



*North of England*  
**REFUGEE SERVICE**

## **Research Brief for Asylum Seeker and Refugee Social Enterprise / Enterprise / Self Employment Start Up Routes in the North East**

### **1. Introduction**

This research brief is the result of a meeting between One NE Regional Economic Strategy Team, lead by Phil Shakeshaft and including Gillian Roll, with representatives of the Regional Refugee Forum North East, Joao Francisco (Chairperson, NE Angolan Community Association) and Manoute Seri (Chairperson Ivorian Community Association) and its Co-ordinator, Georgina Fletcher, held on June 6<sup>th</sup> 2003.

The purpose of that meeting was to raise concerns about barriers to enterprise start up experienced by refugees and asylum seekers living in the NE region, and to discuss ways of tackling these barriers so that, as new members of the NE community, refugees and asylum seekers could make a full and equal contribution to the region's economic development as outlined in One NE's strategy document "Realising our Potential".

This exploratory discussion resulted in an offer from One NE to fund a piece of research that would identify the issues facing refugees and asylum seekers in starting up new business enterprises or becoming self-employed and identifying possible ways forward.

### **2. Background to and rationale for the research: *converting rhetoric to reality***

1. Refugees have the potential to contribute, as full and equal citizens, to the economic, cultural and social wealth of the region in which they settle.
2. They bring with them a range of professional and trade skills, prior experience of enterprise, national and international networks of contacts and a high degree of motivation to re establish a secure and economically independent life.

3. In addition, the new communities of refugees being established in the region through the Government's policy of Dispersal, which began in April 2000, (currently estimated to be around 16,000 people from 97 countries of origin) are creating new and diverse market demands, which remain unmet within the region. Refugee entrepreneurs are eager to respond. Refugees therefore have the potential to be entrepreneurs and creators of employment, supplying new market demands in the region, creating new trading partnerships with existing NE businesses, and creating non-displacement import trading.
4. However, refugees are faced with a range of barriers to active economic participation that limit their ability to realise this potential.
5. Some of these special needs are shared with the marginalised and disadvantaged communities amongst whom refugees are living, some are specific to refugees. Dispersal has in practice been through void led accommodation, so that areas of settlement of refugee communities map exactly onto the wards/neighbourhoods/communities suffering from the highest deprivation indices in the NE (and UK).
6. In the official research and policy literature around Integration of refugees (economic, social and cultural), integration is described as and recognised to be a two way process requiring the active participation of both refugees themselves and the host community/agencies. It cannot just be left for refugees themselves to realise these economic potentials that will benefit not just the refugee communities but the whole community of the region. It requires a proactive initiative from One NE.
7. The aim of this research is to assist One NE in identifying the special needs of refugees in terms of their ability to establish themselves as entrepreneurs and creators of employment, either through self employment, for profit business or not for profit community/social enterprise routes, in order to inform future policy development and strategy that would promote the integration of refugees and enable their full economic contribution to be realised within the region.
8. This runs in parallel to initiatives within the region aimed at promoting routes into employment for refugees, which are addressing issues of recognition of prior qualifications, understanding of the UK recruitment process, appropriate training and further education, and raising awareness with the region's employers.
9. Overlap/match of agendas - what is good for refugees is also fits with national and regional policy and strategy. This initiative fits with central Government objectives of
  - promoting the permanent settlement of refugees within the region to which they were dispersed as opposed to secondary migration to the major cities of the south.
  - promoting the integration of refugees as full and equal citizens
  - promoting a positive image of refugees through evidence of their contribution as community members to the wealth of the UK

- promoting community cohesion through experience of refugees as active community participants and contributors
  - promoting Diversity through ensuring that diverse demands are met within the region and enabling all members of the NE community to benefit from diversity
10. This fits with regional government initiatives through
- creating a positive settlement environment which would encourage refugees to choose to remain living in the NE
  - enabling the potential of refugees to be realised as a valuable resource in economic, social and cultural regeneration objectives at a time when the region is suffering net loss of population, particularly among the young skilled and educated sector and lower levels of business start up than targeted in the region's strategic plans.
  - contributing to neighbourhood renewal/growth in localities that are identified as targets of European and national regeneration funding initiatives
  - promoting Equal opportunities and Race Relations Amendment Act statutory responsibilities on mainstream service providers
11. The issue of separate provision versus specialist provision based on equal opportunities principles is important in the context where the negative political climate around refugees could create accusations of favourable treatment for refugees by other sectors of the NE community.
12. Opportunity to "thinking big" >
- new demand met by non displacement imports
  - new demand met by new in region trading partnerships (such as regional farmers producing preferred hard chicken or certain maize or vegetables currently unavailable, for supply to in region refugee lead businesses)
  - need to consider support for international business angle via Trade Partners UK for example

