Refugees Working Group Webinar: Financial Inclusion of Refugees and Migrants in Italy

Speakers: Andrea Limone, CEO of PerMicro, and Edoardo Scalco, Project Manager of Microfinanza

Facilitator: Amelia Greenberg, SPTF

11 May 2017
Agenda

• Introduction to Webinar Series (5 min)
• Insights from Microfinanza’s research (20 min)
• PerMicro’s experience serving migrants (25 min)
• Questions and Answers (10 min)
Introduction to the SPTF working group on financial inclusion of refugees

• Six-part webinar series funded by UNHCR:
  ▪ Disseminate findings from existing projects

• Partnership with e-MFP (under development)
  ▪ Facilitate communication and coordination
Introduction of speakers

• **Andrea Limone** is CEO in PerMicro, first MFI in Italy specialised in small loans for the startup and development of small enterprises as well as for primary needs of families (housing, health, education). Before launching PerMicro in 2007, he worked for Banca Etica, Mag2 Finance, and he was a researcher for Fondazione Giordano Dell’Amore. He has published two volumes on microcredit and the banking system: “Banche e Microfinanza” and “Otto modi di dire microcredito”.

• **Edoardo Scalco** is a chartered accountant with experience in training and tutoring of MSME and financial education for migrants and refugees in Italy, Africa and MENA countries. He is an active member of the Financial Education Work Group of the Italian Microfinance Network.
Legal status of foreigners in Italy - some key definitions

1) **Refugees**
   - Someone who has been forced to flee his or her country because of persecution, war, or violence.
   - Permission lasts 5 years
   - May obtain citizenship after 5 years, gaining access to any job and/or any financial service and welfare services equal to citizens by birth.

2) **Holders of subsidiary protection**
   - Protection granted to a citizen not belonging to the European Union OR a stateless person who does not have the requirements to be recognized as a refugee, but for whom it would be risky to return to his/her country of origin
   - Permission varies from 2 years to 5 years
   - Same rights as refugees, but not considered for citizenship after 5 years

3) **Migrants**
   - All other persons coming from countries outside Europe
   - May stay in Italy legally if they have a *permesso di soggiorno* – permission to stay – which requires proving that they have a job in Italy
   - Permission lasts 2 years and can be renewed
   - Have access any financial service
### Overview of Microfinanza’s initiatives on migrants and refugees

<table>
<thead>
<tr>
<th>Year</th>
<th>Project</th>
<th>Purpose</th>
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<tbody>
<tr>
<td>2010-11</td>
<td>Study on financial inclusion of migrants (migrant banking)</td>
<td>Focus on the supply side</td>
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<tr>
<td>2010-11</td>
<td><strong>Feasibility study on the existing opportunities of microcredit in favor of refugees</strong></td>
<td>Focus on the demand side</td>
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<td>2012-14</td>
<td>Training and support of micro start ups of refugees</td>
<td>A pilot experience on start up of refugee enterprises</td>
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<td>2013-14</td>
<td>Exchange of best practices on microfinance for migrants in the EU</td>
<td>Disseminate best practices and lessons learned</td>
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<td>2016-17</td>
<td>Training on financial education and establishment of a mutualistic fund in a Syrian refugee camp in Lebanon</td>
<td>Adapting working methodologies and tools in developing countries</td>
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A starting question

“Can refugees be microfinance clients, accomplishing independent entrepreneurial projects?”

Before replying, we need to answer to another question: who are refugees?

Let’s understand challenges and opportunities they bring with them

Microfinance could be the answer if:

• carefully identifying and selecting potential refugee clients;
• accompanying refugees with targeted non-financial services.
Profiling Criteria from Microfinanza’s study on refugees – demand side –

- Cultural capital
- Professional and economic capital
- Social capital
- Financial education level

Personal resources (Ordinate)

Projects aspirations (Abscissa)

- Individual projects, aspirations and financial resources
Findings on refugees’ profiling

Disoriented (21%)

Vulnerable subjects (12%)

Pre-actives (21%)

Proactives (autonomous) (5-7%)

