

# Thrive Refugee Enterprises

## Economic and Social Impact Measurement Summary

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IMPACT IN FOCUS

# Thrive Refugee Enterprises (TRE) - Overview

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- Thrive Refugee Enterprises (TRE) is a not-for-profit organisation that was established with the financial backing of major Australian corporates and private donors. TRE's primary role is to provide small business finance and business support that can help refugee entrepreneurs start and grow viable new businesses. Many refugees and asylum seekers are keen on starting or expanding their own business, but often lack the financial assistance and business support to get them started. Thrive provides both of these essential requirements.
- TRE started operations in February 2017 with a Paramatta office established in April 2017 and a Melbourne office established in February 2018. Its service provision model consists of four components:
  1. TRE staff and skilled volunteers provide information about the Australian business market and the knowledge and steps required to start or expand a business through Business Planning
  2. TRE provide eligible refugees and asylum seekers with small business finance loans (of up to \$20,000) for new or existing businesses
  3. Volunteer business mentors provide post-loan mentoring to guide entrepreneurs towards business success
  4. TRE organises various free events through the year ('Thrive Connect') with guest speakers to raise awareness of various business issues and provide networking and capacity building opportunities
- Since its inception, TRE has engaged with over 1,000 refugees/asylum seekers in Sydney and Melbourne with the following outputs:
  - Over 1,000 applicants interviewed
  - Over 500 business plans written
  - 184\* loans approved (112 in NSW and 72 in Vic)
  - Over 50 volunteers contributing their time and expertise to support service delivery

# How TRE Creates Impact

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- An internal market scan conducted by TRE highlighted that no organisation was set up to provide capital, as the vast majority of refugees and asylum seekers arriving recently were financially excluded from mainstream credit markets. TRE's discussions with other organisations in the refugee and asylum seeker support sector (including SSI, AMES, ASRC) reinforced a desire for such a service with ready-made referral partners
- TRE thus fills a vital service provision gap for refugees and asylum seekers by helping facilitate and accelerate small business creation and self-employment. By funding an opportunity and providing access to loans they would otherwise struggle to receive, and offering tailored, culturally appropriate business support, TRE enables and empowers its clients to become financially independent, to create jobs, and to integrate faster and more successfully as active contributors to our economy and society.
  - This enables the creation of economic outcomes for refugees and asylum seekers through the opportunity to gain meaningful employment and social outcomes through their ability to more fully participate in the Australian community, achieve their potential and improve their overall wellbeing.
  - As a result of these client outcomes created through TRE's loan and support, the Australian Government also experiences significant savings in unemployment benefits and economic contributions due to increases in taxes and business activity, as well as potential reductions in mental health expenditure.
- TRE commissioned a study to measure and quantify these economic and social outcomes and the overall impact of its services. The study utilised the Social Return on Investment (SROI) methodology as a basis for the calculations of the economic and social value created.
  - SROI is an internationally recognised, principles-based methodology that enables the articulation, measurement and quantification of social, economic and environmental value in a language that funders, and providers of goods and services can understand. It builds on and incorporates the rigour of Cost Benefit Analysis (CBA) and Social Auditing techniques to represent non-financial outcomes in monetary terms.
- The process undertaken and findings of this study are summarised in the following pages.

# Impact Measurement Approach

## Developing a Theory of Change

- Primary qualitative research was undertaken through consultations with TRE staff, clients and business mentors to identify and articulate the social and economic outcomes for key beneficiaries created through TRE activities.
- Findings were corroborated with a literature scan of the impact of small business finance initiatives and trends related to the employment outcomes for refugees and asylum seekers in Australia.
- These were used to develop a Theory of Change for TRE, outlining how social and economic outcomes are achieved.

## Data Collection

- Quantitative data was collected through bespoke impact surveys from approximately 30% of TRE's clients to date. This data was used to evidence the extent to which outcomes identified in the Theory of Change were being experienced by TRE's clients. The survey data also provided an understanding of TRE's contribution to outcomes, the extent to which these outcomes would have occurred anyway, and to understand the relative value of the outcomes created from the client's perspective.
- Client business plans from 95% of clients were analysed by TRE to determine business performance in terms of annual business revenue and expenses, and triangulated with additional research on national small business benchmarks.

