



**Study on a**

**Feasibility and Implementation Concept: Activation of Entrepreneurial Potential for Self-Employed Persons in Refugee Homes**

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**Project No. 103/16**

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**Mainz, March 2016**

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## 1. Executive summary

This study provides the Federal Ministry for Economic Affairs and Energy with preliminary insights into the feasibility and implementation of a pilot project on the “Activation of the Entrepreneurial Potential of Refugees”. It became clear in the interviews conducted for the study that, in the medium term, fundamental structural environmental conditions must be created in order to fully utilize and enhance the business potential of refugees. Therefore the study first sets out the structural conditions that appear necessary for a transfer in Germany in general and only then are concrete recommendations made for a pilot scheme in one region. The recommendations for a pilot scheme specify that which must be fulfilled by the environmental conditions. They are the results of the findings of the study (desk research and interviews) and include recommendations for a pilot project and for other modules that would contribute to the success of an “Activation of the Entrepreneurial Potential of Refugees.”

### 1.1. Recommended actions for strengthening the start-up infrastructure for refugees

- Creating an inclusive support structure that provides goal-oriented, individual, and needs-oriented start-up support for refugees in the asylum-application process, for recognized refugees, for migrants, and for Germans starting up their own businesses.<sup>1</sup>
- Creating a pool of counselors for migrants and refugees who are starting up their own businesses and who have been selected for such counselling. The expertise of these counselors must be evidenced by experience in the counselling of migrants or by having acquired knowledge in this specific area through participation in continuing education programmes.
- Proactively addressing the topic “self-employment” in the institutional counselling structures (such as the information centres of the Federal Office for Migration and Refugees, the Federal Employment Agency, Jobcenters) and in the counselling institutions for refugees and migrants (counselling centres of the incentive programmes “Integration through Qualification” and “Integration of Asylum Seekers and Refugees” of the Federal Ministry of Labour and Social Affairs) and inclusion of the topic in the relevant instruments (screening process, competence assessment, initial counselling sessions, counselling sessions).
- Raising the awareness of the employees of the Employment Agencies, Jobcenters, and (sponsored) counselling institutions for the topic “self-employment and entrepreneurship” in order to counter any reservations they may harbour about the self-employment of refugees and to acquire cross-referential knowledge about the (standard) structures.
- Developing a competence assessment procedure for documenting the entrepreneurial competencies of refugees for whom no proper instruments exist yet.
- Inclusion of “start-up related language modules” in the integration courses and in the job-related German courses offered by the Federal Office for Migration and Refugees.
- Optimizing the Federal Employment Agency’s existing products and instruments on preparing and supporting self-employed activities for refugees within the framework of the existing statutory provisions of Social Code (SGB) II and III.

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<sup>1</sup> “Germans starting up their own businesses” means Germans without migration backgrounds. Persons with migration backgrounds who have a German passport are not included in this definition.

- Modifying the existing financial instruments (such as microcredit) to enable low-threshold access to external financial sources.
- Reaching a resolute consensus among the federal policy-makers—the Federal Ministry for Economic Affairs and Energy, the Federal Ministry of Labour and Social Affairs, the Federal Employment Agency, the Federal Ministry of the Interior, and the Federal Office for Migration and Refugees—on the strategies and activities for instituting start-up support specifically for migrants.

### ***1.2. Recommended actions for a pilot scheme***

The idea behind a pilot scheme is to test out support measures that are not possible within the framework of the existing support instruments. The goal of the pilot scheme is to boost the start-up motivation and the start-up potential of refugees as earlier as possible after their arrival in Germany. In doing so, care should be taken to prevent refugees from having to abandon their projects because of their [residence] status. In order to ensure the efficient and effective use of the resources to support and enhance the start-up potential of refugees, the following are recommended:

- The pilot project must be embedded in a local support system and make use of the services/measures of other agencies and should in no way act in an isolated manner. This necessitates an early involvement of regional decision-makers and operative stakeholders.
- The project administrator should have proven experience in start-up counselling specific to migrants. The employees should have competent counselling skills, expertise in the particular area, intercultural know-how, etc. and a counselling concept for providing needs- and goal-oriented support. They should also be knowledgeable about the financing of migrant business start-ups in order to enable the participants to access the necessary financial sources.
- With respect to the location chosen for the pilot project, there should be no access barriers to it in the local surroundings and the participants should be able to reach it easily by public transportation. It should also be reviewed whether information and activation measures could be carried out in the refugee housing facilities themselves.
- For ensuring that the supporting measures are geared to the individual strengths and weaknesses of the start-up interested persons, a competence assessment procedure should be employed. The tools and instruments already in use should be made use of and reviewed to see if they are compatible. If they are lacking, then supplementary tools should be developed and tested in the pilot scheme in coordination with the other stakeholders.
- When choosing the participants, the focus should be on the target group of refugees with a good chance of staying in Germany (Syria, Eritrea, Iraq, and Iran, as in February 2016) and with a good command of the German language (at least basic-level language skills) and who also show that they are highly motivated to start their own businesses.
- In order to create successful environmental conditions for start-up interested women, appropriate gender strategies must be developed and implemented. This includes special formats for women (double strategy).
- The fostering of single-person start-ups should not be the only focus. Team start-ups should also be encouraged, i.e. teams of refugees or teams of refugees and Germans or other citizens who

have lived in Germany for a longer time. Such “collaborative start-ups” could significantly increase the chances of success of the business start-ups.

- Information should be disseminated through multiple channels, media, and formats, including through the staff of the responsible institutions and information centres, proactively addressing the issues on internet platforms, social media, apps, etc., and through local radio and television broadcasters.
- To be able to respond to the individual support needs of the participants in a goal- and needs-oriented way, the administrator of the pilot project will have to provide measures/services that are versatile (various kinds of qualification formats, counselling, coaching, mentoring), which may necessitate the creating and testing of other instruments, including target group-specific instruments, during the pilot phase.
- In addition to being able to impart basic entrepreneurial and start-up relevant know-how, the administrator must also be knowledgeable in the areas of credential-recognition counselling, plain language, adaptive training measures, and qualification counselling so that it will be able to procure access to these if the start-up interested person needs it.
- The pilot project should provide the participants with the use of working spaces and working materials (e.g. computers, printers, etc.) and common rooms for events, as refugees frequently lack adequate working or living conditions and the necessary working materials.
- Apart from the measures aimed at fostering start-ups, the pilot project should also provide refugees with opportunities to interact and collaborate with Germans and migrants. Specific formats may have to be developed and tested for this.

### ***1.3. Bases for estimating resource needs***

- To be able to satisfy the complex requirements of an effective fostering of the entrepreneurial competencies of refugees, a number of other things besides a suitable physical infrastructure are needed. These include sufficient personnel and qualified employees with the necessary expertise at the project administrator plus supplementary financial resources for paying external freelancers with proven expertise in things such as plain language, foreign languages, residency law, and in certain other areas relevant to business start-ups.
- It is estimated that a period of three years will be needed for the project programmes to take root in the region (publicizing them, creating and strengthening the network and cooperation structures, developing and testing suitable support and qualification procedures and instruments, transfer of good examples) and for providing the participants with a timeframe for making their start-ups ready for the market.

## 2. Introduction

### 2.1. Background of the study

Germany is experiencing an influx of refugees that it has not seen since the beginning of the 1990s. An influx that is likely to continue on a large scale in the coming years. In contrast to the 1990s, a large number of measures and legal reforms aimed at the integration of refugees<sup>2</sup> in society, commerce, the labour market, and the social sphere have been introduced and even enacted in a short period of time. Self-employment, as an option, represents a propitious opportunity for Germany as an immigration society and for the people arriving here.

Asylum-seekers and recognized refugees should be given the opportunity—as early as possible after their arrival in Germany—to actively consider the option of a self-employed activity and to test this out within the framework of a pilot project. Through this, their willingness to start up their own businesses after the residence permit has been issued is being fostered. But because the primary goal is the **maintaining or fostering of the employability** of refugees, it remains to be seen whether these persons will start their own businesses or will take up dependent (salaried) employment once the support provided by the pilot project ends.

In this connection, the study takes the following factors into consideration:

- In the main countries of origin of the refugees, self-employed activities and family-run micro-businesses, which are often not in regulated areas, are much more common than in Germany.
- This “entrepreneurial potential” is currently not being completely utilized. The projects in the initial reception centres regarding integration in the labour market focus on possibilities for dependent (salaried) employment (cf. “Early Intervention” of the Federal Employment Agency) and generally disregard the possibility of self-employment.
- Another problem is that, in the initial period of stay in Germany, self-employment is impeded on account of legal and regulatory requirements.
- This creates the risk of refugees being socialized in the role of passive welfare recipients after their arrival in Germany.

Proceeding from these underlying conditions, this feasibility study provides the Federal Ministry for Economic Affairs and Energy with initial findings on the feasibility and implementation of a pilot project on the “Activation of the Entrepreneurial Potential of Refugees”. Its purpose is to identify the existing entrepreneurial potential of refugees at an early stage and to strengthen them in accordance with the person’s needs and to support them with accurate information, counselling, and qualification measures within the parameters prescribed by law. For these reasons, the infrastructural and underlying legal framework and the challenges of the employment integration of the target group are being looked at in detail, the stakeholders are being identified, and their functions and tasks presented. These represent the cornerstones for possible pilot projects. As a last step, interim options

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<sup>2</sup> [Translator’s note: The German terminology issue discussed in this footnote is not an issue in the English language.] Even though the German legal term [for refugee] is “Flüchtling”, this study chooses wherever possible to use the phrases “persons who have fled” or “fled persons” instead. There are linguistic reasons for this. The German word “Flüchtling” connotes a more permanent definition of the person. And because of the suffix “ing”, the word “Flüchtling” is considered to be dehumanizing and static and is often mentioned in the same breath as the word “Schädling” [vermin or pest]. In 2009, the word “Flüchtlingsbekämpfung” [combating refugees] was short-listed for the “Ugliest Word of the Year” award. The phrase “person who has fled” on the other hand emphasizes the process and the experience of fleeing. In the legal context in this study, the word “Flüchtling” is used.

for an implementation concept are outlined and suggestions are made for specific measures based on the interviews with the stakeholders.

## **2.2. Methodical procedures**

This study is based on:

- face-to-face and telephone interviews with the decision-makers of the central stakeholders, with refugees, and with new and entrenched members of the civic society;
- participation in expert discussions and conferences;
- online research and an initial secondary analysis;
- a team workshop.

For the **interviews** with the stakeholders, a semi-structured outline was prepared, which was modified during the course of the study depending on the person being interviewed and the direction the interview took. Written records of the interviews were made and were sent to the interviewees with a request to supplement or correct them. Audio recordings of some of the interviews were made in order to help with the evaluation, if needed. Interviews were conducted with the decision-makers of the stakeholders (Employment Agency, Jobcenters, German Chamber of Industry and Commerce (DIHK), the Central Association of German Skilled Trades/Crafts (ZDH), the Federal Office for Migration and Refugees), with experts and scientists/academics, and with refugees and the directors of refugee homes, as well as with new and entrenched members of the civic society who are involved with the topic of the self-employment of refugees.<sup>3</sup>

In addition, two conferences were held with experts and field workers to discuss the concerns addressed by the study and the central issues of it:

- the expert forum Migrant Economy, hosted by the IQ Competence Centre Migrant Economy / IQ Network on 10 March 2016 in Weimar;
- the “Innovation Conference on Integration” hosted by Ashoka on 18 March 2016 in Berlin.

**Online research** and literature analyses were also carried out and a variety of studies consulted, and the websites of our discussion partners were reviewed and evaluated.

In a **team workshop** on 21 March 2016, the results were collected in the implementing consortium and were supplemented by the intensified previous experiences and expertise.

## **2.3. Limits of the study**

This study is a short-term study that was conducted under immense time pressure (22 February–29 March 2016). The persons being interviewed had very little time in this period. The interviewees in the field (Jobcenters, refugee homes, administrating organizations) were from Berlin. When considering the results, it must be taken into account that it was not possible to interview all of the identified regional and federal stakeholders or to attend counselling sessions with refugees in the Jobcenters in the role of participating observers or to make quantitative data collections. Out of the discussions with the experts and stakeholders, central topics nevertheless crystallized on whose basis a cautious validation of the findings could be made.

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<sup>3</sup> A complete list of the interviewees and the persons consulted is found in the appendix.



### 3. Description of the asylum procedure and the participating stakeholders

All foreign nationals who want recognized asylum status must first **register** themselves as **asylum-seekers**. This can be done when entering at the border or within the country if the person has already entered the country. In both cases, the person is sent to the nearest initial reception centre. In these initial reception centres, two fundamental things take place: (1) the personal data of the asylum-seeking persons is recorded and they are issued a **temporary residence permit** (Section 63a of the Asylum Act (AsylG))—an attestation of registration as an asylum-seeker (a so-called BÜMA)—<sup>4</sup>, which as a rule is restricted to six months; (2) based on a variety of criteria and supported by the system “EASY” (system for the initial distribution of asylum-seekers), the asylum-seeking persons are assigned to the initial reception centre responsible for them. If the asylum-seeking persons are not already in the initial reception centre responsible for them, they must make their way to the initial reception centre assigned to them.

It is only at this point that asylum-seekers can make an **application for asylum**, which must be made at one of the field offices of the Federal Office for Migration and Refugees that the initial reception centre is connected to. It is obligatory that the person appear in person here.<sup>5</sup> In the field office, the person’s personal data is recorded, he/she is photographed, and finger prints are taken (this does not apply to children under 14 years of age). The asylum-seeking persons are then issued a **permission to stay** (Section 55 AsylG) and an **identity document** as proof that they are lawfully allowed to stay in Germany.

In the first six weeks to six months after arrival, the applicants’ place of residence is restricted to the initial reception centre they were assigned to (Section 44 AsylG). The provision of housing facilities and other benefits is the responsibility of the foreigner authorities (Act on Benefits for Asylum Applicants—(AsylbLG)) in whose territorial jurisdiction the initial reception centre is located. During their stay in the initial reception centres, asylum-applicants are **not allowed** to carry out self-employed activities (the same applies to dependent (salaried) employment or internships). By contrast, they are allowed during this time period to participate in counselling, job-placement, and activation measures offered by the local Employment Agency depending on the expected outcome of the asylum procedure.<sup>6</sup> They are not, however, allowed to attend language courses.

If asylum-applicants leave the initial reception centre and are placed in a refugee home or in some other kind of housing facility without any changes having occurred to their residency status (permission to stay), then jurisdiction for residence-law issues passes to the responsible foreigner authority. This authority is also responsible for providing benefits for the basic living expenses of the asylum-applicants. While dependent (salaried) employment (e.g. internships, apprenticeships, employment of some sort) is now permitted under a variety of criteria (including length of residence, consent of the foreigner authorities, country of origin), self-employment is not. There is, however, **unrestricted**

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<sup>4</sup> Cf. Federal Office for Migration and Refugees: Important information for applying for asylum in Germany, October 2015.

