INTENT PROGRAMME - NETHERLANDS, GHANA, MOROCCO, SURINAM, TURKEY, NETHERLANDS ANTILLES, AFGHANISTAN

Basic data

Name: IntEnt – Internationalisation of Entrepreneurship; Ondernemen over de Grens/ Enterprising across Borders

Organisation: IntEnt Foundation

Founders: FACET BV, SEON and Triodos Bank

Target group: (Starting) migrant entrepreneurs, currently living in the Netherlands, who wish to set up a business in their country of origin

Countries: Netherlands, Ghana, Morocco, Surinam, Netherlands Antilles/Aruba & Turkey and Afghanistan (in 2004 to be expanded to Eritrea/Ethiopia and/or Cabo Verde)

Period: 1997-2000 (1st introduction phase)  
2001-2003 (2nd transition phase)  
2004-2008 (3rd growth phase)

Financing: Netherlands Government Ministry of Foreign Affairs, Department for International Co-operation DGIS/DDE - Private Sector Programme European Union HLWG, Migration from Third Countries DOEN Foundation

Total budget: Operational costs and services to clients € 6.3 million (BDS); on annual basis now: € 1.7 million € 1.7 million Guarantee Fund
1 Why this program: seeking business opportunities as a first step towards integration and (circular) migration development

The past decade more attention has been paid to the participation and integration of migrants in Europe. A growing number of them seek gainful employment in small enterprises. Entrepreneurial initiatives are seen in many places all over Europe. Such initiatives are widely acknowledged as steppingstones towards further integration of migrants in the host countries.

Migrants have been remitting significant sums of money to the countries of origin. In many occasions this has been used to acquire land and premises and sometimes in the emergence of economic activities. The remittances are not only earmarked to support those who stayed behind in the country of origin. It has also been used to ensure that in years to come one could return relatively comfortable in the country of origin.

Migrants resident in Europe live actually in two societies and stand with one foot in the country of origin and the other in the home country. Of late one sees that migrants explore as well possibilities to set up (small) businesses in the countries of origin without the explicit objective to re-migrate. They either wish to contribute to the development of their countries or wish to exploit investment opportunities. In both cases they have seen new opportunities while they were in the host country; either in their actual work or as active participants in society. When such initiatives are further stimulated and facilitated as done by IntEnt, we might see that resident migrant entrepreneurs become actual actors in bringing about development in the countries of origin.

Through the migrant entrepreneur transfer of ideas, methods of work and technology from one country to a third one becomes possible. It serves then as a basis for development of the private sector. New markets in two societies are linked to each other. Products are not only sold in the country of origin, the market in the host country offers new opportunities to. The resident migrant entrepreneur thus becomes a travelling migrant entrepreneur. Migration is not static anymore but circular.

The economic initiatives deployed by migrant entrepreneurs will undoubtedly be well embedded in society. The actors have balanced understanding of the social cultural context in which they operate. They might have a larger chance to be innovative and it is expected that it will eventually result in sustainable development as well.

2 IntEnt a unique instrument linking migration, integration and sustainable enterprise development

It has undoubtedly become evident to all stakeholders that promoting the creation of business by migrant entrepreneurs is relevant, albeit a relatively difficult process. People become curious, translate dreams into plans and transforming plans into businesses. Decisions need to be taken to start a business and to start a business across borders. Uncertainties are manifold and a lot of perseverance is needed in that process. IntEnt facilitates and stimulates the setting up of new business activities by migrant entrepreneurs living in the Netherlands, in their respective countries of origin. IntEnt provides technical assistance and business support in a modular, structured way allowing for tailor made services in a flexible way. But the men and women have to take the plunge and run the risks involved.
IntEnt especially aims at migrant entrepreneurs who have serious plans to start a commercially feasible business in their respective country of origin. In realising his/her business idea, the entrepreneur is expected to contribute considerably regarding effort, motivation and capital. Momentarily, the IntEnt programmes are aimed at migrant entrepreneurs residing in the Netherlands but who want to set up their business in Ghana, Surinam, Morocco, Turkey and Netherlands Antilles.

