



# REFUGEE & IMMIGRANT ENTREPRENEURSHIP

## *Belgian National Report*

*edited by IEPS Jemappes-Quiévrain*

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## **I. History of Immigration in Belgium**

Belgium is often overlooked as a country of immigration because of its size and its less known history of immigration. Yet over the last three decades Belgium has become a permanent country of settlement for many different types of migrants. Migration, asylum, and integration policies have largely been responsive in nature, reacting to circumstance, rather than pursuing a long-term vision. It is only in recent years that policymakers have started to develop new policies and legislation in a more consistent way.

### **From Post-War Labour Migration to Permanent Settlement**

The Benelux region has historically been highly mobile. In the aftermath of the two World Wars, and more intensively since the 1960s, Belgium set out to attract inflows of immigrant labour migration. Bilateral agreements were concluded with Southern European and Northern African countries as well as Turkey within a flexible work-permit regime accompanied by lenient family reunification rules.

The lack of comprehensive figures has been a central challenge for Belgium in creating a consistent migration policy. Reliable and comparable data are hard to find because measurements and methodologies vary.

For instance, it is hard to measure the real number of people with an immigrant background in Belgium because of high naturalization rates in the past decades. In addition, information on the nationality or birthplace of parents is not collected, which makes it difficult to ascertain the exact size of the second and third generation of immigrants.

Overall, migration for family reasons is understood to represent the bulk of residence permits issued, but estimations vary between 30 and 50 percent of the total permits issued annually. Study and remunerated labour are often put roughly between 5 and 15 percent of all permits issued.

Data on both categories is incomplete, as it only counts those who have formally registered – either to acquire a degree in Belgium (hereby leaving out exchange students), or for remunerated labour. Therefore, labour force data only give an indication of the active immigrant population present in Belgium, and their share of employed and unemployed persons.

Migration for humanitarian reasons and refugees are often measured separately. The latest figures put their numbers at around 20 percent of the total of residence permits issued. These figures do not take into account refused asylum applicants and unauthorized migrants present on Belgian soil. All in all, it seems that for most categories actual figures might be higher in reality.

By the end of the 1960s, the government had adopted a more restrictive labour migration policy, in response to the economic recession and rising unemployment at the time. In 1974, a formal cap was introduced to limit economic migration.

Separately, Belgium has served as the capital of the European Union since the end of the 1950s, hosting most of its institutions. As a result, increasing numbers of EU citizens have since then settled in Belgium, both temporarily and permanently. By now, EU citizens make up more than half of the total non-national population in Belgium.

After labour migration was limited, immigration to Belgium was mostly via family reunification and asylum. Since the 1990s, the number in asylum applications has steadily increased up until 2012.

The Belgian government designed both labour migration and asylum policy in response to circumstantial economic or humanitarian needs, without a long-term vision. The first effort towards more comprehensive immigration law was only introduced in 1980. Similarly, citizenship and integration policies were shaped in a laissez-faire way for decades. Only in recent years has the government begun reforming these policies, starting with asylum and family reunification.

Finally, it is important to note that Belgium is a country of two linguistic and political realities. This has become increasingly conflictual over the last decade, partly demonstrated through the continuous rise of the right in Flanders. This dynamic has been largely absent in Wallonia. Migration policies seem not to have been directly affected by this tension. However, increased politicization of migration coupled with the inevitable need to consistently reform migration policy is pushing policymakers to develop more long-term policies for the future.

Breakdown of the Foreign Population in 2010-2011

**Table 1. Total Population by Nationality in Belgium**

	Belgian	EU-27	Other	Total Foreign Population	Political Refugee	Unknown	Missing	Total
Belgium	9,832,010	746,972	372,284	1,119,256	2,801	2,456	802	10,951,266
Brussels Capital Region	766,744	221,482	130,862	352,344	616	1,135	99	1,119,088
Flanders	5,878,652	268,848	159,138	427,986	1,522	970	383	6,306,638
Wallonia	3,186,614	256,642	82,284	338,926	663	351	320	3,525,540

*Source: National Statistics, population by nationality, January 1, 2011*

Immigrants made up almost 18 percent of the entire population in 2010. However, people without Belgian nationality represent only 10 percent (see Table 1) of the total population because of Belgium's flexible naturalization policy which has allowed for approximately 30,000 naturalizations annually. Citizens from the 27 EU Member States make up just over half of the total foreign population in Belgium, most of which are from the EU-15. The immigrant population from Italy, France, and the Netherlands constitute more than 40 percent of the total immigrant population. Moroccans make up almost 8 percent and Turkish nearly 4 percent. These numbers present a somewhat skewed picture as non-EU nationals tend to naturalize more frequently than EU nationals. In 1984, the Belgian Nationality Code simplified the process for naturalization; for example, after continuous residence of seven years, people could declare their wish to naturalize. This legislation was amended several times, most drastically in 2000 when this residence requirement for naturalization was shortened to three years (and even to two years for stateless applicants and refugees).

Unlike other European countries such as the Netherlands or France, the Belgian Nationality Code has never stipulated any formal integration conditions. Since its entry into force, almost 800,000 people have acquired the Belgian nationality. While more than three-quarters of Turkish and Northern African nationals acquire Belgian citizenship, this is the case for only 30 percent of the EU-27 nationals. The high proportion of naturalizations has led to a new proposal intended to tighten the existing naturalization conditions by introducing formal integration requirements including proof of economic participation and knowledge of language. It also increases the minimum residence to five years and broadens the possibilities for loss of citizenship. The proposal was approved by Parliament in October 2012 and entered into force on January 1, 2013.

Family Migration

Since the Belgian government limited economic migration in 1974, family migration represents nearly half of the overall immigration to Belgium, followed by refugees and students.