## SROI calculation

- The social value of TRE's services was calculated by applying financial proxies to the social outcomes for clients evidenced in the impact survey and adjusting for the self-reported responses by clients on the extent to which the outcomes would have occurred without TRE, and the proportion of the outcomes they attributed to TRE's ongoing support
- The economic outcomes were calculated using survey data and combining these with the business performance analysis, to calculate the increased income for clients and the associated value for government through reduced unemployment benefits and mental health expenditure, and the increased revenue from increased business activity.
- The economic and social value of these outcomes was calculated for all clients supported by TRE over the past three years (2017 – 2019) and compared to the total cost of setting up TRE and providing services over that same period.

# TRE's Theory of Change

- A theory of change is a description of how inputs (resources) are used to deliver activities or services which, in turn, result in outcomes (changes) for stakeholders. The theory of change tells the story of how stakeholders are involved with TRE and their perception of how they have been affected as a result



- The Theory of Change developed for TRE identified 11 distinct social and economic outcomes for clients who successfully obtained a loan and the Government. These are shown in the table below:

Client Outcomes	Economic Integration	Social Outcomes
	Financial Inclusion	
	Increased Social Inclusion	
	Increased Empowerment	
	Improved Mental Wellbeing	
Government Outcomes	Increased Income	Economic Outcomes
	Reduction in Unemployment Benefits	
	Increased Net GST intake	
	Increased Income tax	
	Increased Company Tax	
	Reduction in Mental Health Expenditure	

- The full Theory of Change is shown on the following page, depicting the detailed pathways through which TRE's activities contribute to intermediate (short-term) outcomes, which in turn lead to the achievement of longer-term outcomes.
  - The Theory of Change also includes outcomes created for other stakeholders but have not been valued in this SROI analysis as they were deemed to be less material to the analysis overall.

TRE Activities

Applicant Assessment

Business Plan Development

Documentation Checks

Credit Checks

Loan Provision

Monthly Check-Ups

Ongoing Professional Mentoring

Networking Events

Intermediate Outcomes

- Learning how to run a business
- Learning how to develop quotes
- Learning how to issue invoices
- Receive accreditations
- Gaining a license to operate
- Collecting and maintain certifications
- Awareness of book-keeping requirements
- Awareness and adherence to laws and regulations
- Awareness and adherence to tax practices
- Applying marketing strategies

- Having and maintaining a credit history
- Ability to get a loan
- Ability to get credit
- Ability to get refinanced

- Interaction with a diverse group of people
- Exposure to people from outside their immediate community
- Improvement in communication skills
- Ability to use Australian lingo and slang
- Ability to network and participate in social settings
- Feeling like part of the Australian community

- Increased confidence
- Increased opportunities
- Improved ability to set personal and professional goals
- Ability to utilise potential and abilities
- Ability to demonstrate progress within community
- Becoming a role model for community and family

- Trust in TRE as a financial providers and "backers"
- Improved home environment
- Ability to care and provide for family
- Improved relationships with partner and children
- Need and ability to maintain a routine
- Staying mentally active

- Increased number of new small businesses
- Job creation
- Increased number of people in employment
- Reduced welfare usage

- Effective opportunities to volunteer skills and engage with Asylum Seekers and Refugees

