MOBILIZING THE MENA DIASPORA FOR ECONOMIC INTEGRATION AND ENTREPRENEURSHIP
Results of a large scale survey of diaspora and focus group consultations
Outline

1. Context
2. Main results
3. Recommendations

Mobilizing the Middle East and North Africa Diaspora for Economic Integration and Entrepreneurship

Mariem Mezghenni Malouche
Sonia Plaza
Fanny Salsac

World Bank Group
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CONTEXT
Context

1. MENA region is among the least integrated in the world
2. Low private investment and high unemployment
3. Governments in transition with challenging reform agenda
4. Nascent democracies with more space for civil society and non-government players
5. Interest for diaspora bonds
Empirical studies and anecdotal evidence

1. Studies shows that bilateral investment and trade are more important when there is an active diaspora

2. Diaspora funds development projects such as hospitals, roads…

3. Knowledge circulates when people move
Diaspora innovates

Proportion of patents registered by emigrants, immigrants, and nationals

Turkey
Romania
Iran
Yemen
Iraq
Lebanon
Algeria
Tunisia
Libya
Syria
Jordan
Morocco
Egypt
Oman
Kuwait
Bahrain
Qatar
Saudi Arabia

Emigrants
Immigrants
Nationals

Source: Authors using World Intellectual Property Organization data
Remittance flows are large and growing

**FIGURE 1.1.** Remittance Flows to Developing Countries Are Larger Than Official Development Assistance and More Stable Than Private Capital Flows

Sources: World Bank staff estimates; World Development Indicators. See annex A for data and forecast methods. Note: FDI=foreign direct investment; ODA=official development assistance.
Remittance flows in MENA

FIGURE A.4. Impact of the Decline in Remittances from Gulf Cooperation Council Countries

Sources: International Monetary Fund; World Bank World Development Indicators; staff estimates.

Note: e = estimate.
Cost of sending money remains high

**FIGURE 1.4.** Sub-Saharan Africa Continues to Have the Highest Cost of Sending $200

![Bar chart showing the cost of sending money in different regions.](chart)

Source: Remittance Prices Worldwide, World Bank.

Note: EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SAR = South Asia region; SSA = Sub-Saharan Africa.
Survey results
Consultation with the MENA diaspora

- **Online survey**: For all Diaspora members, collecting 1000 responses, 827 retained
- **Focus groups**: ~150 insights from Diaspora members
- **One-on-one interviews**: With business and opinion leaders from MENA

**CONSULTATION DIASPORA MENA**
Profile of respondents

Mostly from the Maghreb...

FIGURE 2B: MENA survey respondents resided mostly in France and the United States

- USA: 32%
- FRANCE: 31%
- MAGHREB: 3%
- REST OF EUROPE: 13%
- OTHERS: 9%
- OTHER MENA: 12%
A strong connection with home country

FIGURE 3A: MENA diaspora feels strongly connected to home country

Do you agree with the following statements? How do you engage with your community?

- I am willing to invest capital and trade in my country of origin: 68%
- I am willing to invest time in mentoring individuals back in my country of origin: 87%
- Giving back to my country of origin is important to me: 85%
- I consider my country of origin more of a “home” than where I live now: 44%
- I would like to be more connected to my country of origin: 77%
- I feel connected to my country of origin: 86%

- I share my knowledge and skills with individual institutions in my country of origin: 43%
- I send money to family and/or friends: 42%
- I mentor individuals: 34%
- I donate money to charities and non-profit organizations: 34%
- I volunteer my time: 26%
- I invest in property: 24%
- I am not engaged with the community in my country of origin: 16%
- I sometimes teach at an education institution in my country of origin: 9%
- I work on business(es) that I own back home: 6%
- I invest in companies/businesses: 6%
- I trade: 5%
- I invest in the stock market in my country of origin: 3%

N = 738

N is the number of valid respondents

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Lack of trust in governments

**FIGURE 3C:** Lack of trust in government policies and institutions

- I worry about the weak legal framework and enforcement: 48%
- Political instability and/or lack of political freedom: 38%
- I worry about macroeconomic instability: 34%
- I am too geographically distant: 28%
- I am not ready to get involved now, but would like to later: 25%
- I am already as involved as I want to be: 18%
- I don’t have access to information: 17%
- I do not feel a connection to my country: 6%
- I have no friends there: 3%
- I have no family there: 1%

