

# ENHANCING THE ECONOMIC POTENTIAL OF DIVERSITY: MANAGEMENT STANDARDS FOR LOCAL GOVERNMENTS

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CONTRIBUTION FROM THE EUROPEAN PROJECT  
"DIVERSITY IN THE ECONOMY AND LOCAL INTEGRATION" (DELI)

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## FOREWORD

*“Enhancing the economic potential of diversity: management standards for local governments”* is an outcome of the European project “Diversity in the Economy and Local Integration” (DELI). It is a collaborative effort of 10 European cities<sup>1</sup> carried out by the Council of Europe with the support of the European Integration Fund. The project aims at fostering more efficient local policies in support of migrant-owned SMEs and migrant entrepreneurship as part of wider diversity and inclusion policies.

Building inclusive societies is a goal for the Council of Europe, and at the same time a key to achieve democratic security in Europe. Ensuring not only equal rights but also equal opportunities for all is one of the main challenges to face to achieve these

goals: migrant empowerment and inclusion in the economic sphere are essential factors of equity and social cohesion in diverse societies, and a means of realising the “diversity advantage” – the gains in productivity, creativity and innovation associated with diverse teams, enterprises and communities.

The starting point of the project is our belief that society needs innovative and pragmatic policies and programmes that integrate the social, economic and cultural actions, so that the needs of diverse communities are satisfied without compromising democratic security and stability, and that we need to move beyond the rhetoric of integration towards inclusion across all these dimensions.

The introduction of these new policies implies embracing ambitious principles: supporting a new diversity and inclusion paradigm based on the interests and needs of the whole community; involving local governments in developing national strategies that address integration issues; enhance the voice and participation of different community representatives in policy planning and evaluation and fostering social dialogue.

These principles have been reflected in project activities that:

- Supported the development of local partnership platforms within the partner-cities to encourage participatory policy planning that help remove obstacles in the development of businesses by migrants at local level;
- Facilitated multi-stakeholder debates with a view to preparing action plans and measures so as to improve access of migrant-owned SMEs to public and private procurement at city level;
- Resulted in the development of quality management standards and the assessment tool for local governments supporting the design and implementation of economic policies consistent with the principles of non-discrimination and equal treatment.

The key message of the project and the tools that have resulted from it, is that the “diversity advantage” exists, and that diversity has strong economic powers and strategic potential. The local governments can help realise this potential by means of innovative and inclusive economic policies.

The management standards for local governments are built on practical examples from partner-cities. They can help put in place a comprehensive set of policy requirements to guide the conception and implementation of specific programmes in support of migrant entrepreneurs. The principles outlined in detail in this document are essential to create a level playing field for migrant-owned SMEs and improve the policy and administrative environment for integration.

I would like to thank the European Commission, the partner cities, and the Migration Policy Group (MPG) for partnering with the Council of Europe in this project and hope that the policy-makers and practitioners at national, regional and local level use the policy insight in this publication to develop strategies and activities that support migrant entrepreneurs.

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1. Bucharest/Romania, Cartagena/Spain, Dublin/Ireland, Getxo/Spain, Munich/Germany, Lisbon/Portugal, London Lewisham/UK, Reggio Emilia/Italy, Rotterdam/Netherlands, Vienna/Austria.

# PROJECT METHODOLOGY AND RESULTS

The overall objective of the project “Diversity in the Economy and Local Integration” (DELI) was to foster more efficient local policies in support of migrant-owned SMEs and migrant entrepreneurship as part of wider diversity and inclusion policies.

## STEP 1: ESTABLISHMENT OF LOCAL PARTNERSHIP PLATFORMS

**Aim:** Link public, private and civil society partners to encourage social dialogue and participatory policy planning that help remove obstacles to the development of businesses owned by migrants at local level.

**Result:** Local partnership platforms including representatives of local authorities (eg. economic development and procurement departments), equality and anti-discrimination agencies, NGOs and migrant business organisations, chambers of commerce, banks, SMEs, business support organisations, academics and research Institutes – were established in Bucharest, Cartagena, Dublin, Getxo, Lewisham (London) Lisbon, Munich, Reggio Emilia, Rotterdam and Vienna.