Social Outcomes

Economic Integration

Financial Inclusion

Increased social Integration

Increased Empowerment

Improved Mental Wellbeing

Community Contribution

Economic Outcomes

Increased Income

Increased Income Tax

Increased Company Tax

Increased GST intake

Reduction in Mental Health Expenditure

Reduction in Unemployment Benefits

Client Outcomes

Govt. Outcomes

\* Volunteer Outcomes



Theory of Change

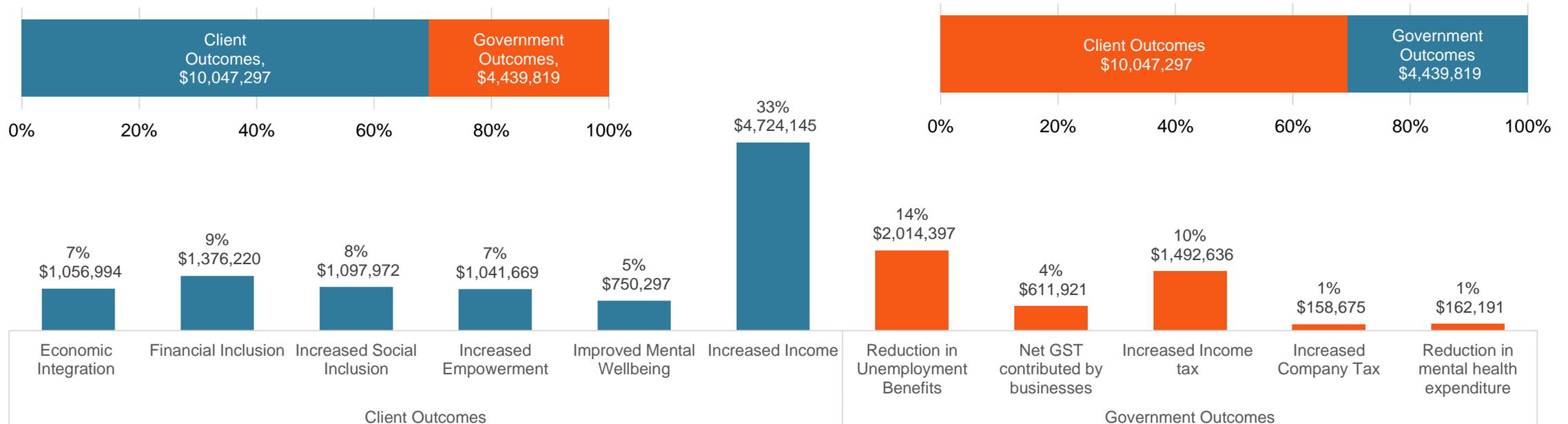
# Stakeholder Perspectives on TRE Services

Client Social Outcomes	Stakeholder views
Economic Integration	<p><b><i>“Dealing with suppliers every week to make orders, invoices, paying taxes...this was all a bit difficult in the beginning but is now going very smoothly. We had a lot of assistance from TRE to do so”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Client</li> </ul> <p><b><i>“They’ve listened to everything I’ve said and been very open minded and grateful for the support. Running a business is hard, my mentee is not through the other side yet. But she has the confidence that it will come.”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Volunteer/Mentor</li> </ul>
Financial Inclusion	<p><b><i>“They can be financially independent with what they’ve got in front of them. Time will determine that, but they will have every opportunity to be successful”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Volunteer/Mentor</li> </ul>
Increased Social Inclusion	<p><b><i>“The fact that we have a shop has helped us to settle in Australia. Any type of work helps you settle in, it helps to make lots of relationships with people and the best way to meet lots of people like ourselves and outside our community”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Client</li> </ul> <p><b><i>“Refugee or not – employment helps you become part of the society you are living in. The more my mentees can assimilate with more pride and growth as people themselves”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Client</li> </ul>
Increased Empowerment	<p><b><i>“I prefer this type of work because I can actually utilise the skills that I have to achieve something.”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Client</li> </ul> <p><b><i>“Our family back home is very proud of us and we are proud to be able to do this for ourselves here.”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Client</li> </ul> <p><b><i>“If you go to work you can provide everything you want in life – if you don’t you can’t – it’s simple – and that affects everything else. If you have a goal in life – you need to work to be able to arrive their goal. My goal is to provide the best professional service so I can support my life and my family. Thrive is enabling me to do this.”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Client</li> </ul>
Improved Mental Wellbeing	<p><b><i>“Employment is “IT” and matters more than anything else – especially for parents who are dedicated to their families. We are not able to support them through Centrelink, so getting a job is the main thing when you arrive here – and getting an honest job which means a lot because we are here – we have been given a new chance to start a new life and we have to be grateful and contribute. If you don’t have a proper job and income – it’s going to affect your health and the family environment”</i></b></p> <ul style="list-style-type: none"> <li>- TRE Client</li> </ul>

# TRE's Impact – Return On Investment

- The total cost of delivering TRE's services (Inputs) between 2017 -2019 was **\$3.0 million**
- The total economic and social value created by TRE over this period was modelled as **\$14.5 million**:
  - Economic Value of approximately \$9.2 million (63% of total value created)
  - Social Value of approximately \$5.3 million (37% of total value created)

**The Social and Economic Return on Investment Ratio is \$4.9 for every dollar invested into TRE to date\***  
 Looking purely at the Economic outcomes, this results in **\$3.1 in economic value for every dollar invested into TRE to date**