The IntEnt programme took off in 1998 at the request of the Netherlands Parliament and the Ministry of Foreign Affairs (DGIS). After consultation with several public and private sector organisations in the field, as well as orientation visits to the selected countries, the programme was launched in 1997. The initial pilot phase of the programme ran from November 1997 till October 2000. In 2001, co-financing within the framework of the EU programme “Migration from third countries” (High Level Working Group/ HLWG) was obtained for the Morocco programme. In May 2003, the EU has agreed to extend the IntEnt programme for Morocco until December 2003 based on the original budget to continue current activities and prepare for the next phase: institutionalisation of the programme.

Since the beginning of 2003, the DOEN Foundation co-finances the IntEnt programme as well, in particular for the Dutch Caribbean.
3 Brief description

The IntEnt Programme was created in 1996, at the request of the Ministry of Foreign Affairs (DGIS). The idea was to stimulate the setting up of new business activities by migrant entrepreneurs living in the Netherlands, in their respective countries of origin, by providing technical assistance and business support. It is executed and co-ordinated by the IntEnt Foundation a joint initiative by the following organisations:

- FACET BV, a private consultancy firm specialised in supporting SME-development in developing countries and Eastern Europe;
- SEON Foundation, which supports migrant entrepreneurs who wish to set up their own business in the Netherlands;
- Triodos Bank, which finances enterprises and projects with added social value, as well as managing investment funds aimed at development of small-scale enterprises in the Netherlands and abroad.

After consultation with several public and private sector organisations in the field, as well as orientation visits to the selected countries, the programme was launched in 1997. The initial pilot phase of the programme ran from November 1997 till October 2000. Since then it has been prolonged several times, each time for another year. In 2002, EU-financing was obtained for the Morocco programme. Since 2003 also the DOEN Foundation co-finances the programme.

The IntEnt programme is run by a small core staff in the Netherlands, which is complemented by external business advisors and trainers, both in the Netherlands and in the five programme countries: Ghana, Morocco, Surinam, Netherlands Antilles and Turkey. In each of these countries IntEnt also has a local representative, who acts as a liaison between the head office and the counterparts and entrepreneurs in the four countries.

Key words:
- Entrepreneurship development
- Business creation/development
- Training of business advisors
- Training of financial (bank) staff
- Counselling and advice
- Information and Entrepreneurship Centre
- Technical assistance
- Market research

4 Context in which the activity took place

The idea for the IntEnt programme originated in 1996, as a logical sequel to the SEON programme, which focused on assisting migrant entrepreneurs to set up a business in the Netherlands. Both programmes were initiatives of FACET BV, which has a strong focus on SME consultancy in developing countries. The methodology used and further developed is based on knowledge from developing countries (Reversed transfer of Technology South North).

In the 1990s there was a sharp increase in the number of migrant entrepreneurs in the Netherlands, partly due to the entrepreneurial spirit of the migrants, partly due to the lack of other alternatives (high unemployment).
However, at the same time the drop-out rate of migrant entrepreneurs was much higher than average and the access to bank finance was much lower. The SEON programme was conceived in order to bridge this gap and create a kind of level playing field.

Through the experience of the SEON programme, as well as other studies among migrants living in the Netherlands, it became evident that:
1. There was a group of (potentially) successful migrant entrepreneurs that could contribute something to their country of origin and,
2. There was an interest from some of these entrepreneurs to start their own business in their country of origin, but a lack of knowledge and means to be able to go forward.

5 Description of the main activities / role of different actors involved

The IntEnt Programme is a comprehensive programme in the sense that it aims at providing assistance right from the start (orientation phase) until the actual start-up and first months of operation of the business (implementation phase). This is best described in the diagram below:

Basic structure of the IntEnt Programme

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activity</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selection and orientation</td>
<td>Information</td>
<td>Providing information through different channels (info meetings, press releases, WebSite, etc.)</td>
</tr>
<tr>
<td></td>
<td>Selection</td>
<td>Appraisal of entrepreneurial capacity and potential for success, including a short orientation course</td>
</tr>
<tr>
<td>Preparation</td>
<td>Strengthening of business skills</td>
<td>Workshops on how to draw up a business plan</td>
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<tr>
<td></td>
<td>Formulation of provisional business plan</td>
<td>Counselling by an experienced business advisor</td>
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<tr>
<td></td>
<td>Market research in country of origin</td>
<td>Facilitation of travel to country of origin and assistance from a local business advisor</td>
</tr>
<tr>
<td></td>
<td>Formulation of final business plan</td>
<td>Counselling by an experienced business advisor</td>
</tr>
<tr>
<td></td>
<td>Appraisal by Financial Committee</td>
<td>Appraisal of the final business plan by an independent committee of experts (Financial Committee)</td>
</tr>
<tr>
<td>Finance</td>
<td>(Co-)financing of the investment</td>
<td>Acting as an intermediary towards a bank in the country of origin and providing an partial guarantee, if necessary and warranted (optional)</td>
</tr>
<tr>
<td>Implementation</td>
<td>Start-up of the business</td>
<td>Counselling by a local business advisor during the start-up phase and the first months of operation</td>
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<td></td>
<td>Strengthening of business skills</td>
<td>Business clinics on an ad-hoc basis to tackle certain specific problems entrepreneurs are facing in a more systematic way</td>
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Strong emphasis is placed on the own responsibility of the entrepreneur. In the early stages (self)-selection is the guiding principle. A do-it-yourself combined with a structured self-learning approach is adopted in the preparation phase. This stems from the belief that not everyone is able to be successful as an entrepreneur and not any business idea can be successful in any environment. In the IntEnt Information and Entrepreneur Centre clients can make use of a wide range of facilities while preparing and formulating their business plan. A market research (e.g. scanning the environment in which they wish to operate eventually) in the country of origin plays an important role in the process to arrive at a realistic business plan.

The financing of the necessary investment is also seen as the responsibility of the entrepreneur, who should make a considerable financial commitment. Some of the clients have decided to finance their business solely with their own funds. However, it is acknowledged that most IntEnt clients need additional bank finance to set up their business. This can be obtained from a bank in the country of origin, in most cases with a supplementary guarantee from IntEnt.

Business advisory services (BAS) are provided in a structured way, to avoid that the clients will fall in a “black hole” once the financing has been arranged for. Local consultants and business advisors have been trained by IntEnt to carry out that task under a sub-contracting arrangement. These BAS are provided in the country of origin both during the market research and after the start-up of the business.

At different stages of the process the client is expected to pay for the services of IntEnt. To start off, the fee for taking part in the Orientation course is € 100. The next stage, which includes further training and counselling -both in the Netherlands and during the market research in the country of origin- and appraisal of the business plan, costs € 350 for the client. If a bank loan is granted with IntEnt guarantee a fee 3% over the amount guaranteed is charged to the client. After the business has been set up, the client has to pay € 25-30 per day for the BAS, which represents about 20% of the total local cost.

The main purpose of these charges is to let the client get used to the idea that everything has a price and that as an entrepreneur you have to invest in your business in order to reap the benefits later. The payment for the BAS has the added advantage that the client will be critical of the services that are provided and therefore act as a kind of quality monitor for the programme. On the other hand, if the BAS proves it worth, the entrepreneur may decide to continue hiring these services, but now without any subsidy from IntEnt.

The IntEnt selection process can be compared to a funnel, which is wide at the top and narrow at the bottom. For every 100 applicants that go in at the top, only about 10 to 15 come out at the bottom and most of them do not come out till after two years.

The IntEnt programme is demand-led, subsidized but only for the non-financial services and not fully, aimed at creating commercially feasible, sustainable enterprises. IntEnt has a comprehensive approach, in which only the selection and training components are provided directly, whereas other services are facilitated.
5 Objectives

5.1 General

To contribute to the development and strengthening of entrepreneurship in the programme countries by assisting (starting) migrant entrepreneurs, currently living in the Netherlands, who wish to set up a business in their country of origin, through training, counselling, facilitation of a market research and mediation to obtain bank financing.

5.2 Specific

- To select clients on the basis of entrepreneurial attitude and characteristics, as well as potential for success of their business idea;
- To provide training, counselling and advice so that they can carry out a thorough market research and draw up a reliable business plan;
- To act as an intermediary towards banks and other financial institutions, so that those entrepreneurs, who need and can afford a bank loan, are able to get it;
- To provide complementary financial services in particular guarantees when the entrepreneur has insufficient collateral or other bank securities.
- To provide follow-up business advisory services during the first the start up phases
- To draw lessons learned to serve as a basis for further policy development in the area of enterprising across borders

6 Results

By the end of 2003 more than 3600 persons approached IntEnt for information. Around 900 afterwards registered as clients of whom almost 800 were admitted. Most of these were from Surinam, followed by Ghana, Morocco, Dutch Antilles and Turkey. Since the Afghanistan programme only started in November few persons had been admitted officially yet by that time. Of them about 150 have started formulating their business plan; about 120 have presented a final business plan that was approved by IntEnt and about 85 have started their business or are in the final stages to launch their venture.