## STEP 2: DIVERSITY AND ECONOMY ROUND TABLES

**Aim:** Support and “formalise” the debate between partnership platforms members; exchange information and knowledge; analyse the problems from different perspectives and come to an agreement on what needs to be changed.

**Result:** Stronger public-private dialogue and increased involvement of local stakeholders in the development of local integration programmes and inclusive economic strategies.

## STEP 3: DEVELOPMENT OF AN ASSESSMENT TOOL FOR LOCAL GOVERNMENTS

**Aim:** To provide local governments and their partners with an instrument to set baselines, identify gaps and generate comparable data across local governments and within the region/country/European Union to measure advancements over time. By using the tool, local governments can identify needs for regulatory, support or financial measures at local and/or national levels.

**Result:** on-line assessment tool  
<http://pjp-eu.coe.int/en/web/deli>

## STEP 4: DEVELOPMENT OF MANAGEMENT STANDARDS FOR LOCAL GOVERNMENTS

**Aim:** Promote a set of policy requirements to help local governments in improving the quality and effectiveness of policies and practices supportive of integration and migrant entrepreneurship.

**Result:** Management standards developed and presented to local governments and their local partners.

## STEP 5: MULTI-STAKEHOLDER ASSESSMENT REVIEW

**Aim:** Engage with different stakeholders/members of the partnership platforms to map and understand existing gaps and challenges in implementing strategies that support migrant entrepreneurship and the implementation of relevant local strategies and programmes (economic development, procurement, social inclusion).

**Result:** Assessment reviews were conducted in Cartagena, Getxo, London Lewisham, Lisbon, Munich, Reggio Emilia and Vienna; on the basis of the post-assessment analysis and against the above management standards, specific policy recommendations<sup>2</sup> were provided to local governments to improve the policy environment for migrant businesses.

2. To disclose the reports from the partner cities and recommendations provided, the authorization of the local administrations is required.





## MANAGEMENT STANDARDS FOR LOCAL GOVERNMENTS TO PROMOTE MIGRANT ENTREPRENEURSHIP AND ECONOMIC INTEGRATION

This set of management standards describes procedures for interested local governments. Their administrations are advised to follow them in order to meet objectives in promoting migrant entrepreneurship and integration. It can be used as a guide for improving the quality and effectiveness of policies and practices. It can also help to ensure that all entrepreneurs are treated equally and that tailor-made services are provided to a diverse population of entrepreneurs.

The standards take their source from exchanges with different partners of the project "Diversity in the Economy and Local Integration" and the collection of good practice from DELI partner cities and other cities in Europe. The qualification of "standards" draws inspiration from the International Organisation for Standardisation (ISO) and, in particular, from its publications on quality management standards.

Moreover, the standards underline the political will of partners to recognise the central role of local governments as a policy-maker, service-provider, facilitator and economic actor and to put in place a comprehensive set of policy principles:

### PRINCIPLE 1:

Promote policies that link migrant entrepreneurship and social integration

### PRINCIPLE 2:

Support migrant entrepreneurs in developing their entrepreneurial skills

### PRINCIPLE 3:

Facilitate the inclusions of migrant entrepreneurs in mainstream networks

### PRINCIPLE 4:

Promote equal access to finance for all entrepreneurs

### PRINCIPLE 5:

Use purchasing (procurement) power of local governments to achieve social and integration goals

Additionally to management standards, an on-line assessment tool was designed within the project to enable local governments to take stock of existing policies and practice and to establish how close or far away these policies and practices are from the management standards. This and other tools, as well as information on the DELI project, can be found at: <http://pjp-eu.coe.int/en/web/deli>

# 1 PROMOTE POLICIES THAT LINK MIGRANT ENTREPRENEURSHIP AND SOCIAL INTEGRATION

As policy-maker, local governments formulate social and economic integration goals and allocate means to achieve them, thus contributing to the creation of a favourable socio-economic climate with local communities and neighbourhoods. Local policies and strategies need to emphasise the economic contribution of migrants in the development of local communities, in the same way as they need to take into consideration that supporting development of entrepreneurship among migrants, both men and women, contributes to their social integration.

