

# White Paper on the investment contribution of the economic Diasporas in the Euro-Mediterranean region

An appeal towards policy makers in charge of migration policies, as well  
as towards improving the attractiveness and economic development of  
the territories



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IN THE MEDITERRANEAN

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INVESTMENT NETWORK

# Introduction

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The most recent OECD<sup>1</sup> estimates reveal that close to 10 million migrants from the countries of the southern and eastern shores of the Mediterranean have already settled abroad.

This migration is becoming more diversified and qualified, and their contributions to economic development are having an effect on currency, know-how, and technology transfers, facilitation of transnational professional and scientific networks, contributions to local development and innovative ecosystems...

Indeed, economic migrations<sup>2</sup> play both a pragmatic and proactive role, operating over the long-term, often in the shadows, to forward the economic development of both their country of residence and their country of origin, establishing bridges and methods to create value, and by extension, shared values.

In the southern countries, they naturally take on the role of ambassador of their country of residence, exposing their expertise, and thus effectively promoting cooperation between the two Mediterranean shores.

These economic diasporas made up of executives, entrepreneurs, investors, and scientists are also net contributors to investments, exchanging ideas, building strategic partnerships, opportunity relays, and business backers, regulating relations between their countries of residence and origin. Once identified and mobilized, they deal in concrete measurable actions, thereby participating in the structuring of a productive balanced dialogue towards cooperation in the Mediterranean.

Thanks to several studies made on the diasporas and their networks, and after 10 years of economic cooperation projects set up within the region with the help of public authorities, private sector organizations, entrepreneurs and investors, ANIMA has acquired a recognized expertise in economic development engineering in the Mediterranean area.

This economic cooperation is also furthered by promoting the newcomers' skills towards economic development and by supporting their contribution to the region's competitiveness.

Although for several years now policymakers are in agreement that migration as a global phenomenon promotes new development initiatives built around the central issue of mobility, a number of constraints still prevent migrants from achieving their full development potential for the region.

These barriers, for the most part, stem from the lack of coordinating initiatives, and the partitioning of the actors involved in mobilizing the incomers, thus weakening the effectiveness of the resources deployed. More appropriate methods to harness the commitment of these actors and their particularities need to be adopted, and new mechanisms, especially financial, created.

Through this White Paper, ANIMA proposes specific measures to remove the obstacles to the Mediterranean economic diasporas' contribution and facilitate their involvement in the various existing channels and those still to be developed.

These measures are grouped into six points detailed below intended to form the basis of a cross-cutting framework for issues of mobility, economic attractiveness, and cooperation to be adopted by economic development policy makers and actors of the Mediterranean territories.

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<sup>1</sup> OECD (2012), *Strengthening ties with the Diaspora: Overview of migrant skills*, OECD Publishing.

<sup>2</sup> By "Economic Diaspora" ANIMA is referring to any expatriate or immigrant, whether organized within a network or not, who has substantial economic capital in the form of funds, entrepreneurial capacity, innovative force, knowledge, and transferable economic expertise acquired in one or more countries of residence.

# 1. Create a coordination and mediation structure in each country

In each country of origin, create a **coordination and mediation structure** that could become the sole contact for investors from the diaspora. This structure will be in charge of:

- **Ensuring better coordination** and more effective support mechanisms for investment from the diaspora;
- **Identifying the skills** of those living abroad, creating a link between them and their country of origin, and targeting the needs of both parties;
- **Informing on the** business and financial opportunities that exist in the country;
- **Facilitating the implementation of projects** by making resources and support services available tailored to the diaspora;
- Playing a **facilitating role** between companies in the country of origin and the diaspora;
- **Removing obstacles** such as legal, fiscal, property or regulatory restrictions by centralizing information about diaspora members at a single desk.
- **Helping strengthen the technical and financial expertise** of the support structures for diaspora entrepreneurs and investors such as investment agencies, chambers of commerce, and business federations, etc.

To ensure its effectiveness, this coordinating structure of actors and initiatives should set up an online platform to serve as the main tool for managing the relationship between the countries, the actors, and the settlers. This platform would aggregate the following functions:

- **To inform and create a dialogue, bringing together the talents** considered to be "friends of the country of origin" regardless of whether their connection is through family, culture, or business. In this way the diaspora can assume its largest dimension.
- **Enable the various talents to interact** with each other to express their needs, provide feedback, make their profiles known, ensure the dissemination of information on their countries of origin, including the country's culture and values, to provide information on the markets, and publicize certain success stories.
- **Promote concrete commercial opportunities** among the diaspora business communities and facilitate the dissemination of key economic information about the countries concerned.
- **Ensure the actors are aware** of the coordination and promotion initiatives targeting the diaspora outside the borders of their country of origin as well as the support services developed for their projects.