<sup>5</sup> In the field office, first the person’s personal data is recorded. It is compared with the asylum-applicants already registered with the Federal Office for Migration and Refugees and with those in the Central Register of Foreigners. This is meant to clarify whether the application is a first-time application, a follow-up application, or possibly a repeat-application. Afterwards, the Federal Criminal Police Office makes a finger-print check. They are also checked with the help of a system that records finger prints Europe-wide. This is meant to determine whether the applicant has already made an application for asylum in another Member State of the EU (cf. the website of the Federal Office for Migration and Refugees).

<sup>6</sup> This is determined on the basis of the country of origin of the applicant or the so-called “protectionary quota”, from which a lawful and permanent residency is to be expected, and the instructions of the Federal Employment Agency associated with this. This currently concerns people from Syria, Eritrea, Iran, and Iraq (cf. Employment Agency Osnabrück: Access to the labour market and benefits of SGB II and SGB III for migrants [*translated title*], as on 25 January 2016).

**access to the labour-market policy measures of SGB III**, such as counselling, job-placement, and activation programmes. This includes programmes in support of self-employed activities, such as German language courses and integration courses.

A hearing then takes place with the asylum-seeking person, at which an employee of the Federal Office for Migration and Refugees and an interpreter are present, who are essentially responsible for deciding the application. If at the end of the asylum procedure the Federal Office for Migration and Refugees grants the application for asylum, the foreigner authority then issues the corresponding residence title. With recognition as a refugee, the local SGB II administrator (Jobcenter = joint institution or a licensed municipal agency) in which the recognized person resides becomes responsible for providing benefits. This also means that the person has **unrestricted access to all benefits** for labour-market integration under SGB II and SGB III. To which extent a self-employed activity may be carried out with or without the permission of the foreigner authority and which formal requirements of the responsible foreigner authority must be satisfied for this depends on which residence title is issued.

#### 4. Underlying legal conditions for the self-employment of refugees

Depending on the type of residence paper a refugee has, the person either a) is completely prohibited from exercising a self-employed activity, b) is permitted to exercise a self-employed activity at the discretion of the foreigner authority, or c) has an unrestricted right under residence law to exercise a self-employed activity. The type of residence paper also determines which public administration body is responsible for providing housing and basic living expenses (foreigner authorities or SGB II administrator) and which one is responsible for providing labour-market integration benefits (SGB II or SGB III administrators). The jurisdiction of the specific public authorities and the benefits that they must (mandatory) or can (discretionary) provide for a self-employed activity are discussed below.<sup>7</sup>

**A) Completely prohibited from exercising a self-employed activity:** Anyone with an attestation of *registration as an asylum-seeker* (BÜMA–Section 63a AsylG) and anyone with a *permission to stay* (Section 55 AsylG) and anyone with a *tolerated status* (Section 60a of the Residence Act (AufenthG)) is prohibited from exercising a self-employed activity. These groups of persons receive benefits under the Act on Benefits for Asylum Applicants (AsylbLG) from the foreigner authority with jurisdiction for them. They may also make use of the labour-market integration services offered by the SGB III administrator. These include the discretionary services of the local Employment Agency, such as activation measures and measures for occupational integration (Section 45 SGB III) or counselling services (Section 29 ff. SGB III), which could include measures that lead up to a self-employed activity and therefore the transferring of knowledge.<sup>8</sup> This group of persons may also participate in job-related language courses.

**B) Permission to exercise a self-employed activity at the discretion of the foreigner authorities:** Anyone whose application for asylum has been granted and who has been issued one of the residence titles set out below may only exercise a self-employed activity if they have made an application for permission to exercise a self-employed activity pursuant to Section 21(?) AufenthG to the foreigner authority and the foreigner authority has granted such permission. These are the different types of residence titles:

- (1) **Section 18a AufenthG**, so-called qualified tolerated persons,
- (2) **Section 22, sent. 1 AufenthG**, permit granted for reasons of international law or for urgent humanitarian reasons,
- (3) **Section 23(1) AufenthG**, permit granted by the highest public authority of a German federal state,
- (4) **Section 23a AufenthG**, permit granted in cases of hardship,
- (5) **Section 24 AufenthG**, permit granted for reasons of temporary protection,
- (6) **Section 25(3) AufenthG**, foreign nationals entitled to protection,
- (7) **Section 25(4) sent. 1 AufenthG**, temporary residence permit for urgent humanitarian reasons/personal reasons or public interest,

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<sup>7</sup>On the following discussions, see the IQ Competence Centre Migrant Economy: Open for new self-employed persons–A guide to the underlying statutory framework for self-employed activities of refugees [*translated title*], February 2016.

<sup>8</sup>This is not true for all countries of origin from the beginning of the stay in Germany. For a period of less than three months, only those persons from unsafe countries of origin may take advantage of all of the measures. Otherwise, discretionary benefits are only granted commencing with a length of residence of four months or after leaving the initial reception centre.

- (8) **Section 25(4) sent. 2 AufenthG**, lengthening a residence permit to prevent hardship (person with a right to stay in Germany),
- (9) **Section 25(4a) AufenthG**, victim protection,
- (10) **Section 25(4b) AufenthG**, victim of labour exploitation, and
- (11) **Section 25(5) AufenthG**, impossibility of departure.

But not everyone with one of the residence titles listed above is entitled to SGB II transfer payments (Jobcenters) and therefore to unrestricted access to all labour-market integration benefits (such as new business support, benefits to supplement basic living expenses should the income from the self-employed activity be insufficient to secure basic living expenses). Some continue to fall within the ambit of the Act on Benefits for Asylum Applicants (AsylbLG) and therefore within the scope of the benefits/services provided by the foreigner authorities. Such exceptions include:

- (1) **Section 23(1) AufenthG**, the stay was granted “on account of a war in the person’s home country”,
- (2) **Section 24 AufenthG**, the temporary stay was granted “on account of war in the person’s home country”,
- (3) **Section 25(4) sent. 1 AufenthG**, the temporary stay was granted for urgent humanitarian reasons/personal reasons or public interest, and
- (4) **Section 23(5) AufenthG**, the first time “tolerated status” was granted was less than 18 months ago. These groups of persons do, however, have unrestricted access to the labour-market integration services of the local Employment Agency (e.g. counselling, job-placement, activation pursuant to SGB III). All of these groups of persons are also allowed to attend job-related German courses and integration courses. The only persons excepted from this are those persons with tolerated status; they are not allowed to attend integration courses.

**(C) Unrestricted right to exercise a self-employed activity:** Anyone whose application for asylum has been granted and who has one of the residence titles listed below has the unrestricted right under residency law to exercise a self-employed activity. These are persons with the following residence titles:

- (1) **Section 22 sent. 2 AufenthG**, permit granted by the Federal Ministry of the Interior for reasons of international law or for urgent humanitarian reasons,
- (2) **Section 23(2) AufenthG**, quota refugees,
- (3) **Section 23(4) AufenthG**, resettlement of protection-seekers,
- (4) **Section 25(1) AufenthG**, persons entitled to asylum under Art. 16a of the Basic Law (GG),
- (5) **Section 25(2) AufenthG (sent. 1, alternatives 1 and 2)**, refugees as defined by the Convention relating to the Status of Refugees or refugees protected under European law—foreign nationals with subsidiary protection status,
- (6) **Section 25a(1) AufenthG**, residence permit for well-integrated adolescents and young adults,
- (7) **Section 25a(2) sent. 1 AufenthG**, residence permit for the parents of well-integrated adolescents and young adults,

(8) **Section 25b(1) AufenthG**, anyone who has been in Germany for six years with children or eight years without children,

(9) **Section 25b(4) AufenthG**, spouses and life partners of persons with a right to stay in Germany,

(10) **Section 26(3) AufenthG**, settlement permit for persons with recognized asylum-entitlement and refugees after a three-year stay in Germany,

(11) **Section 26(4) AufenthG**, settlement permit for other humanitarian reasons after a seven-year stay in Germany.

Every person who has one of the residence titles listed above falls within the jurisdiction of the local SGB II administrator (Jobcenter) and therefore has unrestricted access to all labour-market integration benefits/services such as activation measures, job placement, counselling, new business support, benefits to supplement basic living expenses should the income from the self-employed activity be insufficient to secure basic living expenses, and to loans and allowances. In addition, all of these groups of persons are allowed to attend job-related German courses and integration courses.<sup>9</sup>

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<sup>9</sup> The vast majority of the groups of persons with good chances of staying in Germany, i.e. persons from Syria, Eritrea, Iraq, and Iran, will receive one of these residence titles (as in March 2016).

## 5. Inclination of refugees to start up businesses

At this point in time, there is no reliable or representational data or any sound, differentiated scientific knowledge about the extent to which refugees are inclined to start up their own businesses. Even for migrants, there are still huge gaps in the statistical data on the self-employment of migrants and their inclination to start up their own businesses.<sup>10</sup>

But when the following factors are taken into account:

- (i) the inclination of migrants to start up their own businesses, which is stronger than it is for Germans,
- (ii) the start-up inclination and the self-employed quota in the countries of origin of the refugees,
- (iii) the start-up inclination of first-generation refugees and migrants in earlier years,
- (iv) the level of education of refugees, which ranges between a solid to a very good school education,<sup>11</sup>
- (v) diverse articles in the social and print media, which underscore the entrepreneurial mindset and actions of refugees,

first presumptions can be made on the basis of which it can be concluded that, among the refugees, a not insignificant number of them are start-up inclined and are future self-employed persons. This presumption also finds support among the academics and field workers who were interviewed.<sup>12</sup>

What is also being pointed out, however, is that the number of realistically expectable business start-ups should not be estimated all that euphorically and that a medium to long term perspective is needed.<sup>13</sup> Initial estimates of the Institute for Employment Research (IAB) show that 10% to 15% of the refugees will presumably become self-employed.<sup>14</sup> That would mean around 15,000–25,000 potential start-up inclined persons in 2016—a figure that is not all that insignificant.

In interviews with counselors, the flexibility, mobility, resiliency, and the willingness to take risks that many of these refugees bring with them in order to build up a stable business are frequently emphasized—in addition to the many other hurdles that they encounter (language barriers, lack of experience with German processes and structures).

But what they also emphasized is that one cannot think in short spans of time and that other things such as education, occupational orientation, societal and social integration should be given high priority. And—according to the IAB—just as the integration in the labour market (in dependent (salaried) employment) is only going to succeed step-by-step and in the medium term on account of legal and

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<sup>10</sup> There is an absence of data sources in which person-related data can be correlated with business-related data. For example, statistics on companies do not show any person-related data and they rarely indicate what nationality the management members are. Statistics on business registrations, for example, only distinguish between “Germans” and “foreign nationals” and not on the basis of migration background. The microcensus focuses exclusively on the person, even though since 2005 it does record migration background.

<sup>11</sup> A non-representative study conducted by UNHCR in January 2016 on the education levels of Syrians and Afghans found that 25% (Afghans) and 23% (Syrians) had a high school education and 13% (Afghans) and 29% (Syrians) had a university degree (UNHCR, January 2016). Similar results are found in the IAB 14/2015 and in the BAMF Kurzanalyse 1/2016 in relation to school education, whereby occupational qualifications/certifications are not so pronounced.

<sup>12</sup> Examples: Zeit Online from 2 October 2015, interview with Prof. Sternberg, interview with a representative of the Federal Employment Agency in Berlin, interview with Dr. Evers from the DIHK.

<sup>13</sup> Cf. Zeit Online from 2 October 2015 with an interview with Prof. Sternberg and Dr. René Leicht, and DW from 15 February 2016 with an interview with the managing director of the IHK in Gelsenkirchen.

<sup>14</sup> Cf. DW from 15 February 2016 with statements made by Prof. Brücker of the IAB.

institutional hurdles, lack of language skills, and a small number of refugees who have finished their occupational training,<sup>15</sup> so too will any notable number of refugee start-ups only happen in the medium term.<sup>16</sup>

On the basis of the knowledge available so far, it is very difficult to draw any conclusions about specific branches. Newspaper articles and interviews contain a wide variety of postulations from which the only conclusions that can be drawn are that there is a wide diversity of start-up intentions and branches and that there is no consensus on a preference for certain kinds of self-employed activities.

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<sup>15</sup> Cf. the so-called Zuwanderungsmonitor of the IAB from January 2016 and the IAB 14/2015, which estimates a 10% integration in the first year and a 50% integration only after five years.

<sup>16</sup> Cf. Süddeutsche Online from 9 January 2016, Süddeutsche Online from 12 January 2016, the Deutsche Apothekerzeitung from 17 September 2015, where refugee businesspersons express very clearly their start-up motivation.

## 6. Key stakeholders relevant to the start-up process of refugees

In light of the diversity of the local and regional stakeholders, the following list of stakeholders is not exhaustive and will likely differ from region to region. To better understand the situation, stakeholders from Berlin are used as examples. Their field expertise was brought into the interviews and discussions with them. Operative actors were excluded intentionally, even though they—especially organizations run by migrants themselves—play a key role for example in the process of labour-market integration.

**Federal Ministry of the Interior:** The Federal Ministry of the Interior is responsible for asylum and refugee policy in Germany. The basis for the individual constitutional right to asylum is anchored in Article 16a of the Basic Law (GG). The Federal Ministry of the Interior is responsible for creating the legal bases and conditions under which foreign nationals are allowed to reside in Germany. These legal provisions are found in the Residence Act (AufenthG), which stipulates the conditions for entering, residing, and working (which includes the legal conditions for self-employed activities) in Germany and when such residency ends. The Federal Ministry of the Interior is also responsible for the Asylum Act (AsylG). The Asylum Act stipulates the conditions under which international protection is granted: recognition as a refugee within the meaning of the Convention relating to the Status of Refugees and Directive 2011/95/EU or the granting of subsidiary protection and the determination of the asylum procedure.

**Federal Office for Migration and Refugees:** The Federal Office for Migration and Refugees is a government agency within the Federal Ministry of the Interior and is responsible among other things for implementing the asylum procedure. After a refugee's initial registration in the EASY database at the initial reception centre of the particular federal state, this person will be allocated pursuant to the so-called Königsteiner Schlüssel to housing facilities, possibly in another federal state. In a second step, the asylum-seeking person must apply for asylum at one of the decentralized branch offices of the Federal Office for Migration and Refugees. An electronic file is also created at this time and the application for asylum is substantively reviewed. The branch offices of the Federal Office for Migration and Refugees comprise the field offices, the arrival centres, and the adjudication centres.

During the asylum procedure, the applicants are issued a so-called permission to stay (Section 55 AsylG) from the Federal Office for Migration and Refugees. This entitles the applicant to receive asylum-applicant benefits. The decision reached by the Federal Office for Migration and Refugees on the application for asylum is communicated not only to the applicant but also to the competent foreigner authority, which then either issues the respective residence title or initiates procedures for the person's return.

**Field offices of the Federal Office for Migration and Refugees:** The field offices of the Federal Office for Migration and Refugees are responsible for registering the asylum-seeking persons allocated to them and for implementing the asylum procedure. A document file containing all of the important information about the applicant is created and a hearing or an interview conducted with the applicant to hear this person's reasons for seeking asylum. The Federal Office for Migration and Refugees reviews the application for asylum and decides whether the applicant can be granted protection in Germany. The Federal Office for Migration and Refugees currently has 40 field offices throughout Germany and has at least one field office in each federal state.