**1.** Design a strategy to promote the economic integration of migrants and align the agenda for economic development and social integration.

**2.** Negotiate this strategy through consultations with internal and external stakeholders including

- Various municipal departments
- Stakeholders in the non-governmental and private sectors, including migrant entrepreneurs

**3.** Adopt a strategy to promote migrant entrepreneurship and define the agency, public or private, responsible for its implementation. In either case,

- Mainstream the implementation of the strategy within the organisational structure of the public administration or assign it to a specific responsible agency
- Ensure that staff responsible for the implementation of the strategy have intercultural skills and competencies
- Provide appropriate financial support
- Attract sponsors and partners to further support the implementation of the strategy

**4.** Collect and analyse quantitative and qualitative data with a view to supporting policies and facilitating the measurement of results, including

- Demographic data on the labour market position of people with migrant background
- Economic data on the number and size of migrant-owned businesses and the sector in which they operate
- Qualitative data on the opinions of entrepreneurs

**5.** Implement and evaluate the strategy by

- Setting realistic targets and timeframes
- Monitoring progress and measuring results

**6.** Communicate the strategy internally and externally by recognising the role of migrants as entrepreneurs, and highlighting their contribution to the local economy

## 2 SUPPORT MIGRANT ENTREPRENEURS IN DEVELOPING THEIR ENTREPRENEURIAL SKILLS

Entrepreneurial skills and availability of support services are vital for the success of any new business. As service provider, municipalities can foster the economic development of communities by providing support to migrant entrepreneurs in developing their entrepreneurial skills. They can also expand these responsibilities by partnering with other non-public organisations including NGOs, academic institutions and other trade and commercial organisations.

**1.** Consult public, private, civil society organisations and migrant entrepreneurs, to define the needs in terms of entrepreneurial support and clarify whether this can be provided through

- General and/or targeted measures
- General and/or specialised organisations

**2.** Make an inventory of

- Support services that are locally available
- Agencies, institutions, organisations that provide these services

**3.** Assess whether general measures are accessible for migrant entrepreneurs and encourage service providers to take additional measures enabling male and female entrepreneurs to benefit from general measures

**4.** Ensure that service providers take targeted measures which address the specific needs of migrant entrepreneurs, including women

**5.** Assess whether service providers have the capacity and competencies to deliver the necessary support services in terms of

- Relations with relevant organisations, including those of migrants
- Staff and its intercultural skills and competences
- Financial resources
- Setting of targets and measuring results
- Exchanging good practices
- Adapting services to changing needs

**6.** Publish widely about the services, reach out to the communities of entrepreneurs

### 3 FACILITATE THE INCLUSION OF MIGRANT ENTREPRENEURS IN MAINSTREAM NETWORKS

Being well-connected with a variety of persons and organisations is vitally important for entrepreneurs, and even more so for migrant entrepreneurs, since networks offer opportunities for doing business, exchanging information, learn from peers and increase social capital, status and influence. As facilitator, local governments can contribute to creating bridges between relevant organisations and encouraging them to include migrant entrepreneurs in their networks and organisations, thus enhancing mutual trust and respect between various groups within the diverse population.

**1.** Make an inventory of organisations that are relevant to the creation of a favourable entrepreneurial climate which can include

- Public and semi-public authorities and agencies
- Business associations
- Migrant (business) associations
- Civil society organisations
- Think tanks and universities

**2.** Raise awareness among these organisations on the challenges and opportunities of migrant entrepreneurship and stimulate cooperation between them

**3.** Encourage these organisations to become more known and attractive for migrant entrepreneurs by

- Reaching out to migrant entrepreneurs
- Promoting their expertise and competencies among migrant entrepreneurs
- Addressing the needs of these entrepreneurs, including the needs of women migrant entrepreneurs

**4.** Encourage these organisations to become more open and inclusive by

- Recruiting and admitting migrant entrepreneurs as full members
- Giving them opportunities to acquire leadership positions within the organisations

**5.** Support the creation of partnership platform with relevant organisations so that they can cooperate on issues of migrant entrepreneurship and integration

**6.** Promote and facilitate the exchange of information and good practices between these organisations and encourage them to publicise their activities



## 4 PROMOTE EQUAL ACCESS TO FINANCE FOR ALL ENTREPRENEURS

Access to finance is crucial to economic growth and stability. It is important that financial services are accessible to all, regardless of economic standing, ethnic origin, gender or other factors. As facilitator, local governments can provide useful interface with financial and banking institutions to create better accessibility for all individuals, migrants included, with their different needs and abilities.

