

THE CONGRESS OF LOCAL AND REGIONAL AUTHORITIES

Recommendation 343 (2013)¹ Integration through self-employment: promoting migrant entrepreneurship in European municipalities

1. The immigrant population in Europe is growing and rapidly becoming more diverse in terms of ethnic or national origin, as well as in terms of length of stay, educational achievement and socio-economic position. Increasing migration to Europe raises the questions of both integration of migrants into the host community and their meaningful contribution to the local economy and economic development, which is especially important in the current situation of economic crisis.

2. An increasing number of migrants are becoming entrepreneurial, with a greater number of migrants interested in setting up their own businesses than among the native population. The ongoing rise in migrant entrepreneurship in Europe is expected to contribute significantly to the integration of immigrants at local level, to the economic development of their city of residence and to the creation of new businesses in Europe in general, which has been identified as a crucial issue in the European Union (EU) proposal for the programme for business competitiveness and small and medium-sized enterprises (SMEs),² in the implementation of the Europe 2020 strategy.

3. Micro-businesses and SMEs represent 99% of all enterprises in the EU,³ employ 67% of the workforce in the private sector, account for 58% of the total turnover⁴ and create 4 million new jobs every year.⁵ The entrepreneurs behind these businesses play an essential role in building stability and success for European economic recovery and development. However, Europe lags behind other world regions in the creation of new businesses, with only 37% of Europeans interested in starting a business – down from 45% three years ago – compared to 51% in the USA and 56% in China.⁶ Improving the possibilities and conditions for starting and operating businesses in Europe as well as for supporting and protecting entrepreneurs is therefore crucial for European economic development.

4. Migrant entrepreneurs can be important for various reasons: they create their own jobs; create jobs for others; develop different social networks than immigrant workers and shape their own destinies rather than waiting for cues from the host society's institutions. As entrepreneurs, they may provide a different range of goods and services, they can enhance the vitality of particular streets or neighbourhoods or of specific economic sectors and, most of all, they play their part in the "natural" process of succession and renewal of the total corpus of entrepreneurs.

5. However, migrants face significant obstacles when starting business careers, which are specific to their situation and include, among others, difficulties in contacting the authorities, receiving funding or accessing local social networks. The typical barriers they encounter are related to: the availability of information about entrepreneurial opportunities and the relevant rules and regulations; the availability of business locations; the availability of financial capital; access to a pool of customers; their integration in local, national and transnational networks; staff management; and the availability of skills and competences.

6. At the same time, many national authorities today consider that migrant entrepreneurship is first and foremost a question of entrepreneurship, that efforts toward entrepreneurs are also beneficial for migrants, and that no specific measures are therefore needed to promote migrant entrepreneurship.

7. Over recent years, the Congress of Local and Regional Authorities of the Council of Europe has addressed to the Committee of Ministers a number of recommendations on various aspects of integration of migrants at local level, in particular Recommendation 115 (2002) on the participation of foreign residents in local public life: consultative bodies; Recommendation 153 (2004) on a pact for the integration and participation of people of immigrant origin in Europe's towns, cities and regions; Recommendation 252 (2008) on improving the integration of migrants through local housing policies; Recommendation 261 (2009) on intercultural cities; Recommendation 262 (2009) on equality and diversity in local authority employment and service provision; and Recommendation 304 (2011) on meeting the challenge of inter-faith and intercultural tensions at local level. The integration of migrants through local entrepreneurship and self-employment is another aspect that deserves full attention.