As with citizenship legislation, Belgium reformed its flexible family reunification policy in 2011. The new bill introduced stricter conditions for family reunification and a stronger legal framework to combat marriage fraud. As in the United Kingdom and the Netherlands, the sponsor must prove that he or she possesses sufficient and independent income (120 percent of minimum wage), housing, and health insurance. Only partners and minor children qualify for family reunification, and the time period for demonstrating a stable relationship has doubled from one to two years. In addition,

applicants must now meet certain integration criteria. No formal evaluation or data are available, but a decrease in approval rates has been confirmed since the adoption of the new law.

## II. Current Situation (*main immigrant groups, demographic situation / differs*)

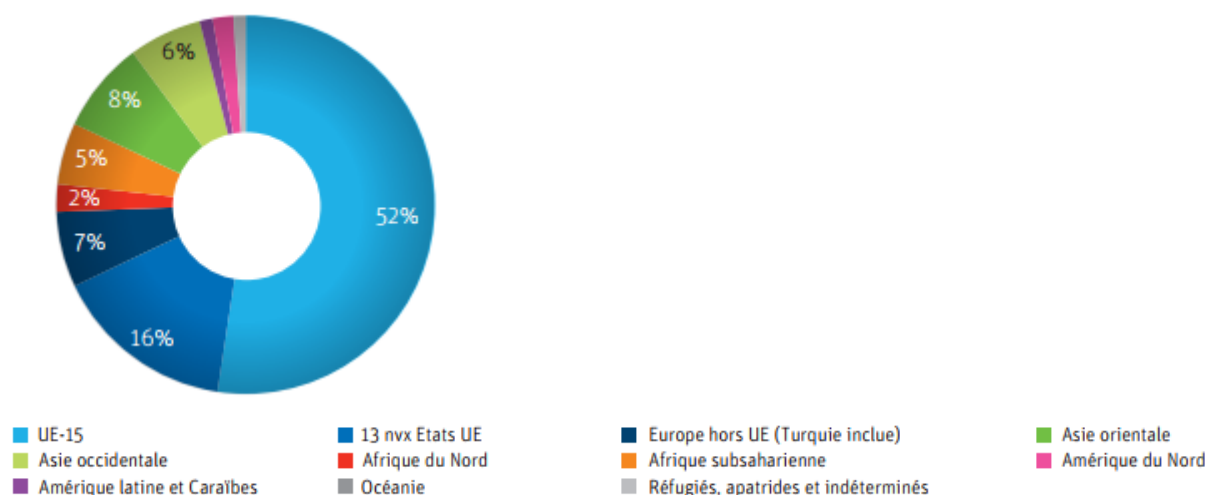
Belgium is a population that boasts diverse cultures and ethnicities. However, even with the burgeoning immigrant population, the majority of French speaking individuals live in and around the capital city of Brussels, while the Flemish speaking population is more restricted towards the Flanders side of the country. Due to job opportunities, the immigrant population mostly settles down in the large cities, where they can earn their living in an easier manner than in the suburban areas of the country. In the two biggest cities, demographic data is proof of the permanent diverse nature of Belgium: in Antwerp, nearly 38 percent of its population is of foreign origin, while approximately 18 percent have a foreign nationality; in Brussels, nearly 62 percent is of foreign origin and approximately 31 percent have a foreign nationality. The Brussels-Capital Region is of course extremely diverse not just because of general immigration, but also due to the vast community of European nationals working for the European institutions.

In terms of ethnicity, the Flemish community is a majority in the country. More than 6 million inhabitants of Belgium are Flemish, while the French speaking Walloons are a minority but make up the next biggest population group with around 3.5 million inhabitants. Apart from the two major population groups, there are small groups of minorities present in small pockets around the country, including the roughly 1 million German speaking residents who live near the Belgian-German border.

From amongst the immigrants, the main part of foreign population is European. According to 2016 data (Figure I), 52 percent of immigrants are from UE-15 and 68 percent from UE-28. A vast majority of immigrants (75%) are from the European continent, including Turkey. Among UE-15 countries, French, Italian and Dutch nationalities represent 37 percent of immigrants. As far as the new 13 members of UE are concerned, Romanians and Polish are the first two foreign nationalities (about 10%). Outside the UE borders, but still on the European continent, Turkish has an important position (3%). Six percent of immigrants are from Morocco, which is the fourth position after French, Italians and Dutch.

**Figure 1 Foreign population in Belgium 2016**

Source : Statistics Belgium, DEMO/UCL



### **III. Dynamics of Immigrant Self-employment**

#### Economic Migration and Labour Market Integration

The number of work permits issued by the Belgian government has decreased over time. Only 12 percent of all long-term permits issued in 2011 were for remunerated labour. This can be explained by two factors. Firstly, the Belgian government cancelled the bilateral work agreements and subsequent work permits in the 1970s. After this, work permits were limited to more highly skilled immigrant workers. Secondly, Belgium receives increasing numbers of EU free movement workers, who live and work in Belgium but do not require work or residence permits under the European free movement legislation. As a result, it is difficult to paint a complete picture of the total number of non-Belgian workers.

Overall, Belgium scores very low on labour market integration of third-country nationals compared to other European countries. There is a stark difference between the labour market integration of EU and non-EU nationals. According to 2011 Eurostat labour force data, less than 40 percent of the non-EU population in Belgium is employed as opposed to more than 60 percent of EU nationals – the lowest average of all its neighbouring countries, and contrasting with an average of more than 50 percent employed third-country nationals in EU-27. Particularly non-EU women have very low employment rates: just over 25 percent are employed compared to an average of 45 percent employment rate of non-EU women across the EU-27. Additionally, non-EU immigrants in Belgium were hit harder by the economic crisis and unemployment in recent years than the native population, though EU citizens coming from Southern and Eastern Europe were also affected. One possible explanation for such low scores is that these numbers only represent those third-country nationals who have registered as either employed or unemployed. This also brings up the issue of Belgium's fairly large shadow economy and of potential economic activity that goes unregistered. Another reason why so few third-country nationals are employed may be Belgium's comparatively attractive unemployment benefits.

