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## 8 TAKEAWAYS ON ENTREPRENEURSHIP AS A DRIVER OF ECONOMIC INCLUSION: GOOD PRACTICES, CHALLENGES, AND OPPORTUNITIES FOR (FEMALE) BENEFICIARIES OF TEMPORARY PROTECTION FROM UKRAINE

by Daria Huss

Russia's invasion of Ukraine on 24 February has caused a level of displacement unprecedented in Europe since World War II. Those fleeing the war are mainly women and children, as well as the elderly, predominantly heading to EU countries. While factors such as high levels of education in a relatively comparable Ukrainian education system are likely to help facilitate the economic integration of those arriving from Ukraine, many face specific challenges as sole caregivers.

Following the Russian invasion, the EU responded with the unanimous activation of the Temporary Protection Directive (TPD), granting beneficiaries of temporary protection (TP) immediate access to education, housing, and healthcare services, as well as the right to work. According to the Directive, beneficiaries of TP should also be able to be self-employed.

The EU already has a range of initiatives that are well suited to address the needs of TP beneficiaries on the labour market, including [Erasmus for Young Entrepreneurs](#), the [Enterprise Europe Network](#) and the [Skills Profile Tool](#), as well as the [Talent Pool](#), which is currently in the making. Sector partnerships developed under the [Pact for Skills](#) are exploring how their activities can open possibilities for TP beneficiaries. Support targeting women is also provided, for example, as part of the [European Green Deal](#), the [Small and Medium Enterprise Strategy](#), the [European Skills Agenda](#), and the [Digital Education Action Plan](#). Support providers in EU Member States are also adapting their offers to this target group.

On 2 June, ICMPD organised a webinar focusing on entrepreneurship as a vehicle for economic inclusion as part of the [SPRING](#) project, bringing together experts and practitioners from the European Commission, Migration Policy Group, Sweden, Germany, Austria, as well as the ICMPD Turkey and Western Balkans office. The speakers discussed how existing tools and instruments can help support beneficiaries of TP and identified innovative approaches for tailoring support measures to their specific needs.

The **eight main takeaways** featured below provide a snapshot of the discussion, while also reflecting the work and experience of ICMPD on this topic.

**1. Refugee entrepreneurs are first and foremost people in need of key reception and broader integration services.**

In view of the stresses related to flight and displacement, work may not be top priority for this group. Key and immediate needs must first be met, including but not limited to psychosocial support to cope with trauma, as well as the provision of reception and integration services, including housing and childcare.

Only once the most pressing needs of TP beneficiaries are met will pathways for economic inclusion, such as labour market integration and entrepreneurship, gain pertinence. Indeed, research suggests a bidirectional relationship between the economic integration of refugees and their mental health where gainful economic activity is facilitated by positive mental health and can in turn contribute to improved mental health of refugees by helping them to become self-sufficient and feel empowered.

**2. Local support ecosystems need to be comprehensive, coherent, and tailored to the target group.**

TP beneficiaries need specific support to harness the opportunities entrepreneurship provides. They, and migrants more generally, face a range of challenges in starting a business, including smaller networks, language barriers, difficulties in accessing finance, discrimination, and (self)perceived lack of entrepreneurial skills. In some countries, a high formalisation of the labour market and a limited role of small and medium enterprises adds to these challenges. Furthermore, female migrant/refugee entrepreneurs are often marginalised in the business community, run businesses with lower profitability and are more risk averse.

This group would thus stand to benefit from support via legal counselling, business training and support, language classes, networking activities, mentoring and access to finance, as well as the provision of facilities and incubating services. Large companies should be encouraged to adopt supplier diversity criteria to ensure equal contracting opportunities for migrant-owned businesses, with the public sector leading by example. To create coherent, comprehensive and targeted local support ecosystems, enhanced coordination among relevant actors is key. This applies to actors at all levels of governance, particularly at the

national and the local level, as well as those providing different types of services, including psychosocial and entrepreneurial support.

In view of the distinct composition of the mainly female new arrivals from Ukraine – many of them with care responsibilities – it is even more pertinent to devise support measures that are tailor-made to this target group. An evidence-based approach, supported by data collection, impact assessment and evaluation, helps to identify and address their specific needs. Increased funding for socially oriented organizations, initiatives, and cooperatives, where women tend to be overrepresented, can also help to reach this target group. Finally, awareness raising about the contributions of migrant and refugee businesses should be utilized as a tool to reduce prejudices against migrants and refugees both within the business community and among the general population.

### **3. An enabling legal and regulatory framework encourages self-employment.**

One can find across the EU, examples of legal and regulatory frameworks containing provisions that hamper entrepreneurial endeavours. For example, strict licence laws and high tax burdens for small businesses may discourage would-be entrepreneurs. Another hurdle that specifically affects potential entrepreneurs under TP is the fact that in some host countries, benefits are withdrawn once a business is registered, or income is generated beyond a certain threshold. Such regulations disincentivise entrepreneurship and make it difficult for new businesses to secure an income during their initial months of activity.