Potential microfinance clients to be accompanied through Non-Financial Services

Personal resources

Projects aspirations

(Opaque subjects 40%)
## Non-Financial services: Microfinanza’s menu

<table>
<thead>
<tr>
<th>Phase</th>
<th>Aims/Tools</th>
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<tbody>
<tr>
<td>Personal profiling</td>
<td>Pre-assessment questionnaires and interviews on personal resources – <em>StarToolKit®</em></td>
</tr>
<tr>
<td>Personal profiling</td>
<td>Qualitative and quantitative pre-assessment (business model and sustainability of the project) - <em>StarToolKit®</em></td>
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<tr>
<td>Orientation training</td>
<td>Training and sensitization on entrepreneurship and financial education (e.g. introduction on the use of a personal saving notebook)</td>
</tr>
<tr>
<td><strong>Business training / elaboration of business model and plan</strong></td>
<td>How to translate a business idea into a business model/plan. Advanced financial education module – <em>StarToolKit®</em></td>
</tr>
<tr>
<td>Start up and tutoring (financial intervention)</td>
<td>Personalized tutoring</td>
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...is this menu **sustainable**?
Key lessons learned and recommendations from Microfinanza

1. **Non-financial services** become even more crucial when dealing with migrants and refugees;
2. **Financial education** as preliminary step;
3. **Entry point-networks for identifying potential clients** are an essential part of the process;
4. Focus on **preliminary assessment** of potential beneficiaries;
5. Focus on **strategic partnerships** for ensuring a holistic approach and reducing/sharing risks;
6. Define **personalized tutoring** activities through a one-to-one approach;
7. **Don’t neglect the external communication strategy** when targeting such a sensitive customer segment;
8. Try to **look beyond loans**.
Overview of PerMicro

PerMicro is the first Italian institution in terms of number of granted microcredits and disbursed amount. Until the present moment, it has disbursed 15,330 microcredits, for a total amount of 105,523,607 euro (2,404 business loans and 12,926 personal credits for families).

Business microcredit

For people who want to start or develop a microbusiness activity and have a good business idea and technical and entrepreneurial skills.

Personal credit for families

For people with financial emergencies involving home, health, work or education.
Overview of PerMicro

Our street branches make us closer to customers and allow us to better serve the local areas with whom we collaborate.

14 branches

in 11 Italian regions

PerMicro provides credit and support through:
- 30 experienced loan officers
- a network of 70 professional mentors
Statistics on PerMicro’s Outreach to Migrants

- 2,404 supported enterprises
- 4,808 jobs created
- 51% startups
- 48% young people under 35
- 65% men
- 35% women
- 44% migrants

Business microcredit

**Nationality**
- Italy: 56%
- Southeast Asia & Pacific: 23%
- Africa: 5%
- European Union: 5%
- Latin America & Caribbean: 4%
- Eastern Europe & Central Asia: 4%
- Northern Africa & Middle-East: 3%

**Sectors**
- Retail Trade: 25%
- Food Services: 10%
- Private Services: 11%
- Handicraft: 10%
- Peddling: 8%
- Personal Care Services: 7%
- Other Sectors: 29%
12,926 microcredits

33% young people under 35

42% men
58% women

92% migrants

Personal credit for families

Statistics on PerMicro’s Outreach to Migrants

**PURPOSES**
- **SUPPORT TO FAMILY IN HOMELAND** 47%
- **FAMILY EXPENSES** 15%
- **HOUSE IN ITALY** 14%
- **MEDICAL EXPENSES** 8%
- **CAR EXPENSES** 8%
- **HOMELAND BUSINESS** 4%
- **OTHER PURPOSES** 4%

**NATIONALITIES**
- **SOUTH-EAST ASIA & PACIFIC** 38%
- **EASTERN-EUROPE & CENTRAL ASIA** 31%
- **EUROPEAN UNION** 10%
- **ITALY** 8%
- **LATIN AMERICA & CARIBBEAN** 7%
- **AFRICA** 4%
- **NORTHERN AFRICA & MIDDLE-EAST** 2%
Vardan successfully brought Armenian cuisine to a place where food is taken rather seriously – the Tuscan city of Florence.

Babayan fled Armenia during a period of internal strife. He bounced from Russia, to Ukraine, and to Austria, before he reached Italy in 2012. Rejected by local banks and unemployed for a year in Florence, he finally found PerMicro.

Branch manager Francesca di Giuseppe gave Vardan a loan of EUR 25,000, which he used to create Ararat Le Bracerie, a biogrill café selling traditional Armenian foods.

“It was my chance to open a little corner of Armenia in Italy and to feel at home,” says Babayan. “I had no other option. I had no Plan B.”
Overview of PerMicro’s Strategy for Outreach to Migrants

Ukraino

Filippino
Discussion

- Comments?
- Questions?
Thank you!

- Please feel free to contact us:
  - Edoardo: edoardo.scalco@microfinanza.com
  - Andrea: andrea.limone@permicro.it
  - Amelia: ameliagreenberg@sptf.info
- Refugee resources are posted here: https://sptf.info/working-groups/refugee-microfinance
- Next refugee webinar date TBD, likely July