In absolute terms, about 30.5 million persons of working-age were self-employed in the EU-28 in 2016. Around 27.1 million of these were native-born, while close to 3 million were migrants. For migrants born in a different EU Member State, the highest self-employment rate in 2016 was recorded in Malta (19.8 %), closely followed by Slovakia (19.3 %) and then Belgium (17.4 %).

Self-employed refugees are not equally spread among the different sectors where they are active in. If we take a look at the sector where self-employed refugees are active in, then it becomes clear that they are overrepresented in trade, industry and handicrafts. In agriculture, services and liberal professions, they are clearly underrepresented. This finding corroborates the hypothesis that refugee entrepreneurs are active in businesses that require little investments and without many formal requirements.

Regarding self-employment in Belgium, although foreigners make up almost 7 percent of the total self-employed people in Belgium, only 1.4 percent of them are non EU migrants. There is a strong concentration in the sector of Horeca, especially in the restaurant sector. It is important to note that the real number of non EU self-employed people is likely higher given the high naturalisation rate of some immigrant groups with a high representation towards entrepreneurship such as the twice migrants<sup>1</sup> Pakistani entrepreneurs or the Chinese.

#### **A. Push and Pull Factors: Immigrants' Path to Entrepreneurship**

##### **1. Reasons for High Dynamics**

Since September 2015, asylum seekers have been able to get on the labour market four months after they have registered with the Belgian Immigration Office. Belgium is now among the European

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<sup>1</sup> Twice migrants refer to migrants, who have migrated several times and hold nationalities, different from the 'own' country. For instance, some Pakistani's have British instead of Pakistani passports.

countries with the shortest delay for obtaining a work permit. In Belgium work permits for asylum seekers are not conditional on a test to make sure that no national or European resident is interested in the vacancy. There are also no limits on the sectors of activity where asylum seekers are allowed to work, and asylum seekers are eligible for self-employment, under the condition that they apply for a professional card. Additionally, asylum seekers who have access to the labour market can register as jobseekers at the regional Offices for Employment and are then entitled to a free assistance programme and vocational training.

### **a. Unemployment / Exclusion from Waged Labour**

The labour market integration of immigrants in Belgium is characterised by a significant heterogeneity regarding the origin and distribution of the immigrant population and their labour market outcomes. With more than 12% foreign-born in the population, Belgium has one of the largest immigrant communities in Europe. Labour market outcomes for immigrants in Belgium are poor. Employment rates are low in international comparison, particularly for immigrants from non-EU-15 countries and for women. Only one third of immigrant women from non-EU-15 countries are in employment, and this appears to be linked with the disincentives of the Belgian tax and benefit system which result in high net replacement rates for second earners in couples with a low income. This disproportionately affects immigrant women from non-EU-15 countries as these tend to have lower qualifications than the native-born, and the foreign qualifications of those with higher levels of educational attainment seem to be largely discounted on the labour market. Unemployment is also high, and immigrants' unemployment is almost two and a half times higher than that of the native-born. These unfavourable outcomes are not a recent development. Immigrants have been disproportionately affected by the longstanding, high structural unemployment in Belgium's industrial centres, especially in Wallonia, where many earlier immigrant cohorts settled.

A complicating factor in the Belgian case is the complex federal structure of the country. Powers related to integration are mainly at the sub-federal level, and approaches vary significantly. There is little interaction between the key actors, both within but especially between government levels, and this needs to be improved. Policies would benefit from more transparency and better co-ordination and experience-sharing. One way of doing this could be the regular elaboration of a national integration report, with a view to the identification of good and bad practices. Testing in the past has pointed to the existence of discrimination against immigrants in hiring. The persistence of unfavourable labour market outcomes for immigrants from non-EU countries and their children, even for those with education obtained in Belgium, suggest that this is still an issue. Indeed, there has been a strong focus on anti-discrimination policies for more than a decade. In recent years, attention has gradually shifted towards a more pro-active, comprehensive diversity policy, notably in Flanders and Brussels. Belgium's provisions for naturalization are among the most liberal in the Organisation for Economic Co-operation and Development (OECD), and access to citizenship is already possible for migrants after three years of residence. This has been an explicit measure to promote integration, and indeed, there is some evidence that this has contributed to a higher employment of immigrants. The effect seems to be largest for immigrants from non-EU countries. One area where this appears to have had an impact is the public administration, which accounts for a larger share of total employment in Belgium than elsewhere. Immigrants appear to be better integrated in the public administration than in other countries, and there are a variety of measures in place which target this. In contrast to the situation for established migrants, outcomes of recent arrivals seem quite favourable in international comparison. It is not entirely clear whether the less favourable outcomes for immigrants who have been in the country longer reflect a lack of improvement as the duration of residence increases or whether they are an indication of improved outcomes for recent arrivals. An issue which raises particular concern are the poor outcomes for the children of immigrants. Results from the OECD PISA study have shown that the disadvantage of the second generation is larger in Belgium than elsewhere. The disadvantage of the second generation is also observed in the labour market, even after controlling for education and parental background. Language spoken at home has a strong impact on these results (particularly in Flanders), and this appears to be more pronounced than in other OECD countries. Evidence from other