**Information centres of the Federal Office for Migration and Refugees:** The information centres were created in 2015 and will significantly shorten the length of time needed to process the asylum applications. Nine information stations are currently (March 2016) already in operation. The plan is to put at least one information centre into operation in each federal state in the first half of 2016. In these information centres, asylum-seekers are divided into three groups according (among other things) to their particular case and their countries of origin, which is meant to make processing more efficient. Uncomplicated cases can generally be decided within 48 hours. Persons whose chances of staying in Germany are good receive counselling from the Federal Employment Agency even before the final decision is made, in order to facilitate the speediest possible integration in the labour market. The field offices of the Federal Office for Migration and Refugees process the more complex cases.

**Adjudication centres of the Federal Office for Migration and Refugees:** For processing and reducing the number of pending asylum procedures, so-called special adjudicators are deployed to the adjudication centres of the Federal Office for Migration and Refugees, which opened in August (Nuremberg) and in October 2015 (Bonn, Berlin, Mannheim). These special adjudicators are recruited primarily from the departmental agencies of the Federal Ministry of the Interior and other departments, from task areas of the Federal Office for Migration and Refugees that are not relevant to asylum, and from employees of the Federal Employment Agency.

**Qualification centre of the Federal Office for Migration and Refugees:** In order to acquire new employees as early as possible for the new field offices, adjudication centres, etc. and at the same time to significantly relieve the existing field offices from having to train new employees, a qualification centre was opened in Nuremberg in January 2015. In the qualification centres, the work flows in the field offices are reproduced as realistically as possible and modern teaching methods are used. Through an optimal combination of theory and practice, new employees are quickly prepared for the job.

**Local (municipal) government authority using Berlin as an example: Berlin State Office for Health and Social Affairs:** The Berlin State Office for Health and Social Affairs is responsible among other things for acquiring, setting up, operating, filling (with people), and closing reception facilities and shared housing facilities for refugees and asylum-applicants. The Central Benefits Office for Asylum-Applicants (ZLA), social services, and the Central Reception Office for Asylum-Applicants (ZAA) also belong to it.

The **ZLA** provides the benefits for asylum-applicants who are allocated to Berlin. It provides benefits for securing basic living expenses for the duration of the asylum procedure and for the stay in Berlin in conjunction with it. These benefits include lodging (accommodation in social housing facilities or in private housing), food, medical assistance, and clothing.

**Social services:** The Berlin State Office for Health and Social Affairs employs competent social workers/social education workers who are capable of intervening and settling problems between the public authorities and the applicants and who can counsel asylum-applicants about the way the asylum procedure works in the Federal Republic of Germany.

**Central reception facilities for asylum-applicants:** Asylum-applicants must live in an initial reception centre generally for up to six months from the time the application for asylum pursuant to Section 44 AsylG has been made. Berlin has seven housing facilities that serve as initial reception facilities. Numerous other emergency living quarters, such as gymnasiums, are also used as housing facilities. The reception and the allocation to a housing facility are done by the ZAA Berlin.

**Foreigner authorities:** The foreigner authorities are responsible for matters relating to residency law. Once the obligation to live in a reception facility ends, jurisdiction for any residency-law issues (e.g. lengthening the permission to stay, issuing a work permit, or cancelling the residence restriction) passes to the foreigner authorities. After the asylum procedure has ended, the Federal Office for Migration and Refugees informs the foreigner authorities of its decision on the application for asylum, and the foreigner authorities are bound by this decision.

If the Federal Office for Migration and Refugees grants the applicant asylum, the applicant must go to the local foreigner authority, which then issues the respective residence title. It is only with this residence title that the person is entitled to receive SGB II benefits. If the application for asylum is denied, the foreign national is required to leave the country or is issued tolerated status if there are hindrances to deportation. The foreigner authorities are responsible for monitoring the departure and for executing the deportation. The foreigner authorities are also responsible for the reunification of families (i.e. subsequent immigration of family members) and for work permits.

**Federal Ministry for Economic Affairs and Energy:**<sup>17</sup>The core mission of the Federal Ministry for Economic Affairs and Energy is “to rejuvenate the social market economy, to ensure sustainable progress, and to strengthen social solidarity in Germany.” It is responsible for economic affairs, energy, technology, the digital world, and for the small and medium-sized business sector. The direct focus and the fostering and securing of an entrepreneurial culture takes place in this area of SMEs. The Federal Ministry for Economic Affairs and Energy provides support for start-ups and thereby fosters the self-employment mindset through a wide array of measures for various target groups: for example through consulting funding for the time after the start-up, start-up competitions (e.g. the start-up competition “Digitale Innovation”), or through investment assistance (especially for the KfW funding programmes).

These programmes are augmented by specific programmes for business start-ups by women, for start-ups in the scientific sector with the funding programme EXIST, for young ICT companies with the German Accelerator, for stakeholders in the cultural and creative sectors, or by programmes aimed at awakening the entrepreneurial spirit in school children, the initiative “Entrepreneurial Spirit in Schools”.

The Federal Ministry for Economic Affairs and Energy also regards the immigration of refugees as one of the biggest challenges today and for the future. For this reason, the integration of refugees in the qualification process and in the labour force is being particularly supported through a wide variety of activities and support measures. In March of this year, the Federal Ministry for Economic Affairs and Energy and the DIHK launched the network “Business Integrates Refugees” in order to assist committed business enterprises with the integration of refugees.

The Federal Ministry for Economic Affairs and Energy is also committed to a large number of other projects.<sup>18</sup> Examples of these are: the “**Alliance for Initial and Further Training**”, which has been in existence since 2014 already. It is composed of the German Federal Government (Federal Ministry for Economic Affairs and Energy, Federal Ministry of Labour and Social Affairs, Federal Ministry of Education and Research, the Federal Employment Agency, and the Federal Government Commissioner for Migration, Refugees and Integration), the commercial sector, trade unions, and the governments of the German federal states, which among other things jointly strive towards the integra-

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<sup>17</sup> The following text [of the German version of this study] was taken from the Ministry’s official website: [www.bmwi.de](http://www.bmwi.de).

<sup>18</sup> Detailed information on this is available at: <http://www.bmwi.de/DE/Themen/wirtschaft,did=727852.html>.

tion of refugees in the area of education; the provision of special “**welcome guides**”, which are located in the chambers of commerce and other business organizations. Their goal is to help businesses with the integration of refugees at the workplace and in apprenticeships, which is achieved by providing particularly SMEs with advice—in direct connection with the filling of apprenticeships, internships, and job vacancies—on such things as language assistance, residence status, qualification needs, and funding and support programmes;<sup>19</sup> the **Centre of Excellence on Securing Skilled Labour** (KOFA) with its wide range of information particularly on securing skilled labour for businesses and specifically since 2016 on the integration of refugees. Through numerous support programmes, KOFA provides businesses with information about the apprenticeship and labour markets;<sup>20</sup> and a variety of activities to support the integration of refugees in apprenticeships, such as the internet platform “bq-portal”, which contains information on assessing the professional credentials of refugees and their qualifications from their countries of origin;<sup>21</sup> or programmes to support educators in the teaching of young adult refugees.

**German Chamber of Industry and Commerce (DIHK):** As an umbrella organization operating on behalf of and in collaboration with the individual chambers of industry and commerce, the DIHK represents the interests of German commerce vis-à-vis the German federal policy-makers and the European institutions. DIHK Service GmbH is the body that provides the support services. Unlike other organizations in the commercial sector, especially the associations that represent specific branches, the DIHK has a broad base: 3.6 million commercial undertakings from all branches and of all sizes are members by virtue of law of the chambers of industry and commerce. The fact that it has to reconcile a number of different interests makes the DIHK independent of individual interests and gives it a good deal of weight when it comes to government policies, public authorities, and institutions.

With the network “Business Integrates Refugees”, a large-scale joint initiative was launched by the DIHK in March 2016. Its purpose is to provide in-depth information on legal questions, initiatives, and voluntary activities, to give tips on integration in apprenticeships and employment, and to exchange good examples and cooperation possibilities. The programme also wants to attract businesses of any size or branch to set up a joint “knowledge platform” on the successful integration of refugees. Through this, the numerous (individual) actions of the different businesses are being bundled and combined for synergistic purposes.

**Chambers of industry and commerce (IHKs):** There are a total of 79 IHKs in Germany. They are self-governing, public-law commercial entities and institutions for industry and commerce. They are the most important lobbyists for all business undertakings in the various regions. They perform certain public-law duties and are available to their members as service-oriented advisers and knowledgeable intermediaries in many local, regional, and federal matters. One of the things provided by the chambers of industry and commerce is start-up support, which takes the form of personal meetings (200,000 per year) and providing advice on the business plan.

The advice provided by the IHKs generally takes place in two steps. The first step involves introductory meetings to provide basic information on starting a business, i.e. basic information about self-employment. The topics include such things as the personal and professional requirements for self-employment, financial business planning, and social security issues. Other services offered are start-

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<sup>19</sup> Further information: [www.zdh.de/themen/bildung/karriere-im-handwerk/wege-in-ausbildung/passgenaue-besetzung-vormals-passgenaue-vermittlung/willkommenslotsen.html](http://www.zdh.de/themen/bildung/karriere-im-handwerk/wege-in-ausbildung/passgenaue-besetzung-vormals-passgenaue-vermittlung/willkommenslotsen.html).

<sup>20</sup> Further information: <http://www.kofa.de/themen-von-a-z/fluechtlinge>.

<sup>21</sup> Further information: <https://www.bq-portal.de/>.

up seminars, information events, start-up symposiums, and various forms of print and online information. The second step of the start-up advice is a one- to two-hour meeting with the start-up founder to discuss the person's business concept. The kinds of questions usually asked are things such as: "What is unique about your business idea?" or "What does one need for a meeting with the bank?" Although the meetings are primarily held in German, more and more are being held in other languages such as English, Turkish, and Russian.<sup>22</sup> Some of the IHKs have also launched special projects for refugees, which are targeted at the integration of refugees in apprenticeships and in the labour force.<sup>23</sup>

**Central Association of German Skilled Trades/Crafts (ZDH):**<sup>24</sup>The ZDH represents the interests of more than one million skilled trades/crafts businesses in Germany with over five million employees, around 380,000 apprentices, and an annual turnover of around 533 billion euros. The ZDH is the umbrella organization of the industry and is located in Berlin in the "Haus des Deutschen Handwerks". Its task is to bundle the work of the 53 chambers of skilled trades/crafts, the 48 specialist skilled trades/crafts associations at the federal level, and other important commercial and skilled trades/crafts institutions in Germany.

The purpose of the ZDH is to reach a consensus on all major issues in skilled trades/crafts policy. It represents the overall interests of the skilled trades/crafts sector vis-à-vis the Bundestag, the Federal Government and other central public authorities, the European Union, and international organizations. The ZDH cooperates with partner organizations on this.

At the European level, the ZDH is a member of UEAPME (European Association of Craft, Small and Medium-Sized Enterprises), which initiates and coordinates a large number of activities with partner organizations at the EU level. The ZDH has its own office in Brussels.

**Chambers of skilled trades/crafts:** The chambers of skilled trades/crafts are public-law entities set up by the governments of the federal states. Sections 90 and 91 of the Skilled Trades and Crafts Code (HwO) contain the provisions regulating the organizational structure and the tasks of the chambers of skilled trades/crafts. These particularly include the fostering of the (commercial) interests of skilled trades and crafts; the keeping of a register of skilled trades/crafts; the regulating and monitoring of the professional training/schooling of apprentices and the keeping of a register of apprentices; enacting examination regulations for continuing professional education, journeymen, and master craftsmen, and the ascertaining of the equivalency of credentials (Section 91(6a) HwO). Particularly the last point can be extremely important if a refugee wishes to carry out a self-employed activity. Specific competence assessment procedures have been developed for this, some of which offer practice phases in the respective business operations and qualification programmes for acquiring equivalent credentials. Pilot projects on this are being tested for example by the network "Integration through Qualification", which is funded by the European Social Fund. Other successful projects include the project "Prototyping" in relation to the recognition of professional qualifications, which is offered by the chambers of skilled trades/crafts in Hamburg and Mannheim and by the Westdeutscher Handwerkskammertag and its cooperation partners. In the process of recognizing

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<sup>22</sup> The IHK Berlin is open to a pilot project for refugees. It has already hosted information events for refugees (Syrians), although the response to these was not all that satisfying in their eyes (only half of the persons who registered came). As a cooperation partner, they would be willing to provide start-up advice in German and English.

<sup>23</sup> The IHK Berlin has a programme that brings refugees and restaurant operators together: <https://www.ihk-berlin.de/servicemarken/presse/presseinfo/Cook-and-Eat-bringt-Gefluechtete-und-Unternehmen-zusammen/2990464>.

<sup>24</sup> The following text corresponds [largely] to the official [English] text on the ZDH website: <https://www.zdh.de/>.

credentials from foreign countries, qualification analyses are made to identify where qualifications are incomplete or where certification of them may be missing.

**Commerce/businesses:** Apart from the various organized associations and the initiatives being carried on by them, business undertakings are also actively supporting the integration of refugees in the apprenticeship and labour market through a large number of local, regional, and even nationwide initiatives. Due to the large and increasing number of them, all of them cannot be mentioned here. One example of these is the initiative “wir–zusammen” [us–together], which presents a wide range of initiatives launched by businesses for refugees, generates examples, and makes appeals for more commitment to integration.<sup>25</sup>

**Federal Ministry of Labour and Social Affairs:**<sup>26</sup>The Federal Ministry of Labour and Social Affairs deals with such issues as the labour market, occupational health and safety, employment law, apprenticeships and continuing education, social security, pensions, inclusion of disabled persons, and international issues. Other focal points include the “Fresh Start in Germany”, Arbeiten 4.0, minimum wages, securing of skilled workers, labour-market developments, and the National Action Plan. The topics “labour market” and “Fresh Start in Germany” are central to this feasibility study.

The topic “labour market” comprises large areas such as employment incentives, job placement, employment incentive benefits, basic social security benefits, model programmes, employment of foreign nationals, labour-market statistics, and age-appropriate working conditions. Three of the model programmes material to this study are: (1) Integration through Qualification, the so-called IQ Network, (2) ESF qualification within the context of the Recognition Act (BQFG), and (3) job-related language assistance for persons with migration backgrounds. There is also the Federal ESF Integration Directive, which focuses on the “Integration of asylum-seekers and refugees” (IvAF).

“Fresh Start in Germany” is aimed explicitly at refugees coming to Germany and at migrants who have already been in Germany for a longer period of time. Through numerous references to publications and links on the website, asylum-seekers, job-seekers, and employers can find essential information relation to “refugees and work”.

**Federal Employment Agency:** In addition to providing numerous kinds of services for integrating people in the labour market (e.g. job placement, job counselling, employment incentives) and providing financial transfer payments (e.g. unemployment benefits), the implementation of the statutory provisions of Social Code II (SGB II) and Social Code III (SGB III) is also one of the tasks of the Federal Employment Agency.

