Covid-19 Long-term Impact Survey:** TERN client survey carried out in October 2020. Shared with 166 refugee entrepreneurs with 84 respondents at a 52% completion rate.
- 3. Global Summit on Refugee Entrepreneurship Fringe Session:** facilitated workshop at the 3rd Annual Global Summit on Refugee Entrepreneurship discussing opportunities at a national & international level to create an inclusive economic recovery from Covid-19.
- 4. London Roundtable:** presentation on the impact of Covid-19 on London's refugee entrepreneurs & outline of way forward. Attended by 40 individuals from 30 organisations, including key ecosystem stakeholders such as the London Business Hub, TENT Partnership for Refugees, Ben & Jerry's and the Federation for Small Businesses.

TERN Note:

TERN is a UK based social enterprise and ever-growing community with a mission to enable refugees to thrive through the power of their own ideas. Our work is focused on supporting refugee founders, defined as any individual who has applied or received refugee status at any point and has the right to work.

As a result, this summary is informed by expertise and insight specifically from the refugee community, and may not reflect wider trends in the broader UK migrant entrepreneurship community.



Section 1: State Of Play

Background: The Potential of Refugee Founders

According to [the UNHCR](#), there were 134,000 in the UK at the end of 2019.

Research by [the Centre For Entrepreneurs](#) suggests that around one in five working age refugees is interested in self-employment, roughly double the national average. When combined with TERN's applicant data, that suggests there are around 7,000 refugee entrepreneurs in the UK with the potential to start a viable business that have not yet accessed business support.

London [hosts 15% of the country's asylum seekers](#), and as we know that there is net positive internal migration to the city after refugees receive status, as a minimum we can predict that there are 1,000 refugee entrepreneurs with the potential to start businesses in London.

“Through my role as founding director at Active Horizons, I support disadvantaged young people on a day-to-day basis as they navigate the challenges they face in their lives. I set this up because of the barriers I faced arriving as a young minor in the UK from Zimbabwe, when I struggled with homelessness during a long 9-year battle to secure my status. I didn't know where to go for support, and I knew other young people were experiencing similar challenges. Now we support more than 120 young people across Bexley, and my lived experiences as a refugee in the UK has been absolutely essential in helping us get this far.”

***Testimonial 1:** Yeukai Taruvinga, founder of Active Horizons*

Background: Refugee Founder Characteristics

Since January 2019, TERN has received over 420 applications to its community. These have shown important trends in the characteristics among refugee founders that heavily influenced the economic shock of Covid-19:

- **Experienced:** 59% have experience running or starting a business outside of the UK.
- **Well-educated:** 71% have an Undergraduate or Master degree.
- **Diverse:** applications have been made from over 25 nationalities, with business ideas across 20+ sectors.
- **Early stage:** only 15% of founders are actively trading at the point of application.
- **Financially marginalised:**
 - Close to two thirds lived in relative poverty (defined as below 60% of median income) before the pandemic, well over three times the national average.
 - 63% stated they would struggle to pay an unexpected £100 bill indicating an extremely high level of financial insecurity.

London's Emerging Ecosystem

Despite London's proud history as a city of entrepreneurship and being welcome to all, in 2016 there was not a single programme in the city specifically for refugee entrepreneurs. This meant that [only 2% of refugee founders](#) were benefitting from any form of support.

Over the last four years this has changed. In 2020, [10% of London's refugee entrepreneurs](#) accessed business support for the first time, and London has now hosted the [first two global](#)

[summits on refugee entrepreneurship](#) bringing together support providers from all around the world and from almost every continent. From a standing start, London is emerging as a global leader in the ever-strengthening recognition of refugee business talent.

This is reflected in an ecosystem that now contains more than 20 organisations working to improve services and support for refugee entrepreneurs in the city and beyond. This includes stakeholders from across sectors, including private sector employers like Ben & Jerry's and public sector support bodies like the London Business Hub (see Attachment 1 for full overview).