### **3. The Refugee Perspective**

1. Refugees want the NE to be a culturally diverse region in reality, with its diverse demands met within the region so that more people will feel it a place that can become their permanent home. Otherwise they will move to Leeds/Manchester/London where these demands are already being serviced or responses to new demands are developing more quickly.  
For example
  - the nearest specialist black hairdresser is in Leeds
  - Individuals have to go to London for the various foods that they want in their diets and for fabrics, often taking orders for friends
  - Individuals may bring in goods from abroad on small-scale basis and supply informal market

- they want NE to be on the music performance concert circuit for stars from their countries / continents of origin
2. Refugees want to supply these needs themselves, rather than entrepreneurs based outside the region capitalise on the market demand because they have prior knowledge or investment capital. There is a desire for regional ownership, where employment, profit and reinvestment for growth will be maintained in region. In addition, would be refugee entrepreneurs feel at a disadvantage in competing within the region to supply these market demands as others may capitalise on them first with refugee entrepreneurs and communities remaining marginalised.
  3. They want to use previous business skills to help them re-establish themselves and be self-supporting
  4. They want real employment and incomes
  5. Asylum seekers want to use their time usefully prior to a decision being made on their asylum claim (since July 2002 no work is permitted until a positive decision is given. Those who arrived prior to July 2002 have permission to work prior to a status decision, if they have waited 6 months and have applied for a work permit)
  6. There is a desire to move from informal economy to formal one. This is also of particular relevance to women, as individuals with hairdressing and dress making skills are currently servicing demand informally at home.
  7. Women, the vast majority being single, typically experience more exclusion from/barriers in access to information and opportunities. Additionally they suffer from lower cultural expectations of becoming entrepreneurs.
  8. The African community (34 countries of origin) is the most statistically significant new community created through Dispersal into the NE region with new market demands unmet within the region.
  9. Research<sup>1</sup> has highlighted a triangle of factors that influence the decision to settle permanently in the region. These being Diversity as a lived reality (that there is a real opportunity to live and express one's own culture, which relates to demands being met locally and critical mass of settled co community), the opportunity for economic independence and security, and good standard housing involving a sense of safety and acceptance within the community.

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<sup>1</sup> See "Refugee Aspirations on Move-on / Second Stage / Future Housing Needs in the NE England" Sept 2002 BOWCP

#### 4. Aims of the Research

The aim of this research is to assist One NE in identifying the special needs of refugees in terms of their ability to establish themselves as entrepreneurs and creators of employment, either through self employment, for profit business or not for profit community/social enterprise routes, in order to inform future policy development and strategy that would promote the integration of refugees and enable their full economic contribution to be realised within the region.

- What are the barriers to enterprise start up experienced by refugees and asylum seekers in the NE
- What issues are unique to refugees and asylum seekers
- Are there additional special needs within the refugee community itself i.e.: women
- What issues are shared with other NE disadvantaged or excluded communities
- What are the possible solutions self identified or identified by others
- What is the level of demand for such support structures/services

Types of initiative    Self employed (professional and trade skills)  
                                  Sole trader  
                                  Directors of companies  
                                  Social enterprise (community businesses)

Geographical Area    North East England  
Client Group            Asylum Seekers and Refugees  
Markets targeted     Music, events, clubs  
                                  Food (retail, restaurant, take aways)  
                                  Beauty and Hair  
                                  Fabrics and Clothing  
                                  Information (newspapers etc)

##### 4.1 Issues already identified from exploratory meeting between members of Regional Refugee Forum North East and One NE (6th June 2003)

Issue of equality of access to mainstream business start up support services versus specialist provision (avoid separate provision where possible in current anti refugee climate)

Issue of whether mainstream services are accessible to any disadvantaged/excluded/marginalised groups in the NE. AS/R are part of this sector and share many of the same barriers.

In what ways do asylum seekers and refugees have special needs over and above other disadvantaged communities that could justify specialist intervention?