Unemployed persons and job-seekers at risk of becoming unemployed are entitled to the following support if they want to take up a self-employed activity: counselling pursuant to Section 29 ff. SGB III; measures to introduce people to self-employment pursuant to Section 45(1) sent. 1 no. 4 SGB III; new business support when beginning a self-employed activity pursuant to Section 16b SGB II; loans and allowances for self-employed persons, information and training in the skills needed for a self-employed activity pursuant to Section 16c SGB II, and transfer payments (basic income support) should the self-employed activity be unable to cover basic living expenses. Until 31 December 2018, asylum-applicants with good chances of staying in Germany—currently people from Syria, Iraq, Iran,

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<sup>25</sup> Further information: <https://www.wir-zusammen.de/home>.

<sup>26</sup> The contents of the [German] presentation are taken from the website of the Federal Ministry of Labour and Social Affairs: <http://www.bmas.de/DE/Startseite/start.html>.

and Eritrea—can be supported and receive counselling even within the waiting period (Section 131 SGB III).

Except for counselling services and job placement (Section 29 ff. SGB III), the other benefits listed—with a further exception of transfer payments for persons who cannot secure their basic living expenses and for whom SGB II is responsible—commencing with a certain length of stay and under other conditions for certain refugees (see Chapter 4) are discretionary benefits of the local Employment Agencies or Jobcenters. This means that these benefits/measures can be granted by the local Employment Agencies or Jobcenters if the individual requirements are met.<sup>27</sup>

**Local Employment Agencies:** The local Employment Agencies are responsible for providing the benefits and for implementing the labour-market instruments at the local level. However, the actual implementation of the supporting measures listed above is—with the exception of counselling and job placement—at the discretion of the local agencies. With respect to the target groups relevant to this study, which means (a) persons with a permission to stay or with tolerated status, provided that no general employment prohibition exists and the taking up of a self-employed activity is not prohibited, and (b) persons entitled to asylum and recognized refugees, the Employment Agency is responsible exclusively for persons with permission to stay or with tolerated status provided that no general prohibition of employment exists. As soon as a person is recognized (in the recognition procedure) as a refugee, jurisdiction for the person passes immediately to SGB II if the asylum-entitled person is needy [incapable of financially supporting him- or herself). But also for individuals with **permission to stay**, the following distinctions must be made:

- Persons with permission to stay and who have been in Germany for **less than three months**: For these persons, the counselling services prescribed by Section 29 ff. SGB III can be used for their integration in the labour market.
- Until 31 December 2018, asylum-applicants with good chances of staying in Germany, currently people from Syria, Iraq, Iran, and Eritrea, can be supported and receive counselling even within the waiting period—**less than three months** in Germany—(Section 131 SGB III): participation in measures to introduce people to self-employment pursuant to Section 45(1) sent. 1 no. 4 SGB III. This can be accessed in two ways: The person can be given an activation and job-placement voucher, which can be used for one of the programmes accredited by a specialist department, or can be allocated to one of the measures that the Employment Agency/Jobcenter has procured through contract-awarding procedures.
- Persons who have been in Germany for **more than three months and who are no longer in an initial reception centre**: Persons in this group are entitled to the same support measures as those in the preceding group as long as there is no general prohibition of employment and the taking up of a self-employed activity is not prohibited: Participation in measures to introduce people to self-employment pursuant to Section 45(1) sent. 1 no. 4 SGB III. This takes place via the two kinds of access described above: The person can be given an activation and job-placement voucher, which can be used for one of the programmes accredited by a specialist department, or can be allocated to one of the measures that the Employment Agency/Jobcenter has procured through contract-awarding procedures.

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<sup>27</sup> In this respect, directives from the central office of the Federal Employment Agency in the area of SGB III are binding on the local Employment Agencies.

**Local Jobcenters:** The Jobcenters are responsible for implementing the tasks of the two administrators responsible for basic social security benefits—the Employment Agencies on the one hand and the district-free cities and rural districts on the other. Their task is to provide benefits for ending or alleviating neediness (i.e. being unable to financially support oneself), particularly through integration in the workforce and by securing basic living expenses. The SGB II administrators (joint institutions on behalf of the Federal Employment Agency or accredited municipal administrators) are responsible for persons with recognized refugee status, which means providing them with benefits for basic living expenses as well as benefits/services for labour-market integration. For persons wishing to take up a self-employed activity, the Jobcenters can use Section 16 SGB II to provide this group of persons with measures for activating self-employed activities, new business support, and measures for providing information about self-employed activities—in the case of self-employed persons who are collecting social benefits—and can grant them loans and allowances.

**Programme “Integration through Qualification (IQ)”**.<sup>28</sup>The goal pursued by the programme “Integration through Qualification (IQ)” since 2005 is the improvement of the prospects of migrants on the labour market. One of the ways it does this is by developing, testing, and implementing suitable concepts and instruments for migrants. In the 2015–2018 programming period, the programme was extended to include “ESF qualification within the context of the Recognition Act”. The programme IQ is being implemented in all 16 federal states by the respective state coordinators and operative projects. In addition to providing comprehensive recognition and qualification counselling to advice-seekers with foreign qualifications, adaptive training measures oriented to the person’s needs are also being carried out. Support is also provided to the regional labour-market stakeholders by providing them with information and know-how about the specific needs of migrants. In addition to the networks at the federal-state levels, there are five so-called IQ Competence Centres working on central migration-specific issues: job-related German, counselling and qualification, immigration, intercultural openness and anti-discrimination, and the migrant economy. They develop model projects, qualification measures, and instruments for occupational integration. They also provide professional advice to decision-makers in the areas of politics, commerce, and administration. This includes the creation of quality standards and qualification and teaching materials, and the dissemination of scientific findings.

**Integration of asylum seekers and refugees (IvAF) / Federal ESF Integration Directive**.<sup>29</sup>The IvAF is a part of the Federal ESF Integration Directive. The objective of the Federal ESF Integration Directive is the labour-market integration of persons for whom access to employment or to apprenticeships is especially difficult. The successful approaches taken by the programme “XENOS—Integration and Diversity”, “Federal ESF programme on labour-market support for persons with a right to stay and refugees with access to the labour market”, and “IDA—Integration through Exchange” are being combined and developed further. Measures of the Integration Directive are being implemented with the participation of businesses and public administration bodies in cooperation with the regional employment administration (Jobcenters/Employment Agencies) in three key areas of action through cooperative associations. The main focus is on measures specific to the target groups in the areas of counselling, activation and qualification, and placements in jobs or apprenticeships. The idea here is

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<sup>28</sup> The following [German] text on the IQ Network is an excerpt from the website: [www.netzwerk-iq.de](http://www.netzwerk-iq.de).

<sup>29</sup> The following [German] text on the IvAF corresponds to the official text on the website of the Federal ESF Integration Directive, <http://www.esf.de/portal/DE/Foerderperiode-2014-2020/ESF-Programme/bmas/2014-10-21-ESF-Integrationsrichtlinie-Bund.html>.

to strengthen the programmes offered by the Employment Agencies/Jobcenters. Parallel to this, training programmes for the employees in businesses, public administration, Jobcenters, and Employment Agencies are being offered to increase the willingness to hire persons in the target groups, to stabilize employment relationships, and to improve the active promotion of the labour market.

**Refugee councils:** In each of the 16 German federal states, refugee councils are working for the rights of refugees and for improving their living situations. The refugee councils are amalgamations of initiatives, organizations, and individual persons. They see themselves as a bridge between the government policy-makers on the one hand and those working together in the field specifically for refugees and migrants on the other. All of the refugee councils are nonpartisan and are financed through membership fees, donations, and project funding. Particularly in their capacities as project administrators, refugee councils are also active in certain areas of labour-market access. They play a key role in the Federal ESF Integration Directive IvAF, and formerly in the programme “Right to Stay in Germany Networks”, and in the programme “Integration through Qualification IQ”. They also receive support from the federal states or financial support from the municipalities. The refugee councils keep a critical eye on the political activities in the federal states (e.g. in relation to federal-state legislation on the taking on of refugees).

For PRO ASYL, the refugee councils are cooperation partners at the federal-state level and represent the interests of the federal states on asylum issues (e.g. the issue of accommodation). PRO ASYL’s role here goes beyond that of a classic umbrella association. For historical reasons, it has come to be understood as a body that acts in matters concerning the jurisdiction of the Federal Government: (a) as PRO ASYL Foundation, (b) the Federal Association PRO ASYL as a policy-making body, and (c) the Association PRO ASYL e.V. as a project administrator.



## **7. Challenges of improving the business start-up infrastructure for refugees and migrants**

In the meetings and interviews with stakeholders at the federal and municipal levels, it was made clear that, in addition to a pilot project “Activation of the Entrepreneurial Potential for Self-Employed Persons in Refugee Homes”, the underlying structural conditions for making full use of and for increasing entrepreneurial potential must be developed further or must be newly created. The following will therefore present the structural challenges and will then provide suggestions on how to counter these, which are aimed at creating suitable, medium-term environmental conditions for start-up inclined refugees and self-employed refugees.

### ***7.1. Developing an inclusive structural support for business start-ups***

Rather than developing isolated and temporary “special measures” and instruments specific to refugees, many of the parties interviewed advocated an inclusive approach, i.e. an approach that brings refugees in the asylum-recognition process and recognized refugees together with migrant and German start-up persons.

This would prevent the danger of the target group becoming segregated, a point that was mentioned several times in the interviews. Instead, this approach would pave the way for the parties to come into contact with each other on a professional basis, and societal inclusion would be facilitated from the very beginning of the employment-integration process. It would also facilitate contact with the requirements of the German labour market at an early point in time and the prospects of an early integration in the labour market, which includes information on any adaptive qualification measures needed, information that is directly obtained from the motivating discussions with others contemplating a start-up or with those who have already started their own businesses.

Essential for this is a form of start-up support that is goal-oriented, geared to the individual, and based on individual needs. A variety of start-up support instruments should be available if needed for the different target groups, and the start-up counselors working in this area must have a high degree of migrant-specific counselling competence.

“When does one stop being a refugee?” This is a transitory state: The physio-psychological stress factors that refugees experience can affect them for long periods of time, which can hinder their access to the labour market. But with a secure residence status and the real chance of staying in Germany that comes with this, the status of a “refugee” begins to fade after the initial transitional arrival phase in Germany. Refugees may begin to establish contact with self-organized communities of their own or of another country of origin. On the other hand, refugees are confronted with legal issues, the language hurdles of German as a second language, dealings with public authorities that are still new to them, the organization of their lives in a new country, and many other things, which requires specialized expertise on the part of the counselling personnel and a high level of cross-referential knowledge to be able to provide start-up support. These factors are specific to refugees and therefore define the special demands imposed on start-up counselors.

Programmes already exist for migrants (for an example of this, see the edition “Stakeholders of the IQ network” [*translated title*] of the magazine *GründerZeiten* published by the Federal Ministry for

Economic Affairs and Energy),<sup>30</sup> which could be used for this target group with respect to the inclusive approach it takes.

There are good reasons of both a formal and legal nature for the inclusion recognized refugees: They are allowed to carry out a self-employed activity or the allowing of it is at the discretion of the competent foreigner authority and the large numbers of people that are going to fall within the jurisdiction of the Jobcenters in the coming months.<sup>31</sup> With respect to the inclusion of persons with a permission to stay, it was advised to first concentrate on those groups of persons whose chances of staying in Germany are good.<sup>32</sup> In addition to the legal and formal factors,<sup>33</sup> there are also societal and inner-ethnic reasons that speak in favour of such a concentration. Those groups of persons whose chances of staying in Germany are good are probably located in a variety of regions in Germany, which means that the establishing of them in the communities there could ease their integration in society and in the area of self-employment.<sup>34</sup>

### Recommended actions

Creation of inclusive structural start-up support that includes the following groups of persons:

- refugees whose chances of staying in Germany are good,
- recognized refugees,
- persons with migration backgrounds,
- (preferably) together with German start-up persons.

### 7.2. Counselling concept and counselling competence of the implementing administrator

The counselling of migrants, especially refugees, places specific demands on the counselling personnel.<sup>35</sup> What are needed are counselling concepts specific to the target groups and counselling skills that go explicitly beyond the specific knowledge needed for business consulting.

There are number of reasons why migrant-specific start-up counselling is not all that common. It had been ignored by specialists for a long time that the specific start-up needs of migrants also entail specific competencies on the side of the counselors. In addition, the whole topic of the migrant economy had been considered negligible in the public debate for a long time,<sup>36</sup> something which has

<sup>30</sup> BMWI GründerZeiten 10 (2015): Business start-ups by migrants [translated title] [https://www.existenzgruender.de/SharedDocs/Downloads/DE/GruenderZeiten/GruenderZeiten-10.pdf?\\_\\_blob=publication](https://www.existenzgruender.de/SharedDocs/Downloads/DE/GruenderZeiten/GruenderZeiten-10.pdf?__blob=publication).

<sup>31</sup> The Jobcenters in Berlin alone expect around 30,000 persons in the near future, some of whom may be potential self-employed persons.

<sup>32</sup> On this, see the positive results of such a concentration by the project "Early Intervention" sponsored by the Federal Employment Agency.

<sup>33</sup> Cf. Chapter 4.

<sup>34</sup> Prof. Dr. Sternberg pointed out in an interview that embedding refugees in the diaspora community can have significant advantages for integration in society and for employability. According to him, role models and supportive persons can ease integration in society and in the social welfare and employment systems.

<sup>35</sup> Working Group Migrant Business Start-Ups (2011): self-employed.intercultural.successful. [translated title], [http://www.inbez.de/fileadmin/downloads/InBez\\_2011/selbststaendig.interkulturell.erfolgreich\\_IQ\\_Juni2011.pdf](http://www.inbez.de/fileadmin/downloads/InBez_2011/selbststaendig.interkulturell.erfolgreich_IQ_Juni2011.pdf).

<sup>36</sup> Cf. Leicht, René/ Langhauser, Marc (2014): Economic significance and the working potential of migrant businesses in Germany [translated title]. Study commissioned by the department for economic and social policy, working group SMEs and

only begun to change in the last few years. Recognition of this is finding its way into labour-market, economic, and integration-related programmes after so many years of the dominant and clichéd view of migrant businesses as shaky existences in the restaurant and import/export industries. This recognition is distinctly beneficial for the receptivity to intercultural aspects, especially by the providers of classic counselling services. The counselling requirements specific to the area of migration—in this case specific to refugees—concern intercultural competencies, basic knowledge about the recognition of professional credentials, anti-discrimination strategies, knowledge about plain language, cross-referential knowledge about residency law, knowledge about the counselling context, and many other things.

There are very few migrant-specific counselling services that have simultaneously developed a counselling concept and established requirements for migrant-specific counselling. For the last ten years, the programme “Integration through Qualification (IQ)” has been developing, testing, and validating the requirements for and the contents of migrant-specific start-up counselling for people with a migration background on behalf of the Federal Ministry of Labour and Social Affairs. These have been compiled in the IQ Competence Centre “Migrant Economy”, which is also accessible to external stakeholders.