Section 2: Impact of Covid-19

“Alongside being a founder and in a full-time role, I am also Mum of two young girls aged seven and five. In March 2020, I was about to launch my brand in advance of the upcoming Hajj when lockdown hit.

It was devastating because I was very close to securing funds and, suddenly, with home schooling and home working it become increasingly difficult to find time for the business. I then caught Covid from a colleague so had to step away from the business entirely for a few months.

At the moment, with on-going lockdowns, it's been very hard for me to find a clear path forward with my business and I feel like the multiple challenges of being a refugee founder, employee and parent have been deeply exaggerated by the pandemic.”

Testimonial 2: *Ayah Omar, founder of Himma*

Immediate Impact on Refugee-Led businesses

Within the first month of lockdown, refugee entrepreneurs were exposed to a deep and immediate economic shock:

- **Unemployment spike:** by mid-April 2020, unemployment was up by 40% on a month before.
- **Income impacted:** over 70% reported having their personal income impacted within four weeks of the first UK lockdown.
- **Financial crisis:** by the end of April, 47% of refugee founders surveyed stated they did not have enough money to meet their basic needs.

These results clearly show that the early-stage nature of many refugee-led businesses, combined with their low liquidity and limited reserve, meant that a business crisis very quickly becomes a crisis for personal livelihoods.

Key Differences: Long-term Inequalities

TERN's October recovery survey showed that a rise in state dependence, combined with other emergency responses, had alleviated some of this

immediate poverty crisis. However, the underlying financial insecurities of many of the founders was clear in the emerging trends on business survival:

- **Business Revenue:** the average reduction in revenue for trading businesses in the refugee community was 61% just *before* the second UK national lockdown
- **Business Failure:** 15% of trading refugee-led businesses had stopped trading 6 months after the first lockdown. A further 30 businesses had delayed their launch into market indefinitely.



Moreover, there was clear evidence of Covid-19 exaggerating pre-existing inequalities for refugee entrepreneurs.

- **Sustained unemployment:** whilst employment levels had begun to recover, they were still 18% higher than pre-pandemic. That was three times higher than mid-range expectations for the UK by the end of 2020.
- **Business Impact:** UK small businesses were forecasted to experience an average financial shock of 28% in revenue loss, half that reported among the refugee entrepreneur community.
- **Poverty Impact:** initial estimates suggest that national poverty in the UK is likely to double due to the impact of Covid-19. Current poverty rises among the refugee community are 1.5 times higher. Whilst still dramatically higher, the cumulative impacts on business & professional livelihoods are somewhat diluted by the high baseline rate before the pandemic.

Gaps & Weakness in London's Support System

Whilst progress has been made in London's business support provisions for refugees, Covid-19 has exposed clear on-going weaknesses:

- **Marginalisation from mainstream ecosystem:** the vast majority of London's refugee entrepreneurs remain disconnected from mainstream support services & opportunities. This is a disadvantage in normal economic circumstances, and its impact has been even further exaggerated during the economic shock and instability of Covid-19. Being disconnected from mainstream support has decreased business resilience, business adaptation and access to business capital during crucial phases of the pandemic.
- **Lack of bespoke support:** there is a clear, and repeat, evidence of the need for targeted support for refugee founders to bridge this gap. Business programmes that specifically target refugee entrepreneurs and are set-up to resolve the unique challenges they face are critical in increasing engagement and long-term survival among refugee-led businesses. At the moment, despite recent progress, just 10% of London's refugee founders are accessing this type of support.
- **Critical shortfalls in business capital:** throughout the pandemic, refugee founders have found themselves falling between the gaps of the different small business support packages released by the government. A lack of trading history and/or business premises has meant that the vast majority have not received any self-employment support or business loans & grants. This is a clear continuation of a long-term trend that sees refugee founders marginalised from the UK's mainstream financial institutions, the lack of business capital stalling recovery, growth and a fair opportunity to compete in London's market.