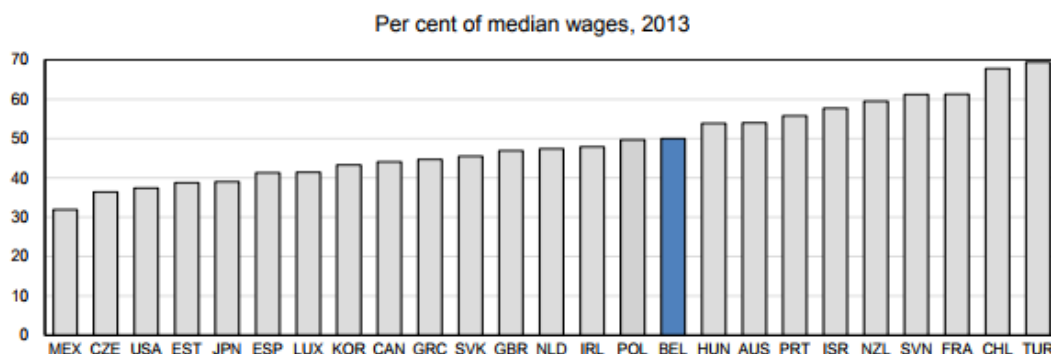
OECD countries suggests that much could be gained by early intervention policies, such as language stimulation for the children of immigrants at the beginning of kindergarten.

Research results also indicate that asylum seekers, family immigrants and other immigrants who do work tend to do so in certain occupations and in jobs that are below their skill levels. They are also much more often to be found in temporary contracts. The evidence suggests that, even if these newcomers manage to find jobs quickly, the quality of the jobs they get into puts them at high risk of falling victim to cuts and redundancies. Only part of this phenomenon can be explained by individual features. The problem of recognition of qualifications and skills, lack of human and cultural capital in the host country as well as some degree of discrimination might also constitute barriers to find suitable jobs.

### b. Socio-Economic Situation

Minimum wages can create a barrier to employment of low-skilled immigrants, especially for youth. As a proportion of the median wage, the Belgian statutory minimum wage is on the high side in international comparison (Figure 2), and sectoral agreements generally provide for even higher minima. This helps to prevent in-work poverty, but risks pricing low-skilled workers out of the labour market. Groups with further real or perceived productivity handicaps, such as youth or immigrants, will be among the most affected. In 2012, the overall unemployment rate in Belgium was 7.6 percent (15-64 age group), rising to 19.8 percent for those in the labour force aged under 25, and, among these, reaching 29.3 and 27.9 percent for immigrants and their native-born offspring, respectively.

**Figure 2 Minimum wages are fairly high**



Source: OECD (2014), "Earnings: Minimum wages relative to median wages", *OECD Employment and Labour Market Statistics* (database), November.

### c. Entrepreneurial Culture

The 2012 Global Entrepreneurship Monitor (GEM) explicitly focused on specific groups of entrepreneurs for the first time, namely migrants, women and youngsters (18-34 years). The survey among first- and second-generation migrants in Western Europe showed that they were more entrepreneurial than the Belgians. In Brussels, 30% of entrepreneurs are from foreign nationalities. Moreover, they were more ambitious when it comes to job creation, and on a personal level, they also displayed several specific, inherent characteristics that could stimulate entrepreneurship. They did not rely on chance or luck for decision-making, they were very independent and less scared of taking risks.

Wauters & Lambrecht research in 2006 showed five main reasons why immigrants and refugees could have an appetite for entrepreneurship in Belgium. Firstly, the cultural model or model of entrepreneurship–migration: this theory states that one immigrates with the explicit goal of setting up



an own business in another country. Obviously, this does normally not apply for refugees, who had to flee their country. Secondly, the economic chances model or the theory of the ethnic infrastructure: ethnic entrepreneurs respond to the demands and needs of the ethnic community by offering specialized products for sale to this group. Another motivation is the reaction model or the theory of a reaction on unemployment and discrimination: immigrants experience difficulties in accessing the labour market and as a reaction, they start a business of their own in order to survive. The entrepreneur model or the theory of the entrepreneurship instinct: some immigrants, just like Belgian people, admire the advantages of self-employment (be one's own boss, self-realization, etc.) and want to become self-employed. Finally, the so-called integration model or the desire to integrate in the host society.

The reason for entrepreneurship with the highest score is the willingness to fasten the integration in the Belgian society. Negative reasons (entrepreneurship as a way out of unemployment, the reaction model) score relatively low, although there is evidence that in practice these reasons often prevail. Reasons from the entrepreneur model about the perceived attractiveness of entrepreneurship (be one's own boss, execute a profitable activity, etc.) rank quite high as motives for considering to become entrepreneur. Reasons from the economic chances model rank lower (respond to a demand of products), because refugees are often not well integrated in a tight ethnic network. As already said, the cultural model scores low for refugees, but this also applies to immigrants.

#### **d. Ethnic Resources**

In Belgium, especially in big cities such as Antwerp and Brussels, businesses run by immigrants are numerous. Food, clothes, decoration from China, Africa, Morocco, Turkey, Italy can easily be found. In Brussels for example, one of the trendiest and most famous quarters, called Matongé, is an authentic African quarter. Named after a lively area of Kinshasa, capital of the Democratic Republic of the Congo, the Matongé area came to being in the late 50s with the influx of Congolese students in Belgium and further developed after Congo gained their independence in 1960.

#### **e. Market Opportunities**

According to the World Migration Report 2015, migrants account for more than half of the population in Brussels (63%). Different factors influence the location of immigrants' businesses: the proximity to potential customers, proximity to other businesses and proximity to their homes. Research confirmed that high concentrations of ethnic residential groups attract ethnic entrepreneurs. Migrants make significant and essential contributions to the economic, social and cultural development of Belgium and of their community back home. Migrants play a central role in forging the links between cities of origin and of destination and in mainstreaming migration into local development planning. City-to-city links are created or maintained due to the presence of large migrant populations in Belgium. Transnational economic, socio-cultural and political practices of Moroccan and Chinese immigrants in Belgium are particularly developed.