#### **Recommended actions**

- Development of a counselling structure for migrant and refugee start-ups based on the existing structures. Possible starting points are the start-up initiatives that specialize in migrant start-ups (on this point, see the list of the different support services in the various publications or platforms<sup>37</sup>).
- Provision of regional and nationwide intercultural and refugee-specific qualification programmes for counselors and providers of support services in such areas as the underlying laws, intercultural skills, plain language, and migrant-economy know-how. A train-the-trainer format should be developed for this based on the current expertise of those competent in this area (e.g. IFAF programme, IQ Competence Centres).
- The development of a “Refugee Entrepreneurship App”, a digital application that provides refugees with the most fundamental and essential information about self-employment in Germany. For developing such an app, the target groups (e.g. migrant associations and federations) will have to be consulted.

### **7.3. Competence assessment procedure for documenting the entrepreneurial potential of refugees**

The documenting of the entrepreneurial potential and the skills of start-up inclined persons is one of biggest challenges faced. This is equally true even for those who signal an interest when proactively approached about the topic, although they themselves were not initially contemplating a self-

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discussion group Migration and Integration of the Friedrich-Ebert-Stiftung, page 10 ff., <http://library.fes.de/pdf-files/wiso/10948.pdf>.

<sup>37</sup> Federal Ministry for Economic Affairs and Energy (10/2015): GründerZeiten No 10. Business start-ups by migrants [*translated title*], a study conducted by the Bertelsmann Stiftung on migrant support structures in the German federal states in conjunction with the project “Inclusive Growth” (currently being published) and the platform of the programme “Integration through Qualification (IQ)” (<http://www.netzwerk-iq.de/migrantenoekonomie/angebote-zur-migrantenoekonomie.html>).

employed activity. Many of the persons interviewed emphasized the importance of competence assessment as a key condition for the success of a business start-up and for start-up counselling. But the majority of the procedures in place up to now—which are being tested, developed, and used—are geared to the topic of dependent (salaried) employment and *not* to self-employed activities. There is a gap here that needs to be filled and changes that need to be brought about.

Because of language barriers, and for cultural reasons as well, experienced and well-trained personnel is needed for documenting the competencies of refugees. The “right questions” need to be asked in order to obtain a meaningful picture of the refugee’s experiences as a self-employed person. It is common in many countries to work in a wide variety of areas and to acquire good on-the-job knowledge even without schooling or diplomas. Particularly when it comes to self-employment, experience shows that previous experiences with self-employment cannot be captured with just one question. In any event, a sufficient amount of time for individual talks needs to be allotted for this. Some skills only become apparent during hands-on activities or when certain topics come up by chance in a conversation. Competence assessments would also have to document language skills and professional qualifications in order that the person be able to participate in credential-recognition counselling or in an adaptive training programme, for instance. Competence assessment is therefore much more demanding than most people have thought up to now.<sup>38</sup>

#### **Recommended actions**

- Development of a digital awareness-raising program for a screening or for instituting an in-depth potential analysis.
- Developing a competence assessment procedure for documenting the entrepreneurial competencies of refugees for whom no proper instruments exist yet. Attention should be paid here to ensuring that the present instruments are being incorporated in the newly developed instruments.

#### **7.4. Job-related language assistance**

Most stakeholders emphasize how important knowledge of the German language is for starting up a business, which means language skills beyond those needed for day-to-day activities. Just as there are “job-related German courses” for improving a person’s chances of obtaining dependent (salaried) employment—these come after the integration courses—it would be advisable to also establish “start-up-related German courses” for start-up inclined persons. These could be listed at the Federal Office for Migration and Refugees as occupation-specific modules. The topic of self-employed entrepreneurship could also be discussed in the integration courses, so that the first knowledge obtained (in terms of language and subject-matter) could take these topics into account. It could also be helpful to approach migrant associations and address the topic of “self-employment and entrepreneurship” and to offer specific activation programmes through them as well.

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<sup>38</sup> Cf. IQ Competence Centre Counselling and Job Training (2016): Practice Manual “Migration-Specific Procedures for Competence Assessment for Employment Agencies, Jobcenters, and Labour-Market Stakeholders [*translated title*]. The Federal Employment Agency and the Research Institute for Vocational Education and Training (f-bb) in cooperation with the Bertelsmann Stiftung are expected to develop new competence assessment procedures geared to current needs. Whether self-employment will be included in these is unknown.

**Recommended actions**

- Including and anchoring the topic of self-employment in the integration courses.
- Including start-up-related German courses in the module catalogue of the Federal Office for Migration and Refugees.
- Using the access to diaspora groups to offer self-employment as an employment integration option from the very beginning and to present role models.
- Offering qualification programmes for start-up persons. Introducing start-up-related German terminology before the specialized courses (which are held in German) begin.

**7.5. Target-group oriented use of SGB II and SGB III instruments**

During the period of asylum-recognition status, the Federal Employment Agency (SGB III) is responsible for the refugee and must offer its services to this person. Benefits for basic living expenses are provided by the foreigner authorities. Once a person is recognized as a refugee, the Jobcenter (SGB II) becomes responsible, which includes the provision of labour-market integration services/benefits as well as benefits for basic living expenses.

With the clear position taken against special kinds of measures for refugees, the interviewees from the Employment Agency referred to the SGB II and SGB III instruments, which up to now have not been specifically geared to refugees. Because of the special challenges faced by refugees (and by migrants as well), there are specific requirements that must be taken into account when implementing and designing these measures and that necessitate a further development of their former contents (this concerns such things as information events, competence assessment instruments, workshops and seminars on self-employment).

Furthermore, it appears necessary that the different bodies responsible for the costs come to a fundamental agreement on the measures in order to avoid issues of greater or lesser priority of the respective programmes. Example: If a refugee takes part in a programme offered by the Employment Agency (i.e. during an ongoing asylum procedure), then from the point in time at which the person obtains recognized refugee status there is a danger that he/she may not be able to continue in the programme because, with the recognition of refugee status, the Jobcenter becomes responsible for providing all benefits. The experiences gained from the pilot project “Early Intervention” could be profited from here.<sup>39</sup>

Another example: The Employment Agency might, via Section 45 SGB III, design an activation measure in such a way that it overlaps—in terms of its content and its target group—with the planned pilot project of the Federal Ministry for Economic Affairs and Energy, which is why a coordinating and complementing of the programmes is indispensable. It is also necessary that the instruments (e.g. for the competence assessment of the entrepreneurial skills of refugees) of a pilot project be designed in such a way that they are as compatible as possible with those of the Employment Agencies and the

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<sup>39</sup> In the interviews with both the local and nationwide stakeholders (Employment Agency Berlin Süd, Jobcenters, Federal Employment Agency—Central Office), however, an overlapping was not regarded as a challenge but was instead made clear that cooperation and coordination was being strived for—but with a comment from the local Agency that the agencies could introduce such a project nationwide through their instruments.

Jobcenters in order that the results of each can be incorporated in the work of both stakeholders. This applies to activities and programmes geared to self-employment as well as to those geared to dependent (salaried) employment should a refugee decide not to continue pursuing a self-employed activity.

#### **Recommended actions**

- Complementing and interlinking the programmes of the Federal Ministry for Economic Affairs and Energy, the Federal Ministry of Labour and Social Affairs, the Federal Employment Agency, and the Federal Office for Migration and Refugees in order to mutually support and strengthen each other. This includes SGB II and SGB III instruments, pilot projects of the Federal Ministry for Economic Affairs and Energy, labour-market projects of the Federal Ministry of Labour and Social Affairs, and the programmes of the Federal Office for Migration and Refugees with respect to integration courses and job-related (start-up-related) language assistance.
- Optimizing the contents of SGB II and SGB III instruments to make the existing instruments accessible to refugees as well.
- Documenting the support programmes and measures participated in in a “start-up record”, which would serve the participants as proof of their qualifications and the administering agency as a “docket” and competency check. On the basis of the documented competencies, a procedure could be developed pursuant to which a person could continually update his/her competencies by participating in the various qualification–and start-up support–programmes.

#### **7.6. Attracting and addressing the target group/s**

In the discussions and interviews, the experts and field workers deliberated at great length about when the best and earliest time was to intervene or to proactively approach refugees with the topic of “self-employment”. The (unanswered) counter-questions were:

- Which language requirements are needed and what time expenditure does this entail?
- Which physical and psychological inhibitors must be taken into account in advance?
- Which cultural, social, societal, and economic requirements must be met by refugees before they can begin a self-employed activity and how time-intensive is this?
- Which other areas of life–family, housing, health–take priority?
- How strong is the refugee’s motivation to integrate him- or herself as quickly as possible in the German labour market?
- What entrepreneurial skills and competencies does the person have?
- To which extent does the person’s legal status have to be taken into account, since persons with a permission to stay are not allowed to exercise self-employed activities but are allowed on the other hand to take part in preparatory programmes?
- Should the entrepreneurial potential also be activated in order to obtain the ability to work in general?

The implementation of any measures in the refugee housing facilities (e.g. information and activation measures) must be carefully discussed with the director of the facilities in each individual case. It is important to avoid conflict situations that could arise by the fact that the measure is not open to all persons. What is possible on the other hand is that the directors of the housing facilities be informed about these measures, and they can then draw the residents' attention to them in the respective languages of origin.

### **Recommended actions**

The refugees should be approached at different points in time and with different forms of information/goals:

- In the institutional counselling structures (arrival centres of the Federal Office for Migration and Refugees, the Federal Employment Agency, Jobcenters) and in the counselling institutions for refugees and migrants (counselling centres of the programmes IQ Network and IvAF of the Federal Ministry of Labour and Social Affairs), the topic "self-employment" should be proactively addressed and incorporated in the relevant instruments (screening procedures, competence assessments, initial counselling sessions, counselling sessions).
- The employees in the (institutional) counselling structures should be made aware of the topic "self-employment and entrepreneurship" in order to dispel any reservations or prejudices about the self-employment of refugees and to acquire cross-referential knowledge instead.
- Information about self-employment and about the institutions that can be contacted about this could be distributed in the events in refugee homes.
- In the various forms of social media (blogs, apps, etc.), proactive information should be disseminated about the possibility of a self-employed activity as an alternative to dependent (salaried) employment and positive role models used.
- Migrant organizations (diaspora associations) could also draw attention to self-employment as an alternative. This could be complemented with seminars provided by the migrant organizations.

### **7.7. Establishing and optimizing regional networks**

For the development of an inclusive support structure, it is essential that as many regional stakeholders as possible (public, semi-public, and private institutions and organizations) with decision-making powers be included at the early stages and that the existing programmes be identified, coordinated, and where necessary jointly adapted or optimized specific to the target groups. It is only through a joint coordination process that the individual roles can be clarified, that any gaps can be identified, and that the start-up environment can be optimized. It would appear advisable to gain experience with an initial pilot project in at least one region. The central tasks of these regional networks are:

(a) utilizing the specific expertise of a variety of stakeholders in order to fully support the complex task of start-up assistance and to be able to deal with the other challenges encountered with refugees (e.g. teaching them the language, psychological support for those who are traumatized);

(b) working together closely and cooperatively to coordinate and complement the existing programmes;

(c) taking an inventory and identifying gaps in the programmes and the working out of joint solutions.

### **7.8. Financial instruments**

One of the biggest challenges faced by recognized refugees and migrants is access to financial instruments. Because they had to flee their countries, few of them have sufficient financial resources or access to their own capital (if any) in their countries of origin. Even opening a bank account in Germany is only possible by overcoming large hurdles.

It is virtually impossible for recognized refugees—whose residence permits are normally limited in time—to obtain external financing from the banks or to access any of the existing government financial instruments. This lack of access to start-up financing is a structural problem. Without a solution to it, any kind of encouragement or preparation for a self-employed activity makes little sense—and could even be seen as irresponsible—because the starting of any kind of business requires at least a small amount of capital.

#### **Recommended actions**

- Modifying the existing financial instruments (such as microcredit) to enable low-threshold access to external financial sources.
- Complementing (by the Jobcenters) of the Section 16c SGB II instruments [with other instruments] for recognized refugees collecting social benefits, since loans and allowances and new business support are provided for under it.

### **7.9. Taking over a business**

Over the last years, numerous projects and initiatives have been created to encourage the takeover or the succession of business enterprises. Due to the sharp rise in the number of business closures forecasted for the coming years (particularly for demographic reasons in the area of skilled trades), there appears to be a strong incentive to take action here. Might not refugees who want to start their own businesses also be prepared for this? No valid conclusions could be made up to now about this due to the absence of empirical proof of the start-up potential of refugees. But in light of the interviews conducted, it does not appear unreasonable to at least consider this topic. Nonetheless, a business takeover is generally described as a particularly challenging process.

Stakeholders who are unfamiliar with the topic of self-employment often have strong reservations about refugees starting up their own businesses. This is not surprising considering the current situation where, for example, the training programmes provided by the educational and qualification institutions are all primarily geared to dependent (salaried) employment. But for many refugees, it was perfectly normal in their countries of origin to earn one's living through self-employment. In the current intercultural experience, this may well gain in acceptance in contrast to the German idea of labour-market integration, which is very much geared to dependent (salaried) employment. The point



here is that one should at least be “allowed to think about” self-employment as an option and to keep the door open for it as an alternative.

**Recommended actions**

- Information about business takeovers should be available in the counselling process.
- Contact should be established to a project (sponsored by the Federal Ministry for Economic Affairs and Energy) on business takeovers of the Berlin School of Economics and Law to determine whether the refugee target groups could for example be included on their internet platform.
- Provision of job shadowing possibilities for start-up inclined refugees in business enterprises that are contemplating a business succession—especially in small and micro-enterprises that are not looking for a successor for financial reasons.

## 8. Challenges and recommendations regarding the implementation of a pilot scheme

The following sets out the challenges faced by a pilot scheme to activate and foster the entrepreneurial potential of refugees if start-up inclined refugees are to receive goal-oriented, individual, and needs-oriented support on the path to self-employment. It is essential that an adaptation of these recommendations to specific local and subject-matter requirements remain possible at all times.

### 8.1. Refugee target groups

The situations of refugees can differ in a large number of ways. Not all refugees are suited for participation in a pilot project. Some are exhausted after their long journey, and some are even traumatized. The living situations of some refugees have not yet been conclusively clarified, which means that they can be allocated to new living quarters from one day to the next and would therefore have to be taken out of a programme. One of the biggest questions also concerns communication, i.e. what form it should take and in which languages the programmes should be offered. For younger participants, the question is whether an apprenticeship or a university programme might not make more sense first. Although it does make sense to provide support measures to all target groups of refugees as long as the measures are tailored to their particular needs, but if the goal is to develop programmes with a high degree of effectiveness, range, efficiency, transferability, and scalability, then appropriate selection criteria for participation will have to be used. The main criteria for selecting participants could therefore be (a) their chances of staying in Germany, (b) their language proficiency, (c) their living situation, and (d) their start-up inclination and start-up motivation.

The encouraging of self-employment should be geared towards participants with good **chances of staying in Germany** (Syria, Eritrea, Iran, Iraq). As additional countries of origin, those countries chosen by the Federal Office for Migration and Refugees to participate in the project “Early Intervention” of the Federal Employment Agency (Egypt, Afghanistan, Pakistan, Somalia, Sri Lanka) could be considered.