**1.** Identify the problems encountered by migrant entrepreneurs when accessing finance by

- Consulting migrant entrepreneurs
- Consulting financial experts and organisations

**2.** Define the scope for local governments in facilitating the access to finance by

- Assessing the local governments' resources and power to facilitate the access to finance
- Raising the issue of equal access with financial institutions

**3.** Determine the necessary criteria and data to make a business case for accessing finance and sharing this information with migrant entrepreneurs

**4.** Engage in discussion with financial institutions to promote positive actions in support of migrant entrepreneurs

**5.** Encourage financial institutions to provide financial and other commercial services by

- Applying general measures to migrant entrepreneurs
- Taking additional and targeted measures for migrant entrepreneurs

**6.** Explore how financial institutions and local governments can work together in public-private partnerships to enhance economic potential of migrant entrepreneurs by

- Exchanging data, while respecting data protection laws and commercial confidentiality
- Building a database of migrant entrepreneurs
- Jointly supporting corporate social responsibility projects

## 5 USE PURCHASING (PROCUREMENT) POWER OF LOCAL GOVERNMENTS TO ACHIEVE SOCIO-ECONOMIC INTEGRATION GOALS

As economic actors, local governments have tremendous purchasing power that they can use to stimulate the development of migrant businesses. These businesses can develop their potential in becoming suppliers for local governments by bidding for public contracts (food services, construction, health care, etc.). To provide a fair chance for migrant businesses to bid for contracts, procurement authorities can envisage measures that promote the adoption of supplier diversity programmes and/or the introduction of equality and anti-discrimination clauses in procurement.

**1.** Establish cross-sectoral cooperation with departments responsible for buying goods and services to enhance the socio-economic integration of migrant entrepreneurs

**2.** Provide strong evidence and data to support the development of socially responsible procurement policies

- The municipality's total expenditure per type of activity and main suppliers
- The number and size of migrant enterprises and sectors in which they operate
- The socio-economic impact of migrant entrepreneurship

**3.** Encourage the adoption of a supplier diversity programme by public, semi-public and private agencies, by

- Consulting and partnering with relevant stakeholders, including migrant entrepreneurs
- Promote diversity and intercultural training and competences among agency staff

**4.** Remove existing obstacles for migrant-owned businesses in bidding for contracts by

- Dividing calls for tender in smaller lots and/or assisting entrepreneurs to form consortiums
- Providing information on forthcoming calls and reach out to all potential suppliers
- Providing training on how to respond to calls for tender
- Ensuring that migrant entrepreneurs benefit from these measures

**5.** Introduce social, anti-discrimination and diversity clauses in public procurement

- In all phases of procurement from tendering, selection, award and contract implementation
- Introduce effective penalties for non-compliance

**6.** Engage the private sector and larger "traditional" suppliers in a dialogue on supplier diversity and social clauses and encourage them to

- Adopt a supplier diversity programme themselves
- Undertake joint activities

# MANAGEMENT STANDARDS: EXPLANATORY OVERVIEW AND EXAMPLES FROM CITIES<sup>3</sup>

This explanatory overview provides background information on management standards and explanation for their implementation. It is illustrated by findings from the project “Diversity in the economy and Local Integration” (DELI) and examples of good practice from partner cities, under each of 5 axes.

## I. PROMOTE POLICIES LINKING MIGRANT ENTREPRENEURSHIP AND SOCIAL INTEGRATION

Cities have always attracted newcomers and all project partners are cities of destinations for international migrants and refugees. For Rotterdam, London Lewisham, Munich, Rotterdam this is not a new phenomenon, but for Bucharest, Cartagena, Dublin, Gexto, Lisbon, and Reggio Emilia, migration is a new reality. The first group of cities mentioned also have a longer history and more experience of integrating migrants than the second group.