8. The challenge of integrating migrants in local communities as a major factor for better social cohesion and intercultural harmony, and the crucial role of local authorities in this process, were also highlighted in the report on "Living together – Combining diversity and freedom in 21st-century Europe", commissioned by the Council of Europe and prepared by its Group of Eminent Persons in 2011.⁷

9. The European Commission, in its January 2013 communication "Entrepreneurship 2020 Action Plan – Reigniting the entrepreneurial spirit in Europe", committed itself to proposing "policy initiatives to attract migrant entrepreneurs and to facilitate entrepreneurship among migrants already present in the EU or arriving for reasons other than setting up business, building on the best practices developed in the member states, including by local authorities."⁸ The Commission also invited EU member States to remove legal obstacles to the establishment of businesses by legal migrant entrepreneurs and to facilitate access to information and networking for migrant entrepreneurs and prospective migrant entrepreneurs.⁹

10. Maintaining and improving social cohesion through better integration and inclusion of migrants and other minority groups has become a major challenge for all Council of Europe member States, in particular in this time of economic

crisis. The implementation of the Europe 2020 strategy in EU countries should provide impetus and positive examples to trigger similar policies and action in non-EU member States as well.

11. In the light of the above, the Congress asks the Committee of Ministers to invite member States of the Council of Europe to:

a. recognise the importance of migrant entrepreneurship for integration and economic development, and promote migrant entrepreneurship as part of wider integration policies and economic growth;

b. review the regulatory and structural frameworks for setting up and operating small and medium-sized businesses, which frequently present barriers to migrant business creation, bearing in mind the Think Small First principle, and aim to:

i. make national laws more favourable business-friendly for SMEs;

ii. simplify procedures and reduce administrative burdens;

iii. improve the information flow between business and the authorities;

iv. facilitate access to finance and to markets;

v. evaluate the impact of policy measures on migrant business operations;

vi. set up mechanisms for consultations with entrepreneurs and their associations to ensure their feedback on the way policy measures are implemented and their effectiveness;

c. advocate and develop, in particular, methods to facilitate access to venture capital through micro-financing for migrant entrepreneurs and other specific groups;

d. raise the awareness of intermediary organisations such as training centres, consultancies and business associations concerning the situation and conditions of migrant entrepreneurs and strengthen these organisations' capacities;

e. recognise the importance of the local level in promoting migrant entrepreneurship, and support local policies and measures to facilitate the start-up and operation of migrant businesses;

f. improve the framework for increasing the participation of migrants, including migrant entrepreneurs, in decision making at local level, and in particular grant the right to vote at local level to non-EU foreign residents, following the example of more than 20 European countries which have done so, as well as sign and ratify the 1992 Council of Europe

Convention on the Participation of Foreigners in Public Life at Local Level (ETS No 144);

g. stimulate network building between different actors and co-operation between different levels of governance to raise awareness of migrant entrepreneurship;

h. promote entrepreneurship and business creation in general, as a prerequisite for Europe in dealing with future challenges, and recognise in particular the importance of SMEs in meeting the challenges brought about by the ageing of the European population.

12. The Congress further reaffirms the continued relevance of its proposals for the integration of migrants contained in its recommendations referred to in paragraph 7 above, and asks the Committee of Ministers to invite member States of the Council of Europe to ensure their full implementation.

13. The Congress also recommends that the European Union and its structures:

a. recognise migrant entrepreneurship as an important aspect of integration and use its potential to contribute to job creation and inclusive economic growth in Europe;

b. take advantage of the possibilities at European level to support local and national governments in their efforts to promote migrant entrepreneurship and increase migrant entrepreneurs' access to venture capital;

c. recognise and promote entrepreneurship in general as a prerequisite for Europe in dealing with future challenges;

d. make the best use of the existing knowledge of European countries, regions and cities to promote experience sharing and dissemination of best practices.

1. Debated and approved by the Chamber of Local Authorities on 30 October 2013, and adopted by the Congress on 31 October 2013, 3rd sitting (see Document CPL(25)2, explanatory memorandum); rapporteur: Henrik Hammar, Sweden (L, EPP/CCE).

2. COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020).

3. CLIP - *Promoting ethnic entrepreneurship in European cities*, © European Union, 2011, ISBN 978-92-897-1038-1.

4. COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020).

5. COM(2012) 795 – Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe.

6. *Ibid.*

7. "Living together – Combining diversity and freedom in 21st-century Europe", Report of the Group of Eminent Persons of the Council of Europe, © Council of Europe, May 2011.

8. COM(2012) 795 – Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe.

9. *Ibid.*