For those persons who want to establish themselves as entrepreneurs on the German market, **language proficiency** is a decisive success factor. To be able to grasp the complex issues of self-employment, a basic knowledge of German is necessary at the very least. However, the language of communication in the project need not be German exclusively, since language integration can be consciously supported in the project itself. Gaps in a person’s German could be partially compensated for with English, for example.

It is advantageous if the participants have a **stable living situation** and that there be no danger of them having to move at short notice, which means that they might have to leave the programme. It would be best if the participants were no longer in an initial reception centre but already living in a shared housing facility or in their own lodgings.

Lastly, the **start-up inclination** is a key factor. In addition to the high degree of motivation needed for a self-employed activity, previous entrepreneurial experience from the country of origin is also useful.

**Recommended actions**

- The selection criteria should be geared to a higher degree of effectivity, efficiency, and scalability of (pilot) measures and should serve as orientation. They are explicitly not meant to be used as “strict (exclusionary) criteria”, because in some cases persons who do not satisfy the criteria may still have a high degree of start-up potential.
- During the implementation and in the (self) evaluation of such project measures, the criteria should be critically reviewed and revised if necessary.

**8.2. Point in time for the intervention**

Many of the people interviewed stressed that refugees are challenged during the first months after their arrival (accommodation, adapting to the new environment, dealings with public authorities, asylum procedure, language and integration courses, etc.) and that support measures, particularly in relation to self-employment, make little sense at this time. Other experience shows that some refugees are very willing and definitely able to take on a job or take part in a support programme soon after their arrival. Many refugees, especially fathers with dependents, want to do something right away, they want to show what they can do and want to give “something back” to the country and not just appear as “beggars”.

It is not possible to say when the ideal point in time is for participation in an employment-integration measure and in a programme for promoting self-employment because of the heterogeneity of the refugee target groups and the disparities between their individual situations. It is more realistic and is **more constructive to establish participation requirements**. It ultimately also depends on the goals and the contents of the particular programme. If the goal is to activate and motivate refugees, to foster or maintain their ability to work, and to assess what their competencies are, then an earlier point in time after arrival is advisable. If the goal of the measure is the actual integration in the labour market, then certain prerequisites such as language, residence title, past experience, a settled living situation, etc. must be required.

**Recommended actions**

- In light of the high degree of heterogeneity of the target groups, no time periods should be defined. Instead, requirements for participation should be created so that the individual requirements and goals can be met.
- It fundamentally makes sense to offer employment-integration and self-employment support programmes at an early stage in order to preserve the refugees ability to work. Ideally there should be a variety of programmes with a variety of goals that are meshed in a meaningful manner.

**8.3. Attracting participants**

Many refugees are highly motivated to participate in programmes, especially when they are aimed at fostering work and integration. Conversely, waiting around doing nothing in a kind of standby position generates a lot of frustration for many of them. The presumption can be made that a basic in-

terest exists. However, it also has to be taken into account that refugees want to get a paid job relatively quickly—especially when they have to support family members in their countries of origin. Longer programmes or training periods, especially when they are carried out in forms unfamiliar to them (workshops, dual (work/study) programmes, etc.), have a deterring effect on some refugees at first or they do not understand what they are actually being offered. Misunderstandings and conflicts of interest can easily occur. Added to this is the sometimes sheer number of different programmes being presented to the target group by professional and voluntary refugee initiatives, which makes it difficult to make a choice. Measures that take place daily or for whole days may for some potential participants cause conflicts with other courses or obligations (appearances at the public authorities, language courses, etc.).

On the one hand, approaching the refugees personally in the refugee homes has proven to be a constructive way of acquiring them as participants. But on the other hand, experience has also shown that it can lead to conflicts between the residents when it is unclear why some were chosen and others not. Not to be ignored is also the fact that there are sometimes prejudices, aversion, and potential for conflict between the members of different ethnic groups, or that the “superiority” of one group is capable of pushing other participants into the background. And even if the target group is very interested in the support measure, a certain amount of fluctuation has to be reckoned with when designing the programmes, for example when people go to visit their family members or change locations for some reason.

Also to be kept in mind when acquiring participants is the fact that participation in a programme might prove too stressful for some people. Many refugees are still psychologically and physically fatigued by their experiences and some are even traumatized. There is little privacy in the shared housing facilities, which is perceived as stressful. Undecided asylum procedures and the bureaucratic procedures associated with this are time consuming and psychologically trying.

#### **Recommended actions**

- Approaching potential participants in refugee housing facilities should be considered carefully together with the directors of the facilities in order to avoid creating conflicts between the various groups. However, there is nothing to be said against distributing printed materials in the housing facilities with the consent of the directors of the facilities. The directors of the facilities and other educational service providers working in the facilities should in any event be informed about the programmes being offered so that these persons can approach any potential participants individually about these.
- As many different channels, media, and formats as possible should be used to make the programmes known: (a) written and oral information through the staff in the responsible institutions and information centres (the Federal Office for Migration and Refugees, Jobcenters, Employment Agencies, foreigner authorities), (b) dissemination of information through the counselling centres (IQ Network, IvAF), migrant organizations, and diverse multipliers and networks, (c) proactive addressing of the topic on internet platforms, social media, apps, etc., and (d) use of local radio and television stations that reach the target group.

- The information must be sufficiently clear and comprehensible in terms of its language and must be attractive in terms of its design and content. A “pre-test” with the intended target groups is advisable prior to dissemination. Advertising with role models would be helpful.
- When implementing the programmes—and for information and activation measures—an empathetic approach, intercultural competencies, and ideally knowledge of international conflict management would be helpful. Initial talks with potential participants should be made in close cooperation with the educational service providers who are already active in the facilities. The experiences that the educational service providers have had with potential participants should be taken into account, one reason being to avoid overlaps and repetitions through cooperation and coordination.
- When selecting participants, the person’s individual circumstances must be considered within the context of their flight experiences and the current challenges they are facing in Germany. Including a person in a start-up programme at a point in time that is too early could be counter-productive. The experiences that other educational services providers and the staff of the refugee housing facilities have had should be taken into consideration here as well.

#### **8.4. Documenting the competencies of refugees**

Competence assessment plays an important role in the developing of an individual needs-based qualification and support plan for fostering entrepreneurial qualifications and for developing a business model.

Because of language barriers and disparities in educational socialization, the streamlined standardized processes for documenting the competencies of refugees as a whole are of very limited use. For one thing, the educational programmes and the degrees/diplomas attained seldom match, and the credentials are not recognized. For another thing, many refugees have worked in several different branches in their countries of origin without having acquired the requisite certifications. The documentation system used by the information and counselling centres often covers only a part of their knowledge and skills. The questions asked are only partially capable of generating differentiated information. In many countries it is uncommon to reflect on and to state one’s informal or personal and social competencies.

Competence assessment procedures aimed at migrant start-up persons have already been developed.<sup>40</sup> But no instruments have yet been developed for the target group refugees. The first thing that must be done is to review whether the existing instruments can be used for this target group as well or whether they have to be adapted. A complete picture can only be obtained over a longer period of time. A variety of procedural steps (questionnaires, personal talks, practice sessions) must be involved and the participants must have enough time to reflect on their knowledge and skills or to make these visible in a hands-on setting, in addition to the information they provide themselves.

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<sup>40</sup> Cf. IQ Competence Centre Counselling and Job Training (2016): Practice Manual Migration-Specific Procedures for Competence Assessment for Employment Agencies, Jobcenters, and Labour-Market Stakeholders [*translated title*]. The Federal Employment Agency and the Research Institute for Vocational Education and Training (f-bb) in cooperation with the Bertelsmann Stiftung are expected to develop new competence assessment procedures geared to current needs. Whether self-employment will be included in these is unknown.

**Recommended actions**

- Competence assessment should be given a key role in the pilot project and should be effected with a variety of instruments in order to obtain a picture that is as differentiated as possible and to document the development over the course of time.
- The existing instruments for documenting the competence of migrants should be made use of, critically reviewed, and adapted if necessary.
- The cooperating stakeholders and institutions should reach an agreement on the competence assessment procedure. In all phases and instruments, the various forms of employment, including the option to work in a dependent (salaried) employment, should be included in order to determine subsequent steps or supplementary measures.
- Supplementary to the instruments used in personal counselling sessions, digital solutions could be reviewed and tested in order to broaden the range.
- The competencies and skills acquired in the start-up support programmes should be documented for the participants and for the stakeholders or potential future employers.
- Once a project has ended or participation in a project has ended, the follow-up perspectives of the participants should be clarified and follow-up programmes elicited if necessary.

**8.5. Inclusion of women / gender issues**

An important topic that was raised many times by a variety of interviewees was the inclusion of women with Muslim backgrounds. They say that this is a very big challenge in some instances due to the fact that in the public sphere of many countries of origin, the sexes are separated and many refugees are men travelling on their own who adhere to this traditional role pattern. There were also reports of husbands preventing their wives from attending language courses if male participants or teachers were present. Some women were also said to have no access to the Jobcenters when their husbands forbid them such contact. In cases in which women are allowed to take part in a seminar, they are often said to assume a passive attitude, which apparently is especially true of women with low levels of education.

Women are also generally responsible for taking care of the children. Not all wives are allowed to do things on their own initiative, let alone start up their own businesses. Good results have been reached with formats designed especially for women or mothers, for example when child care is provided or when the conditions of participation are clarified with the husbands.

**Recommended actions**

- A conscious effort should be made to ensure that access to all formats is available to women as well.
- Special formats (workshops or regular informal meetings of business women) should be offered for women.

- Someone on the project team should have the requisite gender and diversity competencies. Strategies and instruments for fostering gender mainstreaming should be developed and applied.

### **8.6. Language barriers**

Every person interviewed agreed that language barriers represent a huge challenge to implementing measures with refugees. A wide variety of language assistance programmes exist, including voluntary initiatives in addition to the courses offered by the Federal Office for Migration and Refugees. We are unaware, however, of any “**start-up related German courses**” or integration courses with a module “self-employment and entrepreneurship in Germany” for refugees. Occupation-specific language seminars are also only offered extremely selectively as an integral part of start-up counselling despite the existence of well-tested concepts and instruments.<sup>41</sup>

As to the quality and success rates of the courses offered, opinions differ. What is said to be helpful are the translators and interpreters certified by the IHK, for example. Institutions are increasingly upgrading their language competencies. The Employment Agency in Berlin for example now covers 13 languages in its staff. The interpreters of the Federal Office for Migration and Refugees and of other organizations assist the work within the framework of existing cooperative undertakings. In specialized contexts (such as the credential-recognition counselling, start-up support, etc.), non-professional interpreters and translators must be used with caution.

Participation in support measures is theoretically conceivable even without a good command of the German language. But in the specialized context—in this case the area of self-employment—a basic command of the German language should be present. Such measures should also be seen as large motivational factors for the participants to quickly improve their German. And support measures that include real-life elements and that foster a dialogue with the various stakeholders also stimulate the participants’ interest in acquiring the language.<sup>42</sup>

#### **Recommended actions**

- A basic command of German should be required for participation in the pilot project, but a lower level of German should not be a criterion for exclusion. The project should be seen by the participants as an opportunity to quickly improve their German. Basic communication should in any event be possible, which may also take place in English. Depending on the type of business (e.g. entering international markets), knowledge of the English language is likely more important than German.
- If possible, some of the project team members should be able to speak languages other than German, such as English and French (especially Arabic), since even if a person knows German, misunderstandings can arise when it comes to complex matters. For specific questions, translators and interpreters could be used if needed in the individual case.

<sup>41</sup> <http://www.deutsch-am-arbeitsplatz.de/home.html>.

<sup>42</sup> One of the parties we interviewed—the start-up initiative ISI in Berlin—discovered that seminars that were held in a simple form of German (with selective translations of specialist terminology) led to a perceptible improvement of the language skills of the participants.

- The language of communication in the pilot project and the communication of its contents should basically be in German. Complementary “start-up related German courses” should also be offered and the corresponding materials (e.g. glossaries of bilingual start-up terminology<sup>43</sup>) used.
- As mentioned elsewhere in this study, the pilot project should aim at heterogeneity among the participants in order to enable refugees to communicate with native German speakers or with migrants.
- The creating of mixed teams (Germans and refugees)—whether in the form of discussion groups or peer group or mentoring models—should be given high priority because of the integrative effect they have.

### **8.7. Knowledge about the economic and business culture in Germany**

Specialists working in the area of start-up counselling for migrants and refugees place a great deal of importance on knowledge about the German economic and business culture as a factor for the long-term sustainability of a business enterprise. They stress that under no circumstances should this be underestimated and that in some cases it takes many years of intensive assistance until a business has actually established itself in the market. Some experiences with migrant businesses indicate that there are unstable situations as well. Experts in the counselling field therefore advise against the starting up of a business too quickly. For this reason, many stakeholders recommend start-ups in a team of persons who are already familiar with the local structures. An internship in a company to see how the business is managed could also prove helpful in gaining experience in business processes. A case-by-case assessment must of course be made in order to determine what the needs of the potential start-up person are: is it a business geared to the local market, is the business idea of a more international nature, what branch is it in, and what know-how, skills, and experience does the person have.

#### **Recommended actions**

- The German commercial and business culture can only be experienced in action. The pilot project should provide as many opportunities as possible for meeting with German businesspersons and customers, for observing the market, and for gaining insight into business management and customer management. These could take the form of reflection aids, discussion forums, and field excursions.
- For acquiring commercial knowledge and for learning about German business practices, such things as participation in a practice company (business simulation) or job shadowing and internships in real companies have proven to be very effective. For internships and job shadowing, working together with the chambers of industry and commerce can be very valuable and in some cases the use of European exchange programmes as well.

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<sup>43</sup> E.g. The Working Group of Immigrant Entrepreneurs (asm e.V.) has a publication on [German] terminology in relation to business start-ups: [http://www.asm-hh.de/download/existenzgruendung\\_glossar.pdf](http://www.asm-hh.de/download/existenzgruendung_glossar.pdf) or one on [German] terminology in relation to business takeovers: [http://www.asm-hh.de/download/iq\\_glossar\\_betriebsuebernahme\\_40s\\_rz\\_es\\_online.pdf](http://www.asm-hh.de/download/iq_glossar_betriebsuebernahme_40s_rz_es_online.pdf), or the IQ Competence Centre Migrant Economy has a publication [in German] on start-up support and plain language. In 11 languages <http://www.netzwerk-iq.de/fachstelle-migrantenoeconomie/produkte-materialien.html>.



- Particularly effective would be the conscious fostering of team start-ups with co-founders who have the necessary language skills and market access and who are very familiar with local structures and processes. Alternatively, a “mentoring or tandem programme” could be developed in which local self-employed persons or persons with the requisite commercial qualifications and knowledge of the German economic and business culture would accompany and assist refugees in the start-up and consolidation process.