### **2. Reasons for Low Dynamics**

#### **f. Inactivity Trap / Unemployment / Socio-Economic Situation**

In the first seven years after arrival, labour immigrants, family immigrants and other immigrants follow a similar trend over time: the longer an individual is residing in Belgium, the higher is the likelihood of receiving an unemployment benefit. The unemployment rate of labour immigrants reaches a peak in the seventh year and remains relatively constant thereafter (around 8-9%). Among family immigrants, the unemployment level keeps rising up until the ninth year but then decreases towards the unemployment level of labour immigrants. The unemployment level of other immigrants increases gradually with time of residence, and never reaches a clear maximum, resulting in a relatively high level of unemployment after ten years of residence (16%).

The Belgian tax and benefit systems reduce employment rates, especially among the low-skilled. Labour tax wedges are among the very highest across the OECD. Work incentives are reduced by the combination of relatively generous out-of-work income support, above-average employee social contributions and high personal income tax (PIT) on wages, with marginal rates quickly reaching 50%. At low wage levels, major unemployment and inactivity traps therefore ensue. In one-earner couples, which are much more prevalent among immigrants than among natives, work disincentives also stem from the quotient conjugal, a PIT provision which allocates 30% of income to the non-earning spouse: if this spouse enters employment, part or all of the ensuing income will be taxed at the higher tax rate of the other spouse. To reinforce labour demand and work incentives for low-skilled people, labour tax wedges should be reduced, as is being considered by different governments. Care should be taken not to target reductions on very low wages alone, as this would risk increasing already high marginal tax wedges at still modest wage levels, with ensuing low-wage traps and disincentives to upskill. In Belgium, marginal tax wedges currently near 80% at less than two-thirds of the average wage (OECD, 2014a).

There are several reasons why refugees are not inclined to become entrepreneurs in Belgium. Factors related directly to the statute of the refugees come on top as reasons why they abandon the possibility of entrepreneurship. The uncertainty about the future scores significantly lower among immigrants, because they have more certainty about their stay in Belgium. Another impeding factor on starting up or taking over a business for both refugees and immigrants is a lack of capital to start with. Immigrants also seem to have more job alternatives than refugees, because they more often cite having already a decent job as a reason why they are not considering starting as an entrepreneur.

The odds that refugees have more appetite for entrepreneurship is higher when people have been self-employed in the past in comparison with people who have not been self-employed. If a family member has a business of his own, then the chance that a refugee has appetite for becoming an entrepreneur is higher than a refugee whose family members are not self-employed. The chance that women will start up an enterprise is 45% of the chance that a male refugee will do that.

### **g. Restrictive Legislations for refugees & Immigrants**

#### **Bureaucratic Hurdles on Business Creation**

To create an enterprise, registration at the Crossroads Bank for Enterprises is obligatory for both native- and foreign-born persons. Key requirements to be able to register include proof of “basic management skills” and “professional capacity”. Particular requirements have to be fulfilled to exercise one of the 34 regulated professions. Those who wish to work in one of the latter have to fulfil specific conditions which vary with the occupation and to prove that they have the corresponding professional competences. Restrictions concern many sectors of activities in which immigrants are often found, such as the building sector, car services, food business and personal care. One may suspect that these restrictions create informal jobs, although the exact extent of this is unknown. Proving professional skills is generally possible by obtaining the recognition of the respective diploma. However, only officially recognised diplomas are considered, which implies in most cases a process of formal recognition of foreign qualifications.

For non-EU nationals, a “professional card” is generally required in order to register as self-employed. To obtain such a card, among other requirements, a business proposal for an activity of economic or other general interest needs to be presented. Professional cards issued to persons who can prove that their activity is in the economic interest of Belgium. Some additional conditions may be imposed regarding the duration of stay. A number of administrative formalities must be completed. These are the most common:

- Incorporating a company
- Registration with the Crossroads Bank for Enterprises
- Registration with the VAT authorities
- Membership of a Social Insurance Fund

- Registering your business as an employer
- Submitting a statement when hiring your first employee

These steps can be completed online with the relevant authority, or by contacting Business Counters.

There are no measures at the federal or regional level in place which are targeted at the self-employment of immigrants nor refugees. However, there are several support organisations which helps them to become self-employed both in Flanders and in Wallonia.

People recognised as refugees do not need a work permit to work in Belgium. They have access to the labour market under the same terms as Belgian citizens. As recognised refugees, if they want to be self-employed, they do not need a card certifying that they belong to a particular profession. Information about rights and obligations in relation to the relevant job situation (health insurance, child benefit...) can be obtained from a social service, from the local Public Social Welfare Centre (CPAS/OCMW) or from a trade union.

#### **IV. Supportive Measures for refugee & Immigrant Entrepreneurship**

##### **A. Refugee & Immigrants' Needs**

###### **a. Results of the Interview:**

**Yaman and Amir Bach** are from Alep, Syria. They arrived in Belgium, in Mons, in 2012. Amir was an accountant in their home country. Yaman was only 17 when they came to Belgium and wanted to study informatics. Soon, they discovered that the first obstacle on their path was the language barrier. They decided to learn French in a vocational school and they found it highly difficult. It took them more than a year to reach an intermediate level and Yaman thought it would be better to practice with Belgians than in a French as foreign language class.

