

## Key Messages

### General messages

The MENA diaspora can be an important catalyst and partner for governments and development institutions to foster cooperation, trade, globalization, regional integration, and entrepreneurship in the MENA region.

More than 5 percent of the MENA population lives abroad, among them many professionals.

Knowledge moves when people do. In India, the high-tech industry has boomed thanks to sustained ties with Indian migrants and even people returning from diaspora.

In MENA, emigrants (diaspora) are responsible for most patents that MENA citizens file. Among the MENA countries with the highest patents registered, the Moroccan diaspora was at the origin of approximately three-quarters of the 844 patents recorded between 2001 and 2010, compared to about 84 percent in Lebanon, Tunisia, and Algeria. It is the highest for Iran (96%), which also registered the highest number of patents (2354) – [using WIPO data]

During conflict and instability, diaspora are more likely than other investors to invest in home countries with weak business enforcement and poor governance because they tend to have more information on the business environment and local practices.

The MENA diaspora is a gold mine because it can also be an important catalyst for alleviating the refugee crisis that has recently intensified in the region. For example, Syrian-American doctors from the Syrian American Medical Society have lent their time and talent to supporting clinics in the Za'atari camp in Jordan and are providing counseling and social services for women and children wherever possible in Syria.

Only a few countries in the MENA region make a systematic effort to engage their diaspora on development issues. The Moroccan government has among the most ambitious approach, including at the regional level. For example, the Regional Investment Center works to bring attention to project leaders from the diaspora. The Houses of Moroccans Living Abroad, a program to provide information for returning diaspora members, was being tested in 2015 in the Beni Mellal region.

Their efforts seem meager and shallow when compared with the more-ambitious, -effective programs of other areas of the world. The Philippines stands out in particular in adopting a systematic approach to its emigrants and dedicating significant resources to the effort.

### About the survey

This analysis draws mainly on information and data gathered from 827 valid responses (out of approximately 1,000 responses overall) to an online survey and focus group discussions with selected diaspora groups. This is the largest survey that has been undertaken of the MENA diaspora. It was available online for nine months from May 2014 to March 2015.

This study is also different from other diaspora studies in its scope. Most diaspora studies are focused on the feedback of the diaspora on a particular area, such as a specific investment instrument. This study adopted a broader viewpoint and asked people in diaspora about their interest in contributing to the globalization of their home countries through three main channels: investment, trade, and skill transfers. It also collected information on their perceptions of the key constraints in the business environment, on free trade agreements, and on the role of governments and development institutions vis-à-vis the diaspora.

The MENA diaspora is generally motivated and committed to supporting the economic development of and giving back to their home country, beyond via remittances.

The preferred form of intervention of the MENA diaspora is currently mostly knowledge transfer, mentoring, and capacity building. Although a number of diaspora members have invested at home, or have tried to, they believe that the priority should be to help young professionals and entrepreneurs become more structured, to define their ideas and projects better, to market their products and services better, and to help them access markets. They think that the economic situation and the lack of maturity of the local markets are not conducive to investment at home and will come at a later stage.

## **Recommendations**

Governments and international institutions can play an important role in mobilizing the diaspora.

The MENA governments would gain from formally recognizing the broader contribution of their citizens living abroad beyond remittances. The effect can be particularly great when the outreach and policies are decentralized and come from the local level, and reaching out to diaspora originating from specific regions.

Country engagement and programs with the diaspora ought to be differentiated depending on the situation and needs of the MENA economies and of the diaspora. The approach will be different for different groups of MENA countries: (i) relatively stable economies such as Maghreb countries, Egypt, and Jordan; (ii) countries in crisis or reconstruction such as Iraq, Libya, Syria, and Yemen; and (iii) GCC countries that are home to many MENA diaspora members.

Governments, with the help of bilateral and global development partners, can also help establish knowledge exchange networks so that the skills of diaspora members can be tapped into more easily

Government- and private sector–led entrepreneurship initiatives should systematically call on the professional diaspora and business angels to provide seed financing and mentorship to high-growth entrepreneurs, in particular in early-stage seed deals. A \$50 million Morocco Seed and Early Stage Equity Financing project that aims to mobilize private equity capital and increase venture capital offerings to small and medium enterprises with high growth potential will involve the Moroccan diaspora at all stages of the process.