**Despite differences in historic, cultural and political backgrounds, all partner cities adopted a programme of action to promote the integration of people with migrant background, or are in the process of doing so. Increasingly, the positive relationship between economic and social integration is acknowledged as well as the different position, needs and potential of migrants.**

Cities are very good sites for promoting an inclusive entrepreneurial climate. Micro, small and medium-sized enterprises are engines of growth and economic development. They operate mostly at the local level and make significant contributions to employment, income generation, investment and international trade. Migrant-owned businesses provide added value as they have knowledge of, and fill gaps in local markets, which are not necessarily covered by large mainstream businesses. These entrepreneurs also open additional avenues to international trade. Overall, micro, small and medium-sized enterprises tend to be more innovative and flexible, making them interesting for mainstream business partners that are often bigger, more traditional, static and risk-averse.

**The project raised awareness of the value of migrant entrepreneurship for the city’s economic and social development and contributed to put entrepreneurship on the integration agenda and inversely migrant integration on the economic agenda.**

The different municipal departments responsible for economic development and social affairs stand to gain from cross-sectoral cooperation. To the benefit of everyone, they can consult and work together with organisations in the private and not-for-profit sectors, including migrant entrepreneurs, chambers of commerce, mainstream and migrant business associations, large enterprises and financial institutions. Knowing of one another’s activities avoids duplication and brings about synergies. Their activities can strengthen migrant enterprise and lead to engaging them as business partners.

**In all participating cities, the project contributed to the establishment of informal platform for consultation and cooperation between public and private sector organisations on matters of economic development and migrant integration. In many DELI cities these platforms will continue to link the two issues and seek greater and sustained support for their work.**

Quantitative and qualitative demographic data on the size and composition of the local population can be used to assess the contribution of various

groups to the socio-economic, cultural and civic life of the city. This includes data on the number and size of migrant businesses and the sectors they operate in. Data can be used to inform policies and set realistic targets. It can identify needs, opportunities and challenges. It can locate assets which had been under-utilised and which can be mobilised.

**The DELI project discovered that much of the useful data is not easily available and is hard to obtain. Different stakeholders have their own needs in terms of statistics and produce information that is not always relevant to and/or shared with other stakeholders.**

**In Cartagena, Gexto, Lewisham, Munich and Reggio Emilia, the municipality commissioned new research on migrant-owned businesses. In all DELI cities links were established with research institutes. Some DELI cities, such as Reggio Emilia, are developing shared datasets which enable actors to avoid doubling data collection efforts and ensure that all stakeholders are equally informed on the situation of migrant entrepreneurs. In Lisbon some banks use existing data or generate new data so as to know their customers better.**

Communicating well on migrant entrepreneurship strengthens efforts to integrate migrants, increases trust amongst various groups in the population and enhances confidence in local integration policies.

**In all partner cities local newspapers and Radio and TV channels as well as social media are being used to reach out to a wider audience. In Bucharest, Cartagena and Gexto, the DELI project featured on local TV stations. In Rotterdam, the radio programme 'Talking business' ran for six weeks presenting migrant entrepreneurs. The Vienna Chamber of Commerce ran a joint awareness-raising campaign with the Vienna Business Agency, with a view to demonstrating the importance of the economic contribution of migrant entrepreneurs to Vienna's local economy and to the city's place as an important business hub.**

**The promotion of Black and minority businesses is an underlying theme within Lewisham's communication strategy for business and enterprise. The borough has a business email that goes out to over 1,000 businesses and provides updates on local business support, business success and regeneration in the borough.**

**Munich's Phönix Prize is a good example of a local authority publically recognising the success of migrant entrepreneurs and their contribution to the local economy. The Prize is well communicated, and engages other stakeholders such the Chamber of Industry and Commerce as members of the jury.**

## **II. SUPPORT MIGRANT ENTREPRENEURS IN DEVELOPING THEIR ENTREPRENEURIAL SKILLS**

The wish of all entrepreneurs is to grow their businesses in a sustainable way. To do so they need entrepreneurial skills and competences. They may come from a family of entrepreneurs, have successfully finished a business school or a course, or have gained experience elsewhere. They may go into business as an alternative to a regular employment contract. All entrepreneurs deserve support to develop their skills and competences, which greatly contributes to their success.