Barriers include:

- Knowledge of existence of support services/structures (access)
- Knowledge of British enterprise structures and legislation. Need for orientation in legal context of being in business and guidance on complying with British law (orientation)
- Access to investment capital where loans need to be based on credit history or collateral in the UK
- Language, where written information, forms and advice in English (access and delivery)
- Legal restrictions on business ownership and operations created by status of being asylum seeker or refugee
- Differing cultural experiences of and attitudes to enterprise structures, such as suspicion of cooperatives being linked to political control
- Need to be aware of the key language that opens doors, for example, "I am committed to self employment or this business development, how can you help", rather than "I am thinking of starting up a business" (access)
- No cushion of risk - very vulnerable financially to risk investment
- Emphasis on young entrepreneurs, support schemes aimed at under-25 years excludes many who are more settled and serious with longer term commitments and vision (access)
- Too much emphasis on training around confidence and skills, after which support ceases and not enough on actual business start up (delivery)
- Levels of business start up finance given as grants is unrealistic.
- Low expectations from banks/agencies on the capabilities of refugees or their prior experience
- Need for access to incubator space = resource centre for people to plan etc
- Need for help in identifying business premises = council lists of premises and rent/rates costs ideally to be available and councils to consider free lease periods
- Need one to one sustained support for all the form filling required in pre start up (in English)
- Exclusion of asylum seekers from mainstream benefits routes to self-employment, and other training opportunities  
For example, in order to access support for self employment, a person must be receiving mainstream unemployment benefits for 6 months and then can be referred from the Job Centre to Job Centre Plus where they can be referred to In Biz. Asylum Seekers are not part of mainstream benefits system.

In general there is a voice of disillusion with current mainstream support services as being inaccessible and without the necessary sustained delivery of support to

point of actual start up. It is possible that these issues are shared with other sectors of the community and are not exclusive to refugees and asylum seekers. Pre-pre start-up support is not available via the Government/ERDF/SRB funded initiatives, as, for example, it provides no money to cover feasibility studies, or market research, no grants for revenue activities or start up funding.

## **5. Suggested Methods of Research**

Consultations with key individuals

Case studies with refugee entrepreneurs, including those with an idea wanting to start out, those already en route to start up and existing businesses

Variables> country of origin, age, gender, status, length of time in UK

Statistics are available for all individuals who are awaiting a decision on their asylum claim and who are supported by NASS in NASS contracted accommodation in the region. This figure is generally stable at around 5000. The statistics can be broken down to isolate locality (e.g.: Stockton, Gateshead etc), nationality, age, gender, date of arrival in NE. There are no stats available to show the number of individuals living in the region who have refugee status or for those still awaiting a decision on their asylum claim who are self-supported (i.e.: not in NASS accommodation).

- Estimates could be as many as 15000 people or more
- majority between 20 and 35 yrs old
- 97 countries of origin
- over 70% male
- c.66% single

## **6. Possible solutions or routes for exploration**

Access to loans via credit unions lending for business purposes, or special One NE loan fund for AS/R, or CDFI (community development finance initiative. If created by postcode mapping then will help all those in most disadvantaged communities and not just AS/R

CED (Community Enterprise Direct) interventions, one to one support and training organised for each group for social enterprise not for profit start up - advantage of intensive support through to actual start up and start up funding sourced from charitable sources etc.

Street UK for helping people move from informal economy to formal economy. Especially relevant for women with skills who could become self employed

New Deal for the unemployed > can protect unemployment benefits for first 6 months of start up and trading

Need to secure eligibility for training pre-status decision so as to use waiting time profitably

Learn Direct for access to on line enterprise and start up modules but need to consider current barriers to access based on language and lack of confidence amongst AS/R in admitting to low basic IT skills. Many source countries have very restricted access to IT for people. People prefer to have training in a co community setting so need to consider issues of delivery. Still provides a potential route for self tutoring in market research, writing business plans and fund raising

Need to think about access and delivery, for example using drama as a method of delivering information. There are drama groups that specialise in issue based drama workshops that research the barriers and then deliver the information. Funding for this could be sourced through Karen Langdon

Could secure a champion for this initiative such as Anita Roddick, recently gave enterprise lecture at Durham University

Can work through existing and emerging Refugee lead Community Organisations to raise awareness about access to support services, and work in partnership on delivering information and training

## **7. Contacts for research phase (to be further developed with Philip Angier)**

(not included here)

Georgina Fletcher

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August 1<sup>st</sup> 2003