### ***8.8. Utilizing potential***

Although many refugees are well educated, many of them lack the formal recognition of their professional skills that would enable them to take up employment in line with their qualifications. Self-employment would provide these target groups with a form of employment that is challenging and that—ideally—is suited to their qualifications. However, some types of self-employed activities in some branches can only be exercised if the person can provide proof of specific qualifications or educational credentials. This will either make the starting up of a business more difficult or will prevent the start-up altogether, for example in the area of skilled trades/crafts or when it comes to certain professions [such as doctors, lawyers].

#### **Recommended actions**

Through an intentional fostering of team/cooperative start-ups and of collaborative start-ups made up of refugees alone or made up of refugees with Germans or migrants who have an unrestricted right to start a business in Germany, the potential of many refugees could be better utilized. In addition, through such kinds of start-ups, language deficits and gaps in knowledge about commercial matters could be compensated for, which would mean that start-ups could be implemented at a much earlier point in time. We therefore also recommend the fostering of team start-ups in addition to individual start-ups.

### ***8.9. Concentration on specific branches***

The question as to whether there are specific branches in which refugees are more inclined to start up businesses or branches that should serve as a point of departure for support programmes cannot be answered yet. There is no valid data on the start-up inclination of refugees. Stakeholders that are already working in the area of start-up support for refugees, such as the Employment Agency in Berlin, list a wide range of branches in which their clients want to start their own businesses (e.g. tailor (alteration) shops, hairdressers, restaurants, translation offices, sales, arts and crafts, leather working, cleaning services, laundry business, cosmetics, midwifery, IT, care of the aged, day care workers, interpreting services, online services, and also academic professions). There is not always a direct connection between the previous work and the planned self-employed activity.

There are first impressions and experiences—but **no reliable findings yet**—as to whether the chances of success in some branches are higher than in others. It can be presumed, however, that projects that require relatively low amounts of investment and borrowings, that are not in the area of regulated professions, and where the barriers to them and the risk involved is low will have better chances.

es. These are primarily in the service industry (import/export, etc.), as emphasized by some of the persons interviewed.

In the experience of the Jobcenter Neukölln, some start-ups are not sustainable enough to enable their founders to stop collecting social benefits. The basic question here, however, is whether such sustainability has to be there from the very beginning, or whether a transitional period (which may also be “allowed” to endure for up to two years) could be granted in which the project could slowly be built up and expanded.

#### **Recommended actions**

- When implementing the pilot project, selected branches should not yet be focused on. Rather, the project will show which branches are interesting and promising for refugees and which business models they will develop if adequate support is provided. The starting point of the measures should be the individual competencies and goals of the participants.
- The pilot project should aim at heterogeneity with respect to the branches and the business models. In concrete terms, this means that the general principles of self-employment, developing ideas, market research, etc. are to be taught and special partners brought in to answer questions specific to a certain occupation or branch.
- The success of the project should not only depend on whether the participants, after completing the measures, are able to cover their basic living expenses fully from their own businesses. The project would still be a success even if the participants were to take up a dependent (salaried) employment, an apprenticeship or qualification measure, start up a business in a team, or generate smaller amounts of income from a self-employed activity.

#### **8.10. Place of implementation**

For some of the measures offered, an implementation in the refugee housing facilities themselves would be advisable as the residents could participate close to home or could first check the measure out in a familiar setting. It should therefore be very specifically reviewed in consultation with the directors of the facilities whether information and activation measures can be implemented in the facilities. This has the advantages of being close to home and of low-threshold access.

However, measures that meant for a limited number of participants only may give rise to conflicts due to the difficulty in explaining why some persons can take part and others cannot. Agitation and distractions also easily occur in the living quarters. For specific programmes with participation requirements (such as the fostering of self-employment), there may not be enough participants in one facility, which means that such measures will have to take place across several facilities. These should ideally take place at a location that is neutral for everyone. In addition, many refugee housing facilities do not have enough rooms or the necessary infrastructure for carrying out the measure (such as large rooms, working spaces, WLAN, computers, seminar tables and chairs, workshop areas, and many other things). Generally a change of location also strengthens motivation, learning capacity, and integration. For measures aimed at fostering employment and integration, it is advisable that external locations be chosen. This also fosters mobility and independence, it allows the participants to get to know new settings, structures, and processes, and in the ideal case enables them to come

into contact with other stakeholders. For measures consciously aimed at promoting self-employed activities, it is advisable to create “real situations” as early as possible in which the participants can develop their communication, presentation, and negotiation skills and employ these with German target groups, structures, and processes. The point here is to enable the participants to observe market situations, to look at the supply and the competition, and to compare their own ideas and the potential of them with local structures, in other words to discover market niches.

#### **Recommended actions**

- As advocated by the persons interviewed, the pilot project should be carried out at an external location and not in the refugee housing facilities because (a) the special infrastructures needed are not available in most of the housing facilities, (b) a neutral and centrally located location can accommodate refugees from several different housing facilities, (c) persons who are not refugees can also participate, which fosters interaction and team building, for example, (d) location changes strengthen motivation, learning capacity, mobility, and a person’s own initiative, and (e) the participants get to know new places and settings, which helps with integration.
- In order to take the specific living conditions of refugees into account—this was mentioned by various interviewees—a “start-up workshop” that provides counselling and seminar rooms in addition to office spaces, working materials, and if applicable workshop areas should be provided.
- In line with a cooperative approach, other existing locations (e.g. workshops, educational facilities, chambers of commerce and industry/economic development organizations, etc.) in addition to the fixed location should be made use of via the strategic and operative network partners.

#### **8.11. Counselling competence of the implementing administrator**

There are numerous information and counselling centres that offer general start-up counselling and start-up counselling specifically for migrants. However, comprehensive counselling competence specific to migrants and adequate resources are often limited. The primary purpose of many migrant organizations is simply accessing the target groups, whereby special personal characteristics are also focused on (e.g. ethnical background, programmes for women, etc.) and not everyone is reached. Based on experience and expectations, start-up counselling for refugees is very time consuming. Those working in the field often speak about the need for personal and intensive assistance. A wide variety of sound skills and experience are needed here: In addition to language and intercultural competence, extensive experience with the target group is also needed. This particularly entails counselling skills that are based on an approach and a concept that is needs-oriented and specific to the target groups and that include counselling competence specific to migrants. There are very few counselling centres that have such expertise.

#### **Recommended actions**

- The teams in the pilot project should include persons with the required counselling skills. The counselling approach taken should be based on a counselling concept and be tailored to the target group.

- However, in addition to competent counselling skills, access to (business) networks (for migrants), support agencies, and especially to financial sources is essential.
- As many partners as possible with expertise in the area should be included.
- The project administrator chosen should be able to provide the requisite infrastructures and should have the relevant experience with start-up support for people with migration backgrounds, because refugees often do not have working spaces or places where they can retreat to and concentrate.

### **8.12. Needs-oriented qualification and support instruments**

One of the key aims of the pilot project is to develop and test procedures and instruments for high-grade start-up support for refugees and to disseminate good practices. Former experience with disadvantaged target groups in the area of start-up support has shown that high-grade programmes provide a specific setting made up of standardized procedures and individual measures. How such a setting should be designed in the case of start-up support for refugees should be the object of the pilot project.

A review should be made in particular to determine which measures the providers of start-up support for refugees must offer themselves and which ones could be provided by partner organizations. In this context, the way that the cooperation between the different service providers can be structured and which administrators are responsible for financing the different measures must also be determined.

When developing the setting for the measures, the pilot project administrator should draw on existing experiences, especially from the area of start-up support for migrants. Another point to review is whether digital measures could contribute in a significant way to activating and supporting start-up interested refugees.

#### **Recommended actions**

- The fostering of entrepreneurial activities is an ambitious endeavour for which a diversity of formats and instruments should be used and tested in the pilot project. Because of the heterogeneity of the target groups and their special living situations, specific formats are needed that cannot be provided by one service provider alone. It is therefore necessary from the very beginning to create—in a regional network—service structures and programmes that suit the needs of refugees.
- A review must be made as to whether online programmes, apps, and other digital instruments can make a significant contribution to the support measures and how these can be incorporated in the process of start-up support.

### **8.13. Start-up financing**

One of the main challenges that many start-up inclined refugees will face will be the financing of the start-up. It must be presumed that the majority of potential start-up persons have insufficient capital or security. The other problem is that they have no “credit history” in Germany, and since their residence titles are often limited in time at first, they are not considered to be creditworthy.

**Recommended actions**

When choosing the project administrator, it is important to choose an administrator that is capable of opening the way to financing sources for the group of participants. Otherwise there is the danger that the start-up plan will fail due to a lack of financing and that the enthusiasm and hopes connected to the participation in the measure will be destroyed. This would also raise doubts about the purpose of the pilot project.

**8.14. Incorporation in the existing (support) system**

It is important for the effectivity and efficiency of the measures that the programmes of the various agencies be interconnected in a meaningful way and that repetitions on the part of the refugees be avoided. Such a “process chain” approach and the division of labour associated with it is indispensable in light of the many challenges that refugees bring with them.

One option is to create and implement a regional network for the topic self-employment for refugees. The stakeholders of these networks would include such government institutions as the municipal authorities, the Employment Agencies and the Jobcenters, the chambers of industry and commerce with their expertise in the areas of commerce and skilled trades, well-established educational bodies, and new organizations in this area.

**Recommended actions**

- All relevant stakeholders in the area of employment integration should be included in the pilot project as strategic and operative partners, if possible from the very beginning. Stakeholders with decision-making powers and stakeholders from the operative sphere should be chosen.
- The existing programmes and planned activities should be compiled and coordinated.
- Representatives of other institutions should be invited to hold such things as consultation sessions, workshops, or other similar things in the pilot project. Events, excursions, etc. in/to other institutions should be arranged.

## 9. Pilot scheme

The desk research and the surveys conducted showed that the activation of entrepreneurial potential and the fostering of self-employed activities is considered to be a very important matter. Although basic ideas, experience, and formats for fostering entrepreneurial competencies and for implementing start-up support for refugees exist, there are (still) no sound and tested formats and instruments for a transfer or scaling Germany-wide.

Therefore the conception and implementation of a pilot scheme is very strongly recommended if refugees are to have the option and the chance of starting up their own businesses. The majority of the stakeholders questioned at the federal and the state level (city-state Berlin) not only welcomed the implementation of a pilot project but also emphasized a willingness to actively participate in order to contribute to the success of such a project.

It is our conviction that this basic mind-set of the stakeholders—i.e. to combine their efforts and come up with solutions—is a necessary condition for the successful implementation of a pilot project embedded in a “larger” regional pilot scheme. The pilot project cannot operate autonomously, but must be anchored in a supporting structure that takes the current needs of the specific target group into account.

For this reason, we will present modules for a pilot scheme in addition to describing the contents and the concepts of the pilot project. These modules will contribute to the success of the pilot scheme and are available for use by the stakeholders at the federal and regional levels. Any adjustments to the existing formats and instruments or the creation of new instruments should ideally be effected jointly by the participating stakeholders to ensure a meaningful interconnecting of them at a later point in time.

### ***9.1. Recommendations for choosing a regional location for implementing a pilot scheme***

The implementation and the effectiveness of a pilot scheme will substantially depend on the particular regional environmental conditions, on how cooperative the local stakeholders are, and on how the concept is embedded in the particular structures. Since there is no one blueprint suitable for each and every region, it would be advisable to implement a pilot project in one of the regional areas in addition to the testing of a pilot project in a large urban centre such as Berlin.<sup>44</sup> In this way, the impact of such high-grade support and assistance for start-up interested persons could be measured in at least one other location in Germany. The basic questions that must be asked when choosing a location for the implementation of a pilot scheme, including a pilot project, are:

- *From which countries of origin do the refugees living in the region come? What is the percentage of refugees in relation to the number of employed persons in the region?*
- *What expertise do the local institutions and organizations have in the area of start-up counselling for migrants and for refugees, and which competencies can they demonstrate in the counselling of this target group?*

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<sup>44</sup> Berlin is a good location for a first pilot project for the following reasons: (a) the interviewing of the local decision-makers and stakeholders was done in Berlin and the stakeholders there expressed their willingness to support a pilot project, (b) the need for action in Berlin is immense due to the large number of refugees in a limited amount of space, (c) there is a strong start-up dynamic in Berlin that can radiate to this target group, and (d) there is a wide range of branches in Berlin.

- *What access do these counselling institutions have to local decision-makers and what degree of acceptance do they enjoy by them?*
- *What willingness is shown by the local decision-makers to act on their own initiative or to actively participate in a pilot scheme, to implement their own activities or in cooperation with others?*
- *What local networks already exist, and how are the counselling institutions connected to these networks?*
- *What contact do the counselling institutions have to local ethnic communities and to migrant organizations? How are the migrant organizations connected to the existing networks?*
- *What access do the counselling institutions have to financial instruments and incentive programmes in the area of continuing education?*
- *What kind of start-up dynamic can be observed in the region, and how can this be used synergistically for the target group refugees?*

This list of questions is not meant to be exhaustive, but it can be used as a basic framework for other considerations when choosing a location.

### **9.2. Start-up branches and types of start-ups**

Desk research and interviews showed that a focusing on certain branches for a pilot project would not be very constructive and that the fostering of heterogeneous branches would more likely lead to success—especially since the choice of the branches would very much depend on regional factors and on the access that the stakeholders have to the various (specialized) institutions. Instead, the pilot project can serve as a means for determining whether a preference for particular branches emerges in the first few years.

But when focusing on the types of start-ups, there is a more diversified picture: Does it concern a team start-up, is a sole proprietorship preferable, is it going to involve the start-up of a small or micro-business, or is a business succession involved? Because the challenges faced by a pilot project for refugees are not inconsiderable and because the start-up motivation and start-up potential of refugees are, in the opinion of the interviewed stakeholders, to be activated as early as possible, a pilot project should (a) provide asylum-applicants with the opportunity of preparing themselves for starting their own businesses through participation in special qualification measures, (b) provide recognized refugees with preparatory qualification measures, for example by providing them with support for developing and implementing their start-up plans, and (c) specifically foster team start-ups or other forms of collaborative start-ups.

Collaborative start-ups mean start-ups made up of refugees alone, or start-ups made up of combinations of refugees and Germans or migrants who have an unrestricted right to carry out self-employed activities in Germany. The advantages of collaborative start-ups are that (a) the potential of the refugees and of the Germans or migrants complements each other synergistically, (b) the potential of refugees can be used even if formal barriers (recognition of credentials) to a start-up exist, (c) refugees lack extensive business qualifications or good German language skills, (d) the financial barriers are lower, (e) collaborative start-ups create a larger amount of effective employment, (f) they are relatively easy to transfer and scale, and (g) they have a large public impact and role model character.

Because collaborative start-ups are complex start-ups pursuant to which the development of a business model, team-related aspects, and organizational issues play a central role, the support provided

for these must also satisfy special requirements. Here too it is recommended that the start-up team be provided with rooms and infrastructural resources and with assistance in a supportive setting with other start-up teams (see resources of the pilot project).

### **9.3. Modules for a pilot scheme**

The following sets out the modules needed for a successful implementation of the pilot scheme, which—in addition to the tasks and activities of the pilot project (see Chapter 9.4)—could be developed and provided by the regional stakeholders. Because the environmental conditions differ from region to region, these modules should be seen as suggestions for optimizing the environmental conditions and not as an exhaustive list. What is certain, however, is that a pilot project cannot succeed on its own without being embedded in the relevant structures. For this reason, modules should find parallel usage and their results and the experiences made with them should be fed back into the pilot project.