Through the IntEnt programme approximately € 5.2 million has been invested in the programme countries made possible through the IntEnt Guarantee funds. Fore each € in the funds almost €3 are invested.

If we compare these results with the targets that were set in the initial business plan of the IntEnt programme, it is obvious that these were rather ambitious. The number of applications was more as expected, but the participation in the programme. The number of participants in the training and other phases of the programme were more or less as expected but the actual setting up of new enterprises was much lower. There are several explanations for these lower outcomes.

The lower number of starters has two main explanations: difficulties of obtaining (bank) finance and the fact that the time lag between applying to the programme and actually starting a business is much longer than expected (see lessons learned).
The IntEnt programme was based on the principle that investment finance should be provided on a commercial basis, in order to promote sustainable business and avoid unfair competition.

In the IntEnt view, this should be achieved through local banks, using the IntEnt Guarantee Fund as a collateral security. But most banks in the four countries where IntEnt operates are not keen to provide loans to start-ups, let alone starting entrepreneurs who have not lived in the country for several years.

Secondly the decision to start a business in one of the programme countries is taken independently of the decision to stay for a longer period in that country (or even return and settle). In the course of the process the clients need to answer that question as well. This definitely slows down the actual process.

This implies that a smaller part of the clients that apply and take part in the programme eventually obtain finance and succeed in starting their own business.

As for other results, we can mention the following:

- Three coordination offices were set up in Ghana, Morocco and Surinam
- More than 40 BAS-providers from the target countries and 16 BAS-providers in the Netherlands were trained to assist entrepreneurs in the IntEnt program;
- Workshops were organized for bank staff in Ghana and Surinam;
- The clients made approx 30% of the investment funds available with their own savings.

7 Outlook: expansion of the program

As from 2003 the IntEnt focuses on more programme countries and where needed has adjusted its approach. The IntEnt program was evaluated by the EIM in from November 2001 to March 2002. As a result, the main financier DGIS decided to renew the contract and financing. Till end 2003 the EU co-financed the Morocco program. Funding from the DOEN Foundation facilitated the expansion of the program and open up the program in the Netherlands Antilles. With DEG a special arrangement has been made for the Afghanistan programme. As from 2004 IntEnt will implement its new strategy and offer more services to a wider public. Funding will also be sought from the private sector.

8 Some lessons learned

The pilot phase has generates various lessons learned. Some of these are used to adjust the programmes where needed. Others are the basis for policy formulation. Among the lessons learned the following can be mentioned:

- The average length of time it takes before the entrepreneur is ready and has obtained the necessary financial means to set up the business across borders is much longer than for starters at home, on average about two years. This is not only due to business-related or financial obstacles, but also and to a large extent to private circumstances of the entrepreneur and external factors.

- Most migrant entrepreneurs underestimate the problems they have to overcome to be successful as a businessman in their country of origin. Hence, a thorough market research and assessment of the environment one will work in are indispensable; in addition conservative turnover-projections for the start-up phase of the business should be adopted.
Most migrant entrepreneurs are not interested in too much (theoretical) training. The shorter and more practical the preparatory steps, the better for them.

IntEnt’s approach is based on workshops, which deal with very practical issues such as how to write a business plan, how to carry out a market research or how to draw up the investment plan, in a highly participatory way. However, the emphasis is on individual counselling of clients by experienced business advisors.

Starting a new enterprise in the country of origin implies leaving many things behind and convincing many persons in your direct environment. In that process the prospective entrepreneur may very often be inclined to opt for the more secure life in the Netherlands. No one can take this decision except the entrepreneur.

Negative economic and political developments in the country of origin have a direct and long-lasting effect on the willingness of the entrepreneurs to go ahead with their plans. Positive developments have less direct effect but are sometimes needed to give that extra push to take that last step.

Banks in all of the countries where the IntEnt programme operates are -even when supplementary guarantees are offered and additional staff training organised- reluctant to provide finance to start-ups, especially when the entrepreneur is living abroad at the moment of presenting the loan application. To overcome this reluctance, continuous consultations with the bank staff at all levels are needed.