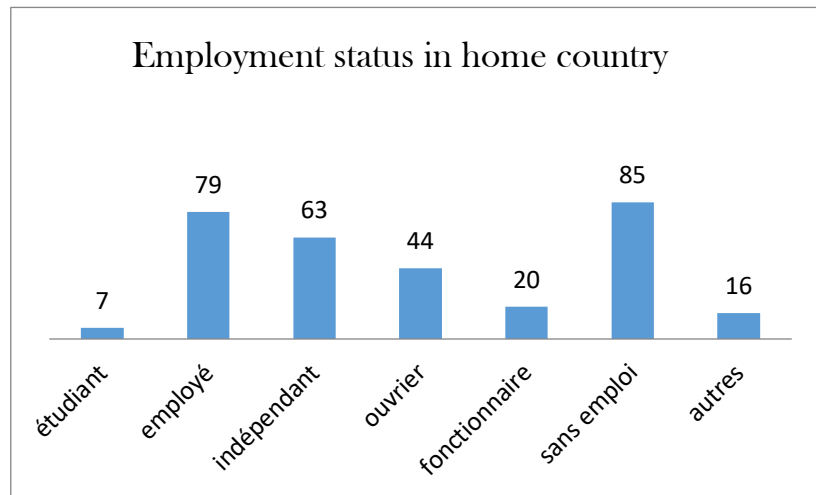
They attended cooking and English courses and found a job as cooks in a nursing home. Yaman explained that the idea of creating their own restaurant came up at that time. They wanted to start their own business because they had the feeling that being self-employed would allow them to be inventive and develop a beautiful project around Syrian products and culture. Yaman explained that the main difficulty was to get information about the exact procedure to create their business. The two brothers lost approximately one year because they did not know that they needed a professional card and a proof of their entrepreneurial skills to open their restaurant. Nobody from the local administration in Mons nor Public Social Welfare Centre was able to give them precise information about the procedures they had to follow. They finally heard of Business Counters after local authorities had refused the opening of their restaurant.

Yaman and Amir did not request a loan from any credit institution. They said it would have been highly complicated to get a loan from a bank because it would have been necessary to write a complete business plan and they had no idea how to do it. They invested the money they had saved while working at the nursing home to buy the basic equipment they needed. The main difficulty was to find a place to rent that could be suitable for a restaurant. A lot of properties in the city centre were clothes shops and the owners were reluctant that they might be equipped as restaurants.

The Bach brothers also highlighted the fact they were rather uncertain of their restaurant success before starting because, unlike in Brussels or in Flanders, the Syrian community in Mons was relatively small. They were relieved to notice after a couple of weeks that their products were popular among Belgians.

###### **b. Results of the survey:**

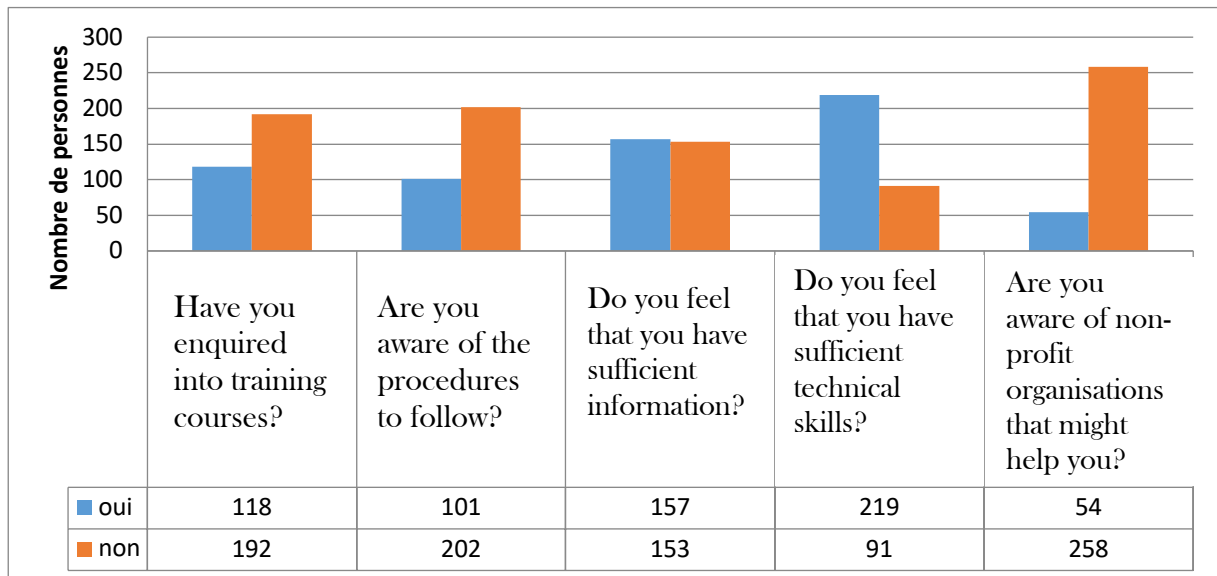
A survey was conducted among students learning French as a Foreign Language in two different vocational schools<sup>2</sup>, one located near Mons and the other near Brussels. The aim of this survey was to determine if immigrant students would be interested in starting their own business and to better understand the push and pull factors. The data was collected in two weeks. The survey was available either in French or in English and some of the Arabic-



speaking students were even assisted by classmates to ensure their good understanding of the questions. The survey counted 314 participants, 87 percent of them answered the questions in French. Two thirds of the respondents were aged between 20 and 40 years old. Males represented 44 percent and females 56 percent. They came from 67 different countries, the most represented were Morocco (42 individuals), Syria (39 individuals) and Albania (18 individuals). One third of the respondents was from Asia, which coincides with the Belgian Federal Migration Centre (Myria) statistics. In their home country, 20 percent of the participants were self-employed and a little bit less than 30 percent were students or unemployed. About the students' motivation for entrepreneurship, 73 percent declared that they would like to start their own business. 38.1 percent of them had already sought information, but 66.7 percent declared not be aware of the procedures to follow. 55 participants said they would be interested in working in the whole trade sector, 18 respondents in hotels and restaurants. A majority of the students felt they had sufficient technical skills to start a business (70.6%), but only 20.1 percent had already established contact with organisations, entrepreneurs, etc.