**Module “Seminar on self-employment and entrepreneurship of refugees”:** For the purpose of raising awareness for the self-employment of refugees, for knowledge transfers (especially the legal requirements), and for developing cross-referential knowledge (especially about who the supporting stakeholders in the region are), seminars should be held in the institutional and project-supporting counselling facilities in order to strengthen counselling competency in the location. These seminars should be primarily addressed to the employees of the Jobcenters and Employment Agencies. In this respect, the experience gathered by the Employment Agencies and Jobcenters regarding the joint implementation of seminars on issues specific to migrants (especially on the labour-market integration of refugees and on residency rights of self-employed persons from non-EU countries) can be drawn on. Other multipliers to whom this seminar is directed are persons working in the counselling centres for migrants and refugees within the framework of different federal incentive programmes. By proactively addressing the topic in these counselling centres, the start-up potential of refugees can be identified at an early stage in order to direct these individuals afterwards to the pilot project or to other start-up supporting services.

**Module “Seminar on intercultural gender training”:** In order that all regional stakeholders identified as contributors to the success of the project scheme be brought around to taking an approach that is culturally sensitive and non-discriminatory to women, seminars that can be modularly connected to the seminar “Self-employment and entrepreneurship of refugees” are being held. Such a seminar fosters the development of suitable strategies, formats, and methods for consciously including and providing start-up support to female refugees. An institution with proven intercultural gender competencies should be commissioned to carry out the seminars.

**Module “Information event on self-employment in Germany”:** For activating and attracting participants, information events on self-employment in Germany should be held, especially in the initial reception centres, in refugee housing facilities, and in other facilities. One possibility is that the Federal Employment Agency commissions an external institution to carry out the information events as an activation measure. These information events should have low-threshold access (in terms of language and contents) and should provide a first glimpse of the opportunities and challenges of a self-employed activity in Germany. In addition to raising awareness for the topic, the first experiences and the interests of potential participants can be gathered. The information events for start-up inclined persons with migration backgrounds could be used as a basis for further developments.



**Module “Introductory workshop–self-employment in Germany”:** For further activating entrepreneurial potential and for an initial ascertainment of entrepreneurial motivation and know-how, introductory workshops should be offered at an early point in time, for example in initial reception centres, in refugee housing facilities, and in other facilities. In these one or two-day events–the language and contents of which must take the context of the participants into account–the start-up ideas and start-up plans of the participants could be sounded out and tips about the necessary formal requirements given. This too could be initiated within the framework of an activation measure by the Employment Agency and coordinated with the pilot project.

**Module “Refugee app for entrepreneurship”:** Since refugees make intensive use of social media and since the majority of them have a smartphone, a digital application for the bundling, processing, and distributing of start-up related information relevant to the topic “self-employment in Germany” and specific to and oriented to their needs would be useful. The initiating, coordinating, and implementing of the app could be done, for example, by the RKW Kompetenzzentrum in close coordination with other institutions (DIHK, ZDH) and in close cooperation with migrant organizations. Intercultural communication methods and language access must be taken into account.

**Module “Competence assessment procedures for assessing the entrepreneurial potential of refugees”:** Apart from the start-up idea, essential to a self-employed activity in Germany are the refugee’s personal, social, specialized, and entrepreneurial competencies and skills, which must take their start-up experience, potential, and interests into account. For this reason, a competence assessment procedure must be developed using the instruments that are needed and suited for this, a procedure that documents precisely these things and that prepares participants to reflect on their competencies and skills: starting from a first **screening** (Federal Office for Migration and Refugees) right through to a first **profiling** (Employment Agencies, Jobcenters, chambers of industry and commerce) and a **documenting of the process** by the pilot scheme. Such a procedure requires the coordination and cooperation of the various stakeholders in order that the instruments be precisely synchronized and the results applied in a useful way.

**Module “Start-up record”:** The participants of the pilot scheme are issued a start-up record in which the steps completed and the counselling services obtained are recorded. The format and the contents of this start-up record should be coordinated with the stakeholders so that it serves as recognized certification for the commercial sector (business associations and companies) and as the basis for other possible integration programmes (e.g. of the Employment Agencies and Jobcenters). For the participants themselves, the start-up record serves as a certification of qualification measures already completed. Such a start-up record should be developed by the project administrator at an early point in time of the project scheme.

**Module “Self-employment in the integration courses”:** In order to give start-up interested refugees a first glimpse of the start-up environment in Germany, to inform them about the self-employment option, and to teach them the basic terminology in this area at the earliest point in time, a module on “self-employment in Germany” should be included in the integration courses of the Federal Office for Migration and Refugees. The experiences and the various materials relating to start-up specific terminologies and their explanations that were developed in the last years in the incentive programmes for integrating migrants in the workforce could be drawn on for this.

**Module “Start-up related German in the job-related German courses of the Federal Office for Migration and Refugees”:** In order to enable start-up inclined refugees to improve their German for

their entrepreneurial activities in Germany and in preparation of the necessary qualification seminars that will be necessary at the latest at the time of making a business plan, start-up relevant language modules should be included in the occupation-specific modules of the job-related German courses. These could be listed with the Federal Office for Migration and Refugees as occupation-specific modules and could be resorted to when needed for start-up inclined persons. These modules can be developed on the basis of the experiences and materials that are already available in the native languages of refugees from certain countries of origin.

**Module “Job shadowing of entrepreneurs”:** In order to provide nascent start-up refugees with hands-on experience in a self-employed activity, job shadowing opportunities with entrenched entrepreneurs in the same branch [as the planned start-up] are helpful. The programme “Erasmus for Young Entrepreneurs” can serve as a model, a programme that has been carried out by the European Commission for several years already. Since businesspersons must be acquired to participate in such a programme, a pool of hosting businesses is needed. Especially qualified to develop such a pool are associations and organizations with close ties to commerce and to businesses. This should be done in coordination with the project administrator so that the project administrator can attend to the job shadower and the hosting business.

**Module “Mentoring programme for refugees starting their own businesses”:** For assisting refugees in the starting phase of their start-up activities, and thereby strengthening the sustainability of the self-employed activity, the development of a mentoring programme by the chambers of industry and commerce (IHK, HwK), migrant business associations, and other counselling centres that have access to entrepreneurs and specialist consultants can be productive.

**Module “Financing self-employed refugees in the starting phase”:** What the starting phase of a self-employed activity needs the most is capital, something which refugees generally do not bring with them on account of the conditions under which they had to flee their countries. At the same time, they have little (or no) chances of obtaining external financing from the banks because all that they are able to produce is a residence title that is limited in time. But since most start-ups only require small amounts of capital in the form a microcredit, Jobcenters can, through Section 16c SGB II, provide loans and/or allowances as a form of start-up financing to individuals who are collecting SGB II benefits and who are endeavouring to start up a business on this basis. In collaboration with the project administrator, the granting of a loan/allowance could be linked to compulsory coaching for the self-employed refugee in the starting phase through the project administrator.

Excluded from this are self-employed refugees who were not collecting SGB II benefits. For this group of persons, a low-threshold microcredit programme could be set up, which takes into account the challenges specific to the target group but does not deny other start-up persons access to this financial instrument. The experiences of the ESF microfinance programme, which focused among other things on migrant start-ups, and of various other microfinance programmes of the German federal states could be used as a blueprint for further developments.

**Module “Coaching self-employed refugees in the starting phase”:** For many self-employed refugees, a coaching or the obtaining of more in-depth knowledge about business is very necessary in the starting phase in order to achieve the consolidation of their business undertakings. Based on the results of the programme “Start-up coaching in Germany for unemployed persons”, such a programme can be developed for the special challenges of the target group and can, through the instruments of SGB II—Section 16c SGB II—, be offered to those persons who were previously collecting

SGB II benefits or who need supplementary SGB II benefits because of the low income generated by their self-employed activities. This coaching could be offered by accredited counselors with experience in the counselling of migrants.

**Module “Information events on specific areas and topics”:** For transferring knowledge about specific areas and topics, the responsible institutions (such as the IHK, HwK, HOGA, etc.) offer appropriately presented and low-threshold information events (such as “Start-ups in the area of skilled trades/crafts”, “Business takeovers in the area of skilled trades/crafts”, “Formal requirements in trades requiring journeymen papers”), which also provide insight into the business culture and the business mentality in Germany. Intercultural know-how is as important here as knowledge about how to process complex matters.

#### **9.4. Tasks and activities of the pilot project**

A pilot project designed by the Federal Ministry for Economic Affairs and Energy should include the following content and conceptual activities aimed at filling the gaps created by the absence of a start-up support structure for refugees:

- (1) The development and establishment of a start-up support programme for refugees. This entails the development and testing of instruments and procedures for:
  - a) informing and activating potential participants,
  - b) the selection, competence assessment, and qualification planning of start-up interested refugees,
  - c) the qualification of start-up interested refugees and the documentation of the qualification results,
  - d) assisting and counselling in conjunction with the development of business models for both individual and team start-ups,
  - e) improving refugees’ access to financing instruments for implementing their start-ups, and
  - f) providing follow-up assistance for established business enterprises.
  
- (2) The creation of operative competence networks at the regional level for supporting refugee start-ups. For its implementation, this requires:
  - a) a cooperation with the relevant regional partner organizations or the use of the specific services offered by them for start-up interested refugees (chambers of industry and commerce, economic development organizations, Jobcenters, language schools, financing partners, associations, networks, etc.),
  - b) an analysis of the specific services offered with respect to compatibility and any possible gaps in the services that the pilot project fills,
  - c) the coordination with regional administration agencies in relation to the further development and introduction of new instruments for supporting refugees (e.g. in the area of competence assessment) and for securing a coherent process chain, and
  - d) the development of a joint concept on supplementary services and the approaching of other partner organizations regarding the implementation of new programme modules (e.g. creation of a mentor network or a job shadowing programme).

- (3) (Optional) The ongoing analysis and evaluation of the tested procedures, instruments, and approaches in cooperation with an external evaluation. This entails:
- a) a close cooperation with a process-concurrent external evaluation,
  - b) providing the participating regional partner organizations and the client (Federal Ministry for Economic Affairs and Energy) with continual feedback on the results and the ongoing process developments,
  - c) a processing of the results in cooperation with an external evaluation, and
  - d) talking to specialists or hosting smaller specialized events with experts.

### **9.5. Criteria for selecting an administrator**

The criteria set out below—in addition to the requirement of expertise in the area of start-up support specific to migrants—should be used for choosing the administrator of the pilot project. These criteria arise from the requirements of the pilot project as well as from the environmental conditions for choosing the location:

- The administrator should have the professional qualifications needed for developing a start-up support system for refugees. These include, in addition to competence in the areas of start-up counselling and start-up assistance, sound skills and experience in working with migrants.
- The administrator should be well-connected in the pilot region and throughout Germany and have a good reputation with potential, especially local, partner organizations.
- The administrator should have adequate experience in the development and implementation of pilot schemes.
- The administrator, as an organization, should be working in the start-up support area and should be able to provide the participating refugees with opportunities to interact with other start-up interested persons and to form peer groups.
- The administrator should have the expertise needed to develop and test new instruments and procedures and to evaluate their results.

### **9.6. Estimated personnel and material furnishings/equipment needed for the pilot project**

An estimation of the personnel needed for carrying out the aforementioned activities and tasks of the administrator and an estimation of the rooms and material furnishings/equipment needed—i.e. the physical infrastructure of the administrator, which particularly includes a low-threshold location for the pilot project, centrally located premises that are easily reachable by public transportation, rooms (office space and seminar rooms) in sufficient quantities and utilizable condition for the participants, and office equipment—will depend to a large extent on the number of participants.

Since no valid empirical figures exist, estimations must be made here. Our estimations are based on the following assumptions:

- Number of people participating in information and activation measures      250 participants p.a.
- Number of people participating in competence assessment procedures      80 participants p.a.
- Number of people participating in the qualification programme      50 participants p.a.
- Number of start-up participants in the first year: ten persons—increasing in the following years—partially because of the support time needed until the business is actually started, the numbers are not expected to be all that high in the first year.

The costs will be determined on the basis of the concrete contents of the contract and any additionally tasks assigned. The following is therefore a rough estimate only:

Personnel requirements:	€ 270,000 – € 310,000 p.a.
<ul style="list-style-type: none"> <li>▪ project management</li> <li>▪ expert consultants, instructors</li> <li>▪ scientific/academic employees</li> <li>▪ assistance, communication, organization</li> <li>▪ finance and administration</li> </ul>	
Fees:	€ 65,000 – € 120,000 p.a.
<ul style="list-style-type: none"> <li>▪ external instructors and consultants</li> <li>▪ translators and interpreters</li> <li>▪ graphic designers, etc.</li> <li>▪ evaluators</li> <li>▪ computer programmers</li> </ul>	
Rent:	€ 50,000 – € 70,000 p.a.
<ul style="list-style-type: none"> <li>▪ for rooms for educational programmes, co-working</li> <li>▪ for employee offices</li> </ul>	
Advertising and PR work:	€ 20,000 – € 50,000 p.a.
<ul style="list-style-type: none"> <li>▪ website, print materials, social media activities</li> <li>▪ meetings with experts</li> <li>▪ stakeholder events</li> <li>▪ presentations / pitches</li> </ul>	
Operating materials for participants / participant materials:	€ 15,000 – € 25,000 p.a.
<ul style="list-style-type: none"> <li>▪ provision of computers, etc. for the participants</li> <li>▪ work materials for the participants</li> <li>▪ IT and communication costs of the participants</li> </ul>	
Other material costs:	€ 10,000 – € 20,000 p.a.
<ul style="list-style-type: none"> <li>▪ communication</li> <li>▪ office supplies</li> <li>▪ depreciation, operating material for employees</li> <li>▪ travelling costs</li> <li>▪ miscellaneous</li> </ul>	

On the basis of this rough estimation, the annual costs of implementing the key areas of the pilot scheme will therefore be an amount between € 430,000 and € 595,000.

## 10. Appendix: List of the interview dates and the secondary sources used

In the period between 1 and 18 March 2016, in-person and telephone interviews were conducted with a total of 31 institutions and 37 stakeholders. These lasted between 20 minutes and 2.5 hours. Some interviews were conducted as group interviews. Statements from experts were also obtained in workshops held by the IQ Competence Centre Migrant Economy and at the Innovation Conference Integration of Ashoka.

### Acknowledgements:

**We express our sincere thanks to everyone we interviewed and to all the experts we spoke to for sharing their valuable time with us, especially during these times when the workloads of many institutions and organizations have taken on dramatic dimensions. This study and the recommendations made in it are largely the results of your expertise.**

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Wiesenhütter, Christian	Chamber of Industry and Commerce (IHK), Berlin
Wittke, Jürgen	Chamber of Skilled Trades/Crafts (HwK) Berlin, Chief Managing Director
Yilmaz-Schwenker, Selma	Initiative for Self-Employed Immigrant Women (ISI e.V.), Berlin

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