**In all DELI cities, entrepreneurs with migrant background participated in the project. They want to be seen first and foremost as entrepreneurs, are given equal opportunities and treated equally. At the same time, they ask for understanding for their specific situation.**

It is important for the municipalities to know what services are needed and who is providing what type of services. The municipality may have outsourced the delivery of services, or financially support private and civil society sector organisations which provide services. Typically, the support services include information, advice and education on: legal and tax matters, how to start and run a business, how to determine business

feasibility, how to draw up a business plan, how to get access to finance and put in place a sound accounting system, how to grow a business and make it sustainable, and how to market the products and get business partners, including in emerging markets which may be the countries of origin of some entrepreneurs or their parents.

Usually, local business support agencies provide support to all entrepreneurs, irrespective of their background. However, these agencies need to test whether entrepreneurs from migrant background are aware of the services offered. Of equal importance is whether these agencies are aware of the existence of migrant entrepreneurs and the problems they have to cope with.

**In Lewisham, Munich and Vienna a special agency, departmental task group, focal point, or staff person exists which deals with immigrant entrepreneurship. Some of them set targets, monitor service intake and collect feedback from users. A record is kept of the nationality or ethnicity of the users. In other DELI cities, including Cartagena, Gexto and Reggio Emilia such arrangements are in the making.**

Even though native-born entrepreneurs and migrant entrepreneurs face some of the same types of difficulties, the latter group is confronted with difficulties specific to their migrant background, such as lack of language skills, heavier

administrative and bureaucratic burdens due to their legal status, greater difficulty in obtaining finance from financial institutions, insufficient involvement in the mainstream economy and in mainstream business networks, and lack of trust and discrimination. Positive action measures help to remove many of these obstacles, in this way levelling the playing field.



**Project partners in many cities have become more aware that stating that 'all entrepreneurs irrespectively of their background are treated equally and have equal access to support services' only works in practice when additional measures**

**are taken enabling entrepreneurs with migrant background to benefit from services. In all ten DELI cities workshops with migrant entrepreneurs were organised identifying problems and solutions often leading to more adequate service provision.**

A differentiated approach to service delivery may be more effective than a one-size-fits-all approach. Efforts need to be made to reach out to and communicate with harder to reach groups. Such additional measures include linguistic support and interpretation services. In addition, targeted measures can address specific problems of migrant entrepreneurs. For example, when legal requirements to start and run a business are different for non-nationals than those for nationals, or in cases of discriminatory rules or behaviour of public and private institutions. In the longer run, service providers may adapt their mandate so as to better respond to the needs of a diverse population and the diversity among entrepreneurs. They can develop the staff's intercultural competences and recruit staff from among the migrant population.

**Various stakeholders (such as banks and mainstream companies) in a number of project cities, including Cartagena, Dublin, Gexto, Lisbon and and Munich, have taken steps in that direction and adopted statements about diversity, signed Diversity Charters, expanded their corporate social responsibility to include the integration of migrants, or appointed staff with an migrant background.**

### III. FACILITATE THE INCLUSION OF MIGRANT ENTREPRENEURS IN MAINSTREAM NETWORKS

Being well-connected with a variety of persons and organisations is vitally important for entrepreneurs, and even more so for migrant entrepreneurs, since networks offer opportunities for doing business, exchanging information, learn from peers and increase social capital, status and influence.

As facilitator, local governments can contribute to create bridges between relevant organisations and encourage them to migrant entrepreneurs in their networks and organisations, thus enhancing mutual trust and respect between various groups within the diverse population.

Migrant entrepreneurs are, in exceptional cases, not allowed to become members (and exercise full membership rights) of existing organisations and networks, which are normally open to all people, irrespectively of their background. However, organisations and networks may be not aware of the presence of migrant entrepreneurs or fail to consider them as potential members are reach out to them in an active way.