Roughly 20 percent of the respondents were aware of non-profit organisations that might help them set up their project and 11 percent had heard about Blockchain. Those who had already asked for information cited different organisations/institutions such as Digital Marketing, Partena, Bruxelles Entreprise, Bruxelles Formation, CPAS (Public Social Welfare Centers), Red Cross, Fedasil (Belgian Federal Agency for the Reception of Asylum Seekers), schools. Almost one out of two participant said they knew someone who started their own business and more than 60 percent described the experience as being positive.

<sup>2</sup> IEPS Jemappes-Quévrain and IEPSCF Uccle



Asked about the reasons why they would like to start their business; their main motivation was to become their own boss (26%). A little more than 20 percent would feel better integrated in Belgium and 13 percent of the participants said being self-employed would allow them to exploit their technical skills and to get out of the unemployment rut.

Finally, the main push factors are the lack of funding (75%) and the language barrier (74%). 40 percent of the respondents also mentioned the complex administrative procedures. Less than 40 percent declared it was the lack of skills or the lack of information about the existing organisations that prevented them from starting their own business.

Immigrant and refugee students have a strong desire for entrepreneurship, but are facing several difficulties among which the language barrier and the complicated access to clear information and administrative procedures. It is very likely that providing them with a way to obtain precise information would support their initiatives and help them to materialize their ideas.

## **B. Access to Finance**

### **a. Access to Banks**

To start a business, the investor should first deposit at least 20% of the company's initial startup capital with a Belgian credit institution. By making the deposit, the investor will be able to obtain a government certification confirming that the amount is held in a capital business account and this certification will be useful in attracting other investors to the business.

The capital must be completely and unconditionally subscribed to the business but it does not have to be paid immediately if the investor has tax reasons for wanting to delay the pay-in. However, Belgian law does require that at least one-fifth of the total capital (no less than 6,200 Euros) must be paid. If the investor wants to remain in business for him or herself, the investor should incorporate a private limited liability company naming the investor as the sole shareholder. In this case, the minimum amount of capital to be paid must be at least 12,400 Euros.

Next, the investor should present the company's proposed business plan to a notary and have the company's deed of incorporation and bylaws signed and notarized. Regardless of the investor's country of origin, there must be a signed and notarized version of the bylaws that is written in the French, German, or Dutch languages. The business plan must detail the company's prospective operations and the goods it will sell or the services it will provide, and must also describe why the amount of initial capital is necessary and appropriate for the business. The plan should also demonstrate how the initial capital amount will provide for the business's operations for at least two years.

The final step in starting a Belgian business is to register the company with the official Register of Legal Entities (RLE) and the social security authorities, and to apply for a company identification number. Once the investor files the company's deed of incorporation, the business office automatically registers the company with the RLE and the business is given an identification number. Additionally, before the company begins its operations, the investor must register it with Belgium's social insurance fund. The investor – through the company – must make an annual contribution to this fund. In addition, if the investor hires Belgian employees, it must also register with the Belgian social security administration for salaried workers.

After the company is registered, the investor must ensure that his/her salary from the company will be at least 35,000 Euros per year. Once all of this documentation is in place, the investor can file the application for a permanent resident permit with the Belgian embassy. When the embassy approves the application, the investor and family will receive their permits.

#### b. Microcredit: Why and How?

In the Belgian context, there are no simplified administrative procedures in place for entrepreneurs, and the government is not running any educational campaign to enhance inclusive entrepreneurship and microenterprise development. In terms of public support, however, there is a welfare bridge to support unemployed people (up to 12 months) in the transition towards self-employment. Moreover, business development services are publicly subsidized and entrepreneurship education has been included in the secondary educational curriculum.

In Belgium, there is no specific regulatory framework for business microcredit provision. Any non-bank financial intermediary<sup>1</sup> is allowed to provide loans for professional purposes. However, personal loans fall under the framework of the Banking and Consumer laws.

The lending activities of non-bank financial intermediaries are not supervised by any government institution; Regarding business microloans, there is no interest rate cap although there is a cap of about 18% per annum on personal microloans.

#### Some of the Microfinance providers in Belgium:



Other institutions

**BRUSOC**

location\_onAddress

rue de Stassart 32

1050 Brussels

Belgium

phonePhone0032 2 548 22 11

mailEmailinfo@srib.be

publicWebsite

[srib.be](http://srib.be)

BRUSOC, a subsidiary of the Brussels Regional Investment Agency (SRIB-GIMB), supports self-employed people, small enterprises and social economy projects. The micro-loans' offer ranges from 1.250 to 25.000 Euro to entrepreneurs wishing to set up or develop their own business.

[Read more](#)



Service providers to the microfinance sector

**ESBG**

location\_onAddress  
Rue Marie-Thérèse 11  
1000 Brussels  
Belgium  
phonePhone0032 2 211 11 11  
mailEmailinfo@wsbi-esbg.org  
publicWebsite  
[esbg.eu](http://esbg.eu)

ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European retail banking networks, comprising of approximately one-third of the retail banking market in Europe.

[Read more](#)



Credit union / Financial cooperative

**Hefboom**

location\_onAddress  
Vooruitgangstraat 333/5  
1030 Brussels  
Belgium  
phonePhone+32 2 205 17 20  
mailEmailhefboom@hefboom.be  
publicWebsite  
[hefboom.be](http://hefboom.be)

Hefboom is an independent financial cooperative founded in 1985, promoting the creation and development of socially responsible enterprises in Flanders and Brussels by providing loans (and equity) and financial and non-financial advice.

[Read more](#)



Investors in microfinance

**Inpulse**

location\_onAddress

Avenue Jules César 2 bte 7  
1150 Brussels  
Belgium  
phonePhone0032 2 770 15 62  
mailEmail[info@inpulse.coop](mailto:info@inpulse.coop)  
publicWebsite  
[inpulse.coop](http://inpulse.coop)

Inpulse is an asset manager specialised in microfinance and social economy related investments.