**The public authorities and the private sector are brought together** to mobilize and manage the community thus created. Depending on the country's context, the public authorities or the private sector would take the lead in developing this platform.

The main function of the public authorities would be to **develop strategic priorities** to guide the mobilization of talent as to which sectors to develop as a primary concern, which types of projects to prioritize, and to marshal diplomatic channels towards the mobilization and facilitation of the community abroad.

In addition, it is essential to **promote an offer of services** at the national level that would mobilize these expatriate talents offering them a range of support services throughout their investment period.

Members of the diaspora would be **associated with putting together this offer**, with its marketing, and the development of messages aimed at mobilizing these talents.

# 2. Implement a more suitable legal framework in the country of origin

Although corruption, difficulties accessing start-up financing, poor infrastructure, and bureaucracy remain the toughest challenges holding back the full potential of diasporas, work also needs to be done to develop properly **adapted legal frameworks** that take into account the difficulties related to issues of the dual status of the members of the economic diaspora.

It is not a question of creating an exceptional regime for investors from the diaspora as this would cause distortions with the local entrepreneurial base, but rather to support the new initiatives of the diasporas taking into account their specificities and their dual status, in the country of residence and of origin. Removing certain barriers they find themselves confronted with would further improve the business environment for all entrepreneurs.

**Priority, therefore, should be given to legislative arrangements** that facilitate:

- **The movement of skills** in the Mediterranean, especially for students, researchers, and generally all actors in order to accelerate the transfer of skills and technologies. Develop "business mobility" systems for economic diasporas providing support for study trips, and participation in business events.
- **Access to property and land**, which constitutes a serious obstacle to investment, especially to the new generation diasporas.

- **The portability of the dual nationals' social rights** by promoting bilateral agreements between the agencies in charge of retirement issues in particular, and developing gateways for career accreditation.
- **Treaties eliminating double taxation** in countries still imposing the practice, thus encouraging the development of economic activity in the country of residence and of origin by only filing taxes in one or the other.
- **Lowering taxes** on migrant remittances would encourage the use of channels more conducive to productive investment.

These measures must be simple and pragmatic. To expedite their implementation, discussions should be undertaken to create a new framework **within the agendas of ministerial meetings** of the Union for the Mediterranean, the European Union, within the declarations of the Parliamentary Assembly of the Mediterranean, and in the agendas of the national parliaments of the Mediterranean countries.

### 3. Create a Diaspora Fund

Create a Diaspora Fund with matching finance from the public investment banks, acting in co-investment with financial partners such as banks, venture capital funds, business angel networks, and actors in participatory financing.

This Diaspora Fund would include a joint committee comprised of financiers, diaspora business leaders, and project support structures.

To pair the Diaspora's investment capacity with the innovative ecosystems of the Mediterranean region, and aggregate their efforts to mobilize development banks and the major private operators, the Diaspora Fund should preferably operate under a co-investment strategy.

### 4. Encourage banks and financial institutions to adapt their instruments to the diaspora

To round out the Diaspora Fund, other financial products involving the diaspora can be developed to provide alternatives and innovative funding solutions to meet the challenges of the social and economic development of the Mediterranean zone. Among these:

- "Diaspora bonds" or equivalent instruments conceived according to the model of bond issues by the diaspora, to orient savings towards development projects in the countries of origin.
- Crowdfunding, particularly suitable for the diaspora in this digital age, offers tools in accordance with the practices of diaspora members that match their civic engagement aspirations. Promoting diaspora crowdfunding platforms would thus enhance access to the seed financing of local development and entrepreneurial projects in the region, while benefiting from the development potential of diasporas who would then support projects of their choice from their country of residence.
- Platforms or other tools would apply the participatory financing to investments involving loans or venture capital. Facilitating these crowdfunding investment platforms and ensuring their promotion to the diaspora would allow financing projects requiring major funding.
- Financial guarantee instruments would enable securing the investments of the economic diasporas.