**In Cartagena, Gexto, Munich, Reggio Emilia, Vienna and Munich business associations have a strong partnership culture and cooperate with a wide range of stakeholders. In particular, its joint**

**activities with migrant associations enable them to increase outreach to migrant communities and increase awareness of its services. Such cooperation may take place on an ad-hoc basis or be more structured and regular. It may also entail the organisation of business events, as for example in Dublin and Lewisham, providing opportunities to present businesses and for networking.**

Organisations and networks can become more attractive for migrant entrepreneurs when they start to reach out to them and develop programmes which target these groups. Strategies to open organisations to migrant entrepreneurs include active recruitment of these businesses and providing equal rights and opportunities to participate in and lead these organisations.

**Getxo's main business association targets all new companies in its recruitment efforts and has succeeded in bringing on board migrant entrepreneurs from Arabic, Chinese and Latin American origin. Lewisham Council works with the federation of small businesses to encourage new businesses to join networks and access support. In Rotterdam the federation of migrant entrepreneurs actively bring its members into contact with mainstream business organisations.**

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### IV. PROMOTE EQUAL ACCESS TO FINANCE FOR ALL

Having sufficient financial means to start and grow a business and make it a sustainable operation is a recurring concern of all entrepreneurs. Some of them have the necessary means themselves, or are able to generate funds within their family. Others have to turn to public and private financial institutions. All entrepreneurs face challenges to access these institutions, but those with migrant background also have to cope with issues related to their legal status, the recognition of their qualifications and prejudice.

Once the entrepreneurs have convinced financial institutions of the feasibility of their plans, they can receive different types of support, including

favourable interest rates, business advice and supervision and networking opportunities.

Usually banks offer services to all entrepreneurs, irrespectively of their background. It is, however, not clear how important banks consider support for migrants is. Not many of them have specific programmes for this group. Often public institutions compensate for this lack of interest.

**The Vienna Business Agency offers 20 funding programmes which are open to all entrepreneurs, including migrant entrepreneurs. Typically, these programmes offer co-financing at varying rates, and bonuses to companies with a large share of female managers.**

**Together with the municipality, the Vienna Chamber of Commerce offers a form of micro-credit or consumer credit service to all entrepreneurs, including migrant entrepreneurs. 600 credits (up to 10,000€) are awarded each year to a total of 5 million €. The Chamber cooperates with six banking institutions. Multilingual information leaflets are currently being produced, which may raise awareness of this service and therefore increase the uptake of this service by migrant entrepreneurs.**

**In Cartagena, a national bank collects data on migrant entrepreneurs to understand their needs as customers, such as the number of businesses and their sectors of activity. To do this, this bank**

**uses publicly available information but also commissions or conducts its own research. The same bank is involved in DELI work in Gexto and has schemes to support businesses, including those of migrants.**

**A bank in Lisbon provides loans carrying an interest rate of 6% to all entrepreneurs, including migrant entrepreneurs. Through its commercial microcredit offer, the bank specifically targets migrant entrepreneurs (alongside other segments of the population which are under-represented in business creation such as the unemployed) with grants up to 25,000€ repayable over 48 or 60 months.**

**In Lewisham the Start-Up Loans programme is delivered through the Start Up Loans Company, a UK-wide, government backed scheme, which offers a repayable loan to individuals over the age of 18 who have a viable business idea, but no access to finance. The scheme funds businesses in every sector. As well as financial backing, all loan recipients are given access to a mentor, free training events and exclusive business offers. The scheme targets all would-be entrepreneurs, including those with migrant background.**



**In Rotterdam, a national independent organisation provides, with the help of the national government, financial support to entrepreneurs who do not qualify for a loan by a commercial bank. The interest rate may not be lower than that of commercial bank, but the other conditions are more favourable. The risks this organisation is willing to take are higher than that of commercial**

**banks, which see this initiative not as competition and refer entrepreneurs who they do not want to support to this organisation. In Lisbon the local government introduces entrepreneurs to banks and help them with making and presenting a solid business plan.**

## V. USING PURCHASING (PROCUREMENT) POWER TO ACHIEVE SOCIO-ECONOMIC GOALS

Governments are not only policy makers, legislators, facilitators and service providers, but also economic actors in their own right. They are among the biggest employers and they spend on average 13% to 17 % of their Gross Domestic Product (GDP) on goods, services, infrastructure, education and health. It is estimated that half of that is spent at the local level. In other words, local authorities are very big economic players and wield considerable purchasing power. They can use this power to also achieve socio-economic integration goals.