A possible solution is to revisit the legal and policy framework in relevant policy areas and to remove obstacles to entrepreneurship, especially those that specifically affect beneficiaries of TP. In Germany, for example, beneficiaries of TP are now eligible for basic income support (*Grundsicherung (SGB II)*) under the Social Code, instead of benefits under the Asylum Seekers' Benefits Act. This change has opened access to start-up funding and other support schemes through job centres. TP beneficiaries remain eligible for benefits as long as the revenue from their businesses does not meet their living costs, helping to overcome the uncertainty of their businesses' first months by reducing their financial risk. Such measures are particularly important for sole caregivers, relying on a single income.

**4. Not every business idea will be successful, and for some, employment may be the better option.**

Even in an enabling entrepreneurship ecosystem, it is important to acknowledge that not every business idea will be successful, due to saturation of the market, for example. Counselling and business advice at an early stage are crucial in raising awareness about what it takes to become a successful entrepreneur and in helping would-be entrepreneurs to most effectively assess the likely success of their business idea on the market. Legal and regulatory advice on setting up and running a business, geared to the specific needs of beneficiaries of TP, provides critical information on local realities as well as possible administrative hurdles and legal obstacles they may face when setting up and running their own business. With this information at hand, some may conclude that employment may be the better option.

**5. Migrant and refugee-owned businesses must become more crisis-resistant and future-looking.**

Although entrepreneurship can constitute a pathway for upward social mobility for migrant and refugee women, it comes with a range of risks. Both migrant and refugee, particularly female, entrepreneurs have been hit hard by the past two years (and counting) of the pandemic – not least because they were disproportionately active in sectors affected by the crisis, such as the service sector and gastronomy. Many small migrant/refugee businesses entered a vicious cycle in which already financially weak businesses suffered from a greater loss of revenue and customers during the pandemic, making it even more difficult to access loans and financial support. These same businesses often faced difficulties in accessing the specific COVID-19 aid provided by governments due to a lack of awareness, language barriers, and administrative hurdles.

Inclusive entrepreneurship policies should contribute to making migrant and refugee-owned businesses more crisis-resistant and durable for the future. This can be achieved, for example, by reducing administrative hurdles in accessing aid programmes for this target group, ensuring their access to tailor-made support programmes, and building on resources that may help them to overcome external shocks, such as social and cultural capital, including diaspora networks. Digitalisation should also play an important role.

## **6. Digitalisation is essential for competitiveness but many migrant and refugee businesses are lagging behind.**

Digitalisation has become increasingly important in the business world – and this trend has been exacerbated by the ongoing COVID-19 crisis. It helps entrepreneurs stay competitive in the market and meet the increasingly digital purchasing behaviour of customers, while also facilitating remote working. But the move toward increased digitalisation created a gap between entrepreneurs benefitting from its potential rewards, and those who do not – or cannot.

Against this backdrop, there is a substantial need for support providers to engage in awareness raising about the benefits of digitalisation, offer training programmes that help migrant and refugee entrepreneurs develop their digital skills and invest in the digitalisation of their businesses.

## **7. Diaspora networks support new arrivals and build bridges to service providers.**

Considering the sizable Ukrainian diasporas in several countries and the fact that Ukrainians are able to move across the EU to join them, [diaspora networks](#) are poised to play a fundamental role in reception and integration. Indeed, diaspora networks are providing new arrivals with information, communication support, financial and in-kind aid, as well as assistance in labour market orientation and entrepreneurship.

Diaspora organisations and individuals can also serve as bridge-builders, highlighting and translating the needs of new arrivals to relevant service providers towards integration and entrepreneurship. There is great potential for service providers to create synergies, for example through cooperation with migrant media, and support through volunteering, for example as interpreters.

## **8. Those under TP need opportunities beyond entrepreneurship support.**

Many people who have fled from Ukraine still count on being able to return sooner rather than later. This mind set corresponds to the temporariness of their residence status under temporary protection. The example of other displacement situations shows however that people planning to stay long-term in the host country were more successful in the labour market. Investors are also more inclined to invest in businesses with a long-term perspective.

At this point in time, temporary residence status and hopes of return will surely impact the propensity of new arrivals to engage in entrepreneurial activities. While this mind-set may change if the war persists, support should also create opportunities beyond entrepreneurship to allow those under TP to create networks and gather experiences that could be useful both back in Ukraine and in the EU. Win-win situations could be created by scenarios that build on enhanced circularity between the EU and Ukraine (in the long term) and open opportunities for business both in the European and Ukrainian markets.

*The Sustainable Practices of Integration ([SPRING](#)) project gathers available research and evidence on integration in the context of the large-scale movements of refugees and other migrants to Europe since 2014. A recording of the webinar can be accessed [here](#).*

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### Contact Information

For more information please contact:

#### Policy Unit

International Centre for Migration Policy Development (ICMPD)  
Gonzagagasse 1, 5th floor  
1010 Vienna, Austria

Email: [Policy\\_Unit@icmpd.org](mailto:Policy_Unit@icmpd.org)

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