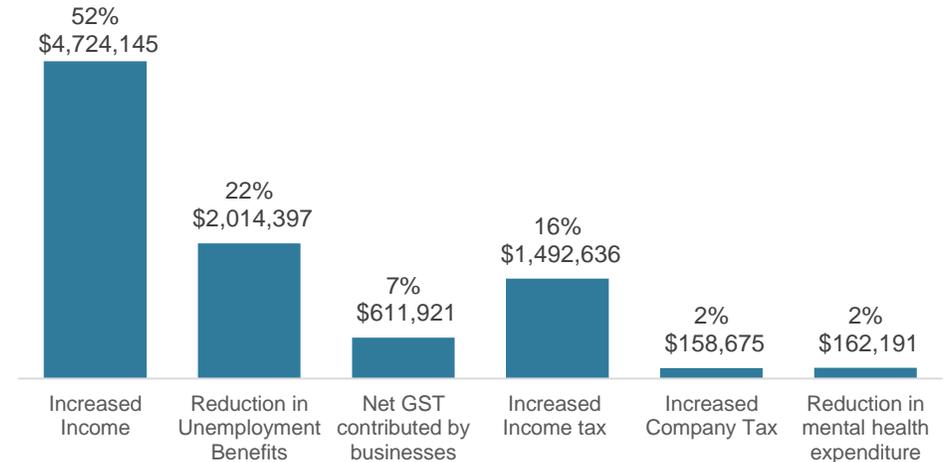
\* Given the subjectivity of proxy valuation used for the economic outcomes, the ratio is also presented as a range based on varying these sensitive areas of the economic model. After testing the sensitivity of relevant parameters in the SROI model, it can be stated that for every dollar invested in TRE a social and economic return of between \$3.8 and \$5.6 can be expected.

# TRE's Impact – Economic vs Social Outcomes

- **Economic Outcomes**

- Of the total value created through the provision of TRE loans and client support, 63% (\$9.2 million) was through economic outcomes.
- Around half of this economic value (\$4.7 million) was created for clients through increased income from their ability to become self-employed
- The most significant outcomes for Government were a reduction in unemployment benefits (22%, approx. \$2 million) and increased income tax (16%, approx. \$1.5 million)