Governments could engage strategically with a small group of diaspora overachievers in an elite program to benefit the country. Examples of such managed networks include Global Scot and Chile Global, which enlisted some 600 and 100 members, respectively. In the MENA region, Tunisia recently established the “ambassador” program, targeted toward diaspora professionals with managerial position in the IT industry to promote Smart Tunisia abroad . The action of a few in support of specific programs could make a difference.

Governments can also encourage diaspora contribution to competitive research and innovation in their home countries. The diaspora can help build the local innovation and research ecosystem. Notable examples include research excellence contests pioneered in Croatia in 2008, Mexico in 2009, and Russia in 2010 that provided matching funds to organizations in the home country that set up a joint project with diaspora members.

Development institutions can play a major role in bringing together the diaspora across countries to share experiences, facilitating the dialogue between governments and diaspora members, and generating knowledge on international practices. This is particularly important while the level of mistrust is still high, and there is a need to put in place mechanisms to build trust.

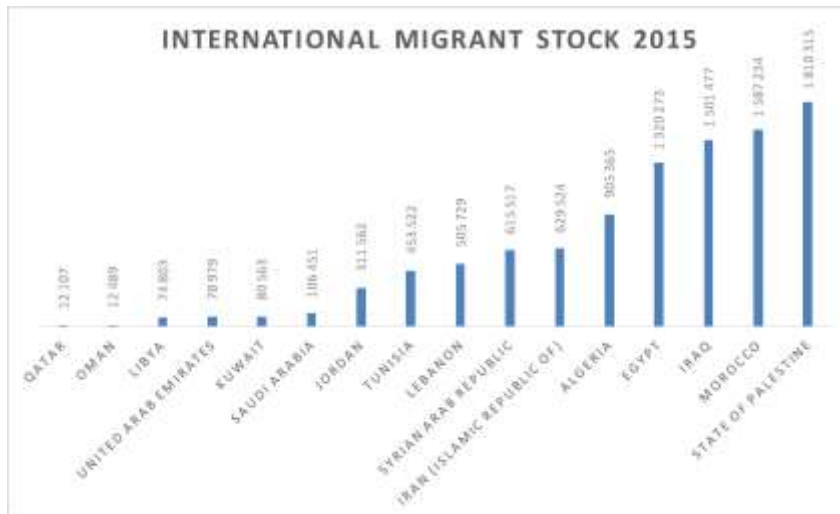
Development partners can play a convening role in particular between the diaspora and policymakers and among diaspora at the country, regional, and global levels. They organize a recurring conference to bring together the main players, foster exchanges, track progress, and follow up on projects and commitments.

## **Patents**

- In MENA, emigrants are responsible for most patents that MENA citizens file. For example, in Morocco, the diaspora was at the origin of approximately three-quarters of

the 844 patents recorded between 2001 and 2010, compared with 80 percent in Tunisia (out of a total of 743 patents) – More country data available in the report

## A large number of MENA diaspora members in the world



Source: United Nations Population Division data base

## Results from the survey

### MENA diaspora feels strongly connected to home country

- 87% are willing to invest time in mentoring individuals in country of origin
- 85% believe that giving back to country of origin is important to them
- 86% claimed they would like to be more connected to their country of origin
- 68% are willing to invest capital and trade with country of origin

**About 2/3 of respondents would like to open a business in country of origin, against 40% who would look for a job.**

### Preferred investment instruments:

- 71% real estate
- 58% direct investment
- Only 12% chose diaspora bonds

### Size of investment

- A quarter of respondents are willing to invest between \$10,000-\$50,000
- ...or one third of respondents are willing to invest more than \$50,000

### Constraints to investment

- More than half (54%) claim that weak business environment in country of origin is the main obstacle to investment
- Two-third of respondents (62%) mention lack of information on regulation and business opportunities as the main obstacles to investment
- Only 9% mention Lack of human capital and only 7% mentioned the tax regime as constraints the investment

### **Diaspora support trade integration**

- 73% believe that a free trade agreement with the US will increase business opportunities in the country of origin ;
- More than 90% believe that free movement of good, person, capital in MENA will increase business opportunities in country of origin and have a positive impact on local firms and employment

### **Role of institutions**

- The number of UN States with a diaspora institution (ministry; shared ministry; department or other) has increased from 12 in the early 80s to also 60 on 2014 (Source: The economist June 27, 2015)
- 50% of respondents wish their country of origin has an institution dedicated to diaspora
- Almost half of respondent (45%) wish their government provided more services to match diaspora with investors, entrepreneurs and trades in country of origin
- Half of respondents wish their embassy provided links to business contacts and information to regulatory requirements