[Read more](#)



Microfinance institution

**microStart**

location\_onAddress

Rue de Fiennes 77

1070 Brussels

Belgium

phonePhone0032 2 888 61 00

mailEmail[microstart@microstart.be](mailto:microstart@microstart.be)

publicWebsite

[microstart.be](http://microstart.be)

microStart scrl is part of a group created in 2010 of which the job is – through microcredit – to finance and support those excluded from the banking system (jobseekers, recipients of help from Public Social Welfare Centres, the self-employed, etc.), to create or to develop a small independent business.

[Read more](#)



Service providers to the microfinance sector

**Réseau Financité**

location\_onAddress

Rue Botanique, 75

1210 Brussels

Belgium

phonePhone0032 2 340 08 60

mailEmail[info@financite.be](mailto:info@financite.be)

publicWebsite

[financite.be](http://financite.be)



### **c. Case Studies: Successful and Inclusive Services**

- Belgium is part of the Migrant Empowerment for Change (ME4Change) project which started in June 2017 and aims at creating, improving and providing wider dissemination of support schemes for young migrant entrepreneurs, in particular those newly arriving to the EU, to help them becoming self-employed and building a successful enterprise (profit- generating or with social objectives).
- Fresh Start is another project that started in 2017 and in which Belgium participates. It brings together both migrant and entrepreneurship communities to deliver a support programme for migrant entrepreneurs and to create a community based approach where all can learn from each other. Fresh Start will be working with organisations that are supporting young migrants to build a connected support system for enabling entrepreneurship in the host region.
- Since 2012, LEAD (Les Entrepreneurs Actifs de la Diversité) has been organising an annual fair dedicated to ethnic minority entrepreneurs and people wishing to create their own start-up. The event aims at answering immigrant entrepreneurs' specific needs, to inform them about the regional helps and tools and to give them the opportunity to hear success stories.
- In Gent, !DROPS, a social innovation agency cooperates with profit and non-profit organisation to create projects. !DROPS collaborators believe that innovation, creativity, and digital technologies can be the engine for social change in an urban context. !DROPS wants to take these insights to their project *We For Refugees* and create a space for migrants and asylum seekers to generate hands-on, entrepreneurial ideas or actions, and to engage in multidisciplinary and cross-border collaborations. Their starting point is the asylum seekers' needs, talents, and passions.
- In Brussels, The Pop-up Factory organizes workshops for refugees to value their manual skills and connect with local people. The goal of this non-profit organisation is to promote refugees' entrepreneurship by creating an international network of handicrafts and to tackle refugees' inactivity by leveraging their manual skills. The workshops are also aimed at giving the refugees an opportunity to interact with locals and develop their network.

### **C. Access to Non-Financial Business Support**

#### **a. Access to Mainstream Business Support Services (*What Works, What Doesn't and Why?*)**

Migrant entrepreneurs often face difficulties in presenting bankable business plans, and therefore in accessing credit from mainstream institutions like banks. Additional reasons for such difficulties in accessing credit might include lack of credit history in the host country, lack of a stable residence status and lack of collaterals. Moreover, migrant entrepreneurs may face greater difficulties than their native counterparts in navigating the many regulations and administrative provisions required to set up and run a business in Belgium.

#### **b. Refugees & Immigrants as a Specific Target Group for Business Support**

It is crucial to increase the mutual knowledge and understanding between credit institutions and migrant entrepreneurs, in order to help the latter to present business plans that correspond to accepted practice and to the expectations of banking professionals. Support in access to finance aims to provide assistance in mainstream loan procedures, including helping the development of a bankable business plan.

The provision of business training plays an important role for the development of the entrepreneurial potential of migrants. Training courses may address a variety of areas that are relevant to starting and running a business, including an introduction to specific characteristics of the Belgian market and of the local business environment that migrant entrepreneurs might not be familiar with. Training courses should offer a good balance between a theoretical approach based on delivering information and knowledge, and a practical approach based on direct experience.

## **V. Conclusions and Recommendations**

### **A. Outreach**

- Working with Partners: Raising Awareness Regarding Potential of Immigrants as Entrepreneurs

Decreasing the time that it takes for newcomers to integrate into the labour market should remain a priority for policy makers. Since rapid integration into the labour market might have profound effects on future participation throughout a career, policy makers could consider giving immediate permission to work, especially in light of the rising trend in recognition rates. A successful labour market integration can unlock the potential economic benefits of these newcomers and help alleviate the fiscal effects of population aging. It would also minimize the risk of poverty and social exclusion.

Belgium takes part in several European Commission awarded projects on "Entrepreneurial capacity building for young migrants" which might promote mentoring and collaboration between migrant and Belgian entrepreneurs. The ME4Change project launched in 2017 will achieve its objectives by the provision of a powerful, multidimensional training programme, including an innovative mentoring scheme offering the young migrant the opportunity of a short "on-the-job" training by the mentor (an experienced migrant entrepreneur) premises. As part of the mentoring scheme, the young migrant entrepreneurs will have the chance to pitch in front of investors and relevant stakeholders during ad-hoc pitching events, which will have a transnational character. Fresh Start, another 2017 project shares the same objective of providing a social capital through mentoring and networking events.

### **B. Improving Access to Finance**

Nothing is done in Belgium to address immigrant entrepreneurs' problems and needs. We contacted different banks in order to obtain detailed information about the compulsory procedures to get a loan and the answers were always the same: "the only requirement is to be a permanent resident in Belgium". However, the lack of collateral aside, most bank counsellors declared they would not be able to speak in another language than French. The only exception was in the Schuman Fortis bank in Brussels, where a customer service spokesperson told us migrants could be advised in English or in Arabic.

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