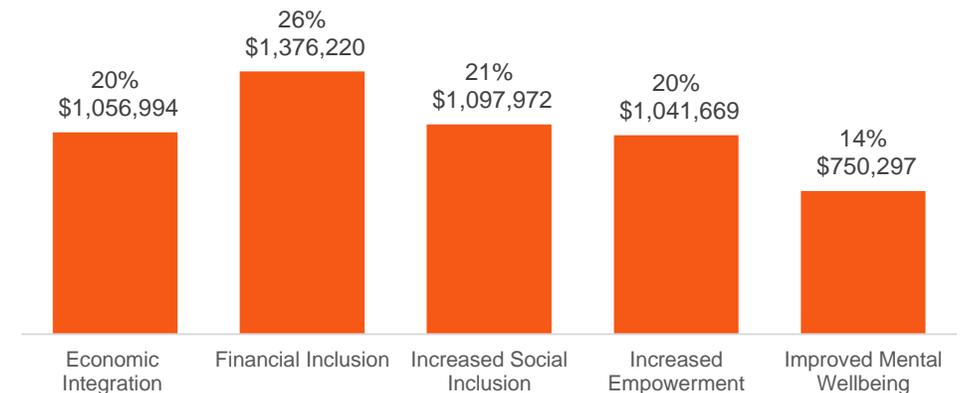
Distribution of economic value created



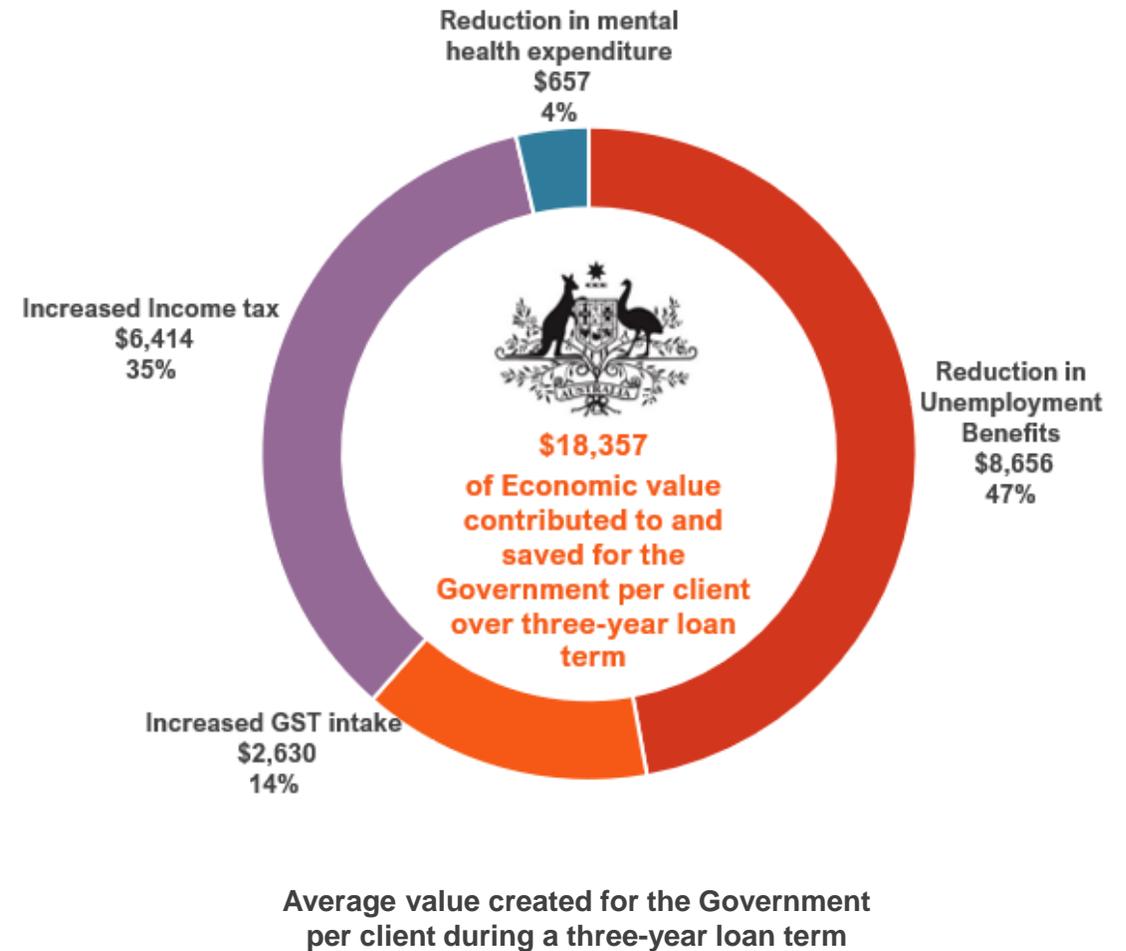
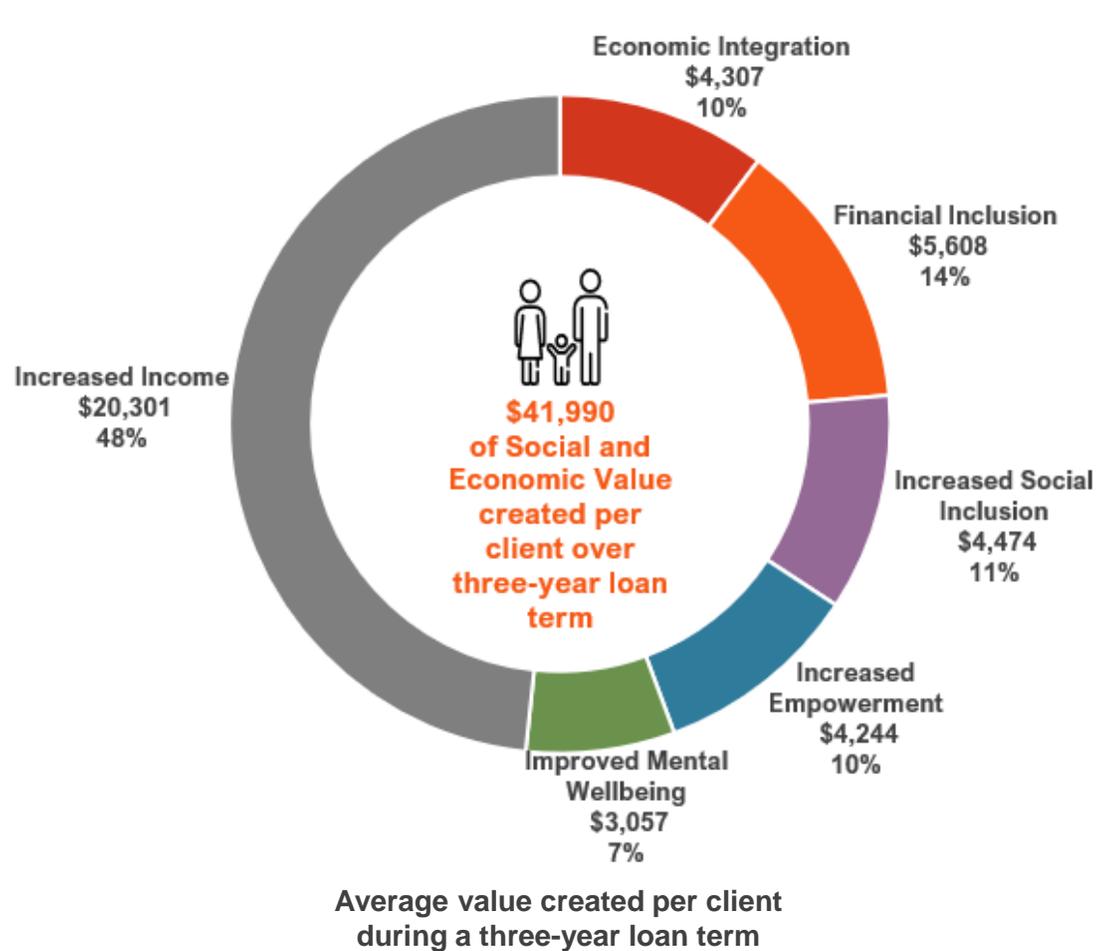
- **Social Outcomes**