The importance of relying on trusted third parties should be emphasized when putting together such investment instruments in order to select the projects, protect the investments of both the diaspora and others, and ensure the proper implementation of the funded projects.

### 5. Create a network or a collaborative platform of Mediterranean Diasporas

**Create a network or a collaborative platform** that would bring together associations, networks, and the skills of the Mediterranean diasporas. This platform would enable an exchange of experience between associations and networks, an appreciation of diaspora success stories, and promote economic cooperation among these actors.

This platform would be recognized as a privileged place of dialogue and a reference point for all stakeholders in the mobilization and development of Mediterranean diasporas.

Such a platform could generate expertise in the economic commitment of diasporas, and thus be the sole contact at the regional level for businesses and private sector support organizations, governments and policy makers, national and international development organizations present in the region, as well as civil organizations and academia.



In addition, this collaborative platform of the Mediterranean diasporas should, upon request from the national stakeholders, support the implementation of coordination structures at the national level (point 1 of the White Paper) and assist in the development of a coordinated offer of services aimed at the skills of the diasporas developed by the national actors.

An annual conference of initiatives, targeting the expertise of the Mediterranean diasporas, could also be organized under the aegis of the Union for the Mediterranean in order to ensure better coordination between national programs, and identify ways to facilitate investment and entrepreneurial feedback, to be brought to the attention of policy makers in the region.

## 6. Encourage ad hoc development projects involving the diaspora

High level diaspora skills can act as agents of change and acceleration for the development of the Mediterranean country economies. Encouraging and supporting **ad hoc projects involving government backing of these high level talents who seek to make available** their know-how and their networks should be reinforced. In keeping with local needs, and national strategies for local development, markets, and employment, the priority of this support could benefit the following sectors:

- Research, particularly in the health sector
- Infrastructure
- Modernizing the academic world
- The development of support ecosystems for entrepreneurship and business

In the latter sector, support for projects favoring the transfer of skills and capacity-building by the diaspora, already widely tested in other fields, could benefit an entire generation keen to acquire managerial and entrepreneurial skills often absent from local training courses, also benefiting from international experience, and underpinning relations between entrepreneurial ecosystems. This would enable in particular:

- Boosting young promising entrepreneurs from southern countries, trained in the methods of the residence country of the diaspora;
- Strengthening the capacities of southern companies to internationalize and thus become more permanent;
- Enhancing the peer-to-peer dialogue between diaspora talent and the economic actors in the southern countries;
- Promoting business opportunities stemming from the country of the diaspora residence and conversely, generate foreign direct investment (FDI) from the South.

These ad hoc projects and the support deployed for their successful implementation should be in accordance with the "Diaspora strategies" developed in the country of origin and implemented by the coordination structures (*point 1 of the White Paper*), and remain consistent with the new legal provisions to be developed (*point 2 of the White Paper*) promoting the exchange of diasporas' skills, and thus remove the obstacles caused by the dual status of the diaspora members.

**ANIMA Investment Network** is a cooperation platform for economic development in the Mediterranean. The network brings together 75 government agencies, business, finance, and innovation networks in 22 European and Mediterranean countries.



The work carried out by the ANIMA network since 2006 resulted in an action plan from the *MedDiaspora* study (2010), foreshadowing the MedGeneration project (2013-2016), which aims to accelerate the mobilization of economic diasporas for the development of the Mediterranean countries. To achieve this, a Euro-Mediterranean cooperation accompanied Lebanon, Jordan, and Palestine in the establishment of a framework facilitating the mobilization of diasporas, opening up commitment channels on all fronts: legislative, commercial, and financial.

In connection with its action to promote territories and investments having a local impact, ANIMA also contributes to the development of local ecosystems by supporting the creation of employment and business, as well as the movement of skills throughout the Maghreb by involving diasporas in the DIAMED project (2013-2016).

Based on its studies and experience, particularly through the MedGeneration project, the approach developed by ANIMA to mobilize the diasporas could be described as both qualitative and pragmatic. It is based on identifying skilled individuals and putting them into relationship with actors, needs, and targeted opportunities. This highly personal approach to mobilizing diasporas implies working with all parties involved in the development of the territories, and tends to go against a "vertical" approach. The thematic expertise developed over a decade by ANIMA and its partners presently aims to be adopted on a larger scale and implemented across all Euro-Mediterranean territories in order to more effectively mobilize the economic diasporas of the region around the economic challenges of today.

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