**In Cartagena, Gexto, Lewisham, Lisbon, Munich, Reggio Emilia and Rotterdam public procurement officials demonstrated a clear interest to further explore what could be done to link procurement with achieving social goals, including the economic integration of immigrants.**

At local level procurement can be highly centralised, or decentralised or out-sourced. In cases where local governments (co-) own or are responsible for the management of educational and health institutes or housing corporations, these entities often have their own procurement policies distinct from other city departments. Public procurement is highly regulated and a

complicated process that is based on principles of non-discrimination and transparency. The application of European and national procurement laws leaves room for local practice. Anti-discrimination and social clauses can be introduced in all phases of the procurement process, from tendering, selection, contract award and implementation, with penalties for non-compliance.

**In Lewisham, contractors must be consistent with Lewisham's Comprehensive Equality Scheme. All tenderers must complete a questionnaire related to their equality policies and employment practices. All tenderers who have been convicted for failing to comply with national rules prohibiting discrimination are excluded. The Council expects its suppliers to make positive contributions and investments in their local community e.g. providing appropriate employment, training and business opportunities. It also forbids them to treat any person less favourably than another person because of his or her race, ethnic or national origins, colour and nationality, in any delivery of goods, provision of services or undertaking of works.**

**Getxo has a dedicated team for managing social clauses in public contracts. Participation in the team is voluntary and so far includes procurement officers as well as experts on gender equality and immigration. To date, 14 contracts have included**

**clauses designed to promote the employment of people who have a disadvantaged position in the labour market. Two other contracts included clauses related to intercultural integration.**

**In Lisbon tenderers who have been convicted for failing to comply with national rules prohibiting discrimination on various grounds are excluded from public contracts.**

The municipality's suppliers can better reflect the diversity among entrepreneurs. Strategies to diversify the supplier base of the municipality include providing trainings on how to respond to tenders and organising 'meet the buyers events', divide bigger contracts in smaller ones so as to give smaller businesses opportunities to supply. Also the creation of consortiums can be supported.

**The Social Value Act in the UK mainstreamed social purchasing, so that the goal of Lewisham's procurement is to benefit the community. The Council splits contracts up (otherwise known as lotting) so that niche market enterprises can bid in such areas as catering, education and social care). In Munich and Lisbon bigger contracts are also divided in smaller one. Lotting allows economies of scale in the supply chain and makes that local and smaller businesses can win contracts. This is something Rotterdam also aims to achieve.**

**Reggio Emilia has incorporated supplier diversity measures into performance reviews of its buying team. It has a budget devoted to the supplier diversity programme and a designated supplier diversity manager. Information on the launch of supplier diversity programme has been included in internal and external communications, e.g. the city's Intranet, the Website, CSR Report, and Annual Report etc. and with all strategic communications to the city.**

Procurement departments and officers can reach out to under-represented businesses and those who have no or limited experience bidding for public contracts by organising workshops on how to tender.

**Such outreach and information activities are organised in Dublin, Munich, Reggio Emilia and Rotterdam.**

They can also assist smaller businesses to build consortiums.

**Through Intertrade Ireland, consortia of SMEs have been built and encouraged to make joint bids for public contracts in Northern Ireland and the Republic of Ireland. This organisation supports SMEs in acquiring public contracts.**

Local governments can set an example by applying supplier diversity policies and convincing their own small and large suppliers in the private sector to do the same ('working down the supply chain').

**Prime contractors of Lewisham know that the Council will ask them questions about their supply chain which sometimes drives the supplier diversity agenda forward.**

Together public and private procurers can create a wider candidate pool of suppliers that provides wider choices which in turn brings access to innovation and flexibility into supply chains. By engaging fit-to-supply migrant businesses, they invest in areas where migrants live and help these communities to generate revenues. By linking migrant businesses with mainstream businesses they avoid these businesses becoming trapped in a non-profitable niche industry or ghettoised serving only their community.

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