- Social outcomes for clients made up the remaining 37% of the value created by TRE's services.
- This value was all created for clients and increased financial inclusion was the single largest source (26%)
- Economic integration, increased social inclusion and empowerment each made up a further 20% of the value, and improved mental wellbeing contributed 14% or approximately \$750,000

Distribution of social value created



# TRE's Impact – Per Loan Issued



# TRE's Impact – Enabling Factors

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- A recurring theme during consultations with clients and volunteers was the importance of TRE staff's approach in dealing with client needs both during client assessment and monthly follow ups
- Clients repeatedly referred to TRE staff as trusted “family members” who were approachable and culturally responsive to their needs and obstacles faced. Clients noted the staff's willingness to build personal relationships rather than deal with them as clients
- Clients were also especially grateful for the practical advice on business expectations and loan servicing requirements provided to them during discussions with staff
- Volunteers and business mentors also praised the ability and skill of TRE staff in assessing clients to determine their suitability and not burdening them with loans they couldn't realistically service

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*“What's good about Thrive? They are friendly, caring and give you a chance to explain your situation and your needs. They are there to prepare documents as best as possible and become more caring to help out when they are aware of your situation. I'm grateful to thrive not just for the loan – but to meet such a good group of people here who assisted me even though they didn't know me and led me to be able to meet my goal and open many doors” - Client*

*“Thrive makes so much sense, but also with the shape of business in Australia and the importance of small businesses and providing a service – there's a lot of people who don't want to run small business and for people who want to and only need access to a little bit of money and have these skills, it just works” –  
Business mentor*

*“The understanding and expertise that they have to help people is important – there would be nothing worse than keeping some clients on – it could have gone horribly wrong for one potential client. TRE supported him to find him work instead. The loans are not always going to work out” – Business mentor*

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# Delivering on TRE's Vision

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- TRE's vision is to **positively transform the lives of refugees and asylum seekers by helping them build successful businesses and fulfilling lives, so they can make meaningful contributions to the Australian economy and society**. The findings of this SROI analysis indicate that TRE is delivering on its vision and that its service model has effectively achieved significant benefits. It is clear that the loans and ongoing support provided by TRE, acts as a platform for the clients to achieve economic and social outcomes that benefit themselves, the wider Australian community and the Government.
  - The modelling in this SROI analysis shows that TRE could create even greater value. For example, if TRE were able to increase their current loans disbursed to 150 annually at a cost of \$1,500,000 annually, there is potential to achieve a Social and Economic return of \$6 for every dollar invested into delivering services