These weaknesses point to a broader concern that widening inequalities will not just be present in the experience of the recession triggered by the pandemic, but in the recovery as well.



Section 3: Way Forward

Building Back Better: Entrepreneurial Needs

From the Global Summit and London Roundtable, there was a clear identified opportunity to learn from the inequalities that Covid-19 is exposing for the refugee business community and use the recovery as a springboard to close these gaps.

The focus for doing so rests on a simple ambition: expanding access to support. Current estimates from TERN's applicant data suggest that around 10% of refugee entrepreneurs in London have accessed business support.

The vision outlined at the roundtable set a target of

expanding this to 50% by 2025. In doing so, providers would be able to close many of the gaps exposed by the Covid-19 pandemic through:

- proactively recruiting & welcoming refugees into London's mainstream business ecosystem
- investing more and faster in refugee-led businesses
- increasing funding & in-kind support to grow existing support for refugee founders
- promoting refugee-led businesses to London communities

If successful, this expansion in support would create 240 new refugee-led businesses and generate 1,200 livelihood opportunities for family members and new employees. That's roughly one in five of all the known refugees in London.

Key drivers: Expanding London's Ecosystem

To achieve this target requires expanding and consolidating London's current refugee entrepreneurship ecosystem. This would bring together:

- **NGO support providers:** enabling non-profit organisations providing business support to refugee entrepreneurs to expand & strengthen their programmes
- **Trust & Foundations:** recognising the need to keep services free of charge, trusts & foundations will have an important role to play in meeting much of the costs in expanding support
- **Private sector organisations:** leveraging staff skillsets and connecting emerging refugee-led brands to supply chains to help scale & improve business models

“For me, supporting refugee entrepreneurs is a win-win-win. The first win is that we see that brands that have a clear social purpose have greater customer loyalty and employee engagement. The second win is for the refugee community itself, in bridging a gap that is threatening to widen due to Covid. By doing so, it not only ensures that we as refugee founders are better integrated into the UK, but more able to find purpose & meaning in our new lives. And that unlocks the third winner, the city itself – London. London benefits by embracing its diversity and inclusivity, and through reducing dependence on the state.

It is already becoming clear in 2021 that companies that embrace inclusivity, that support equality in the world, will grow faster in the years ahead and I hope this embrace includes the refugee business community.”

Testimonial 3: Amr Sabbah, founder of NittGritt



- **Mayor's office & local councils:** expanding outreach to refugee entrepreneurs and connecting support services to public funding opportunities
- **Mainstream lenders & investors:** significantly increasing investment into debt & equity products targeting refugee founders whilst working to reduce barriers to traditional finance
- **Traditional business support providers:** increasing awareness and connections to London's ever-growing landscape of business support & opportunities

Next Steps: The London Declaration on Refugee Entrepreneurship

To bring these stakeholders together, the [London Declaration on Refugee Entrepreneurship](#) was announced at the London Roundtable. This sets out a shared statement of ambition to support the expansion of business support services to 50% of London's refugee entrepreneurs by 2025.

The declaration is for public and private organisations and individuals willing to support or expand services to include refugee entrepreneurs. By the end of March, 20+ organisations had already signed onto the declaration including: Ben & Jerry's, the London Business Hub, Oliver Wyman and the UNHCR.

The declaration will be formally launched on Global Refugee Day 2021, June 20th. This will be accompanied by a 4 week advocacy campaign designed to raise awareness of the contributions of refugee founders to London's economy and encouraging new commitments to ensure they are included in London's recovery from Covid-19.

Attachment 1: London's Ecosystem

A CONNECTED COMMUNITY

This success has been driven by an ever-growing ecosystem of organisations.

From partners sponsoring and TERN's programmes, to partners providing in-kind support to the community and leveraging their expertise to increase the visibility of the entrepreneur's success - there are **now more than 20 organisations** working to improve services and support for refugee entrepreneurs in the city and beyond.

London Business Hub

Programme Partners

Community Partners