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Investment and Economic Integration
Strong preference for real estate and direct investment

**FIGURE 4A: Investment instruments in order of preference**

- **Real estate**: 71%
- **Direct investment (existing or new firm)**: 58%
- **Acquisition of shares in your country’s private companies**: 24%
- **Angel investor, venture capital (an angel investor is an affluent individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity)**: 24%
- **Stock market**: 15%
- **Diaspora investment funds**: 15%
- **Government bonds**: 13%
- **Certificate of deposit in foreign currency**: 13%
- **Diaspora bonds**: 12%

*N* is the number of valid respondents
Obstacles to Investment

**FIGURE 4F: Obstacles to investing**

- Weak business environment (incl. complex administrative procedures): 54%
- Political instability: 47%
- Lack of information on business opportunities: 33%
- Lack of information on regulations: 29%
- Unfavorable macroeconomic environment: 23%
- Lack of good infrastructure (energy constraints, internet connectivity, etc.): 22%
- Lack of financing instruments and options: 21%
- Crime/violence: 12%
- Low return on investment: 9%
- Lack of human capital: 9%
- Tax regime: 7%
- High cost of living: 4%

N=556
Investment flows are different from remittances!

SIZE OF INVESTMENT ARE BIGGER

4B: Size of Projected Investment

N=626

- More than US$250,000: 8%
- US$100,001–250,000: 11%
- US$50,001–100,000: 15%
- US$10,001–50,000: 24%
- US$1,001–10,000: 18%
- Less than US$1,000: 4%
- Not planning to invest: 21%
Diaspora supports economic integration

**FIGURE 5A:** Diaspora is supportive of trade agreements

Do you think that a Free Trade Agreement with the US/EU/MENA will increase *business opportunities* in your country of origin?

- **Trade Agreement with USA:** 73%
- **Trade Agreement with European Union:** 85%
- **Free Movement of Good, Person, and Capital in MENA:** 90%
Governments and IFIs
Governments and the diaspora

1. An increasing interest worldwide

2. Different approaches:
   - Institutional set-up
   - Development plans
   - Specific programs

VISION

COORDINATION

FOLLOW-UP
Diaspora’s Expectations vis-à-vis Governments

**FIGURE 6A:** The MENA diaspora’s expectations of governments

- N=393
- Having an institution dedicated to the diaspora issues: 49%
- Matching investors, traders and entrepreneurs with the diaspora: 45%
- More services (trade and investment promotion) provided by embassies and consulates: 45%
- Tax incentives offered to diaspora: 41%
- Single window (the single-window system is a trade facilitation idea. As such, the implementation of a single window system enables international traders to submit regulatory documents at a single location and/or single entity): 36%
- Creation of a national framework for business angels: 23%
- Special programs such as matching grants: 23%
- Provide resource support to diaspora associations: 20%

*N is the number of valid respondents*
Diaspora’s Expectations vis-à-vis IFIs

FIGURE 6C: Services in demand from institutions—such as the World Bank

- Matching grants programs: 44% (N=360)
- Technical assistance for pilot programs: 43%
- Capacity building for diaspora associations, diaspora members and networks: 42%
- Consult with the diaspora for country strategies: 38%
- Collecting data on diasporas (e.g., conducting diaspora surveys to know diaspora profiles): 36%
- Technical assistance on diaspora bonds, financial instruments targeted to the diaspora: 27%
4 main ideas

1. Need to be recognized
2. Potential for large contribution of diaspora
3. Decentralized approach
4. The action of a few can make a difference
The action of a few can make a difference
Possible ways forward

TA to governments
- Strategy toward diaspora
- Design of targeted programs

Channel diaspora’s finance
- Banking accounts
- Diaspora bond
- Business competition

Role for IFIs
- Improve access to information: Online platform connecting diaspora and entrepreneurs; listing projects for diaspora and other investors
- Fostering networking and knowledge exchange: Diaspora – governments and among diaspora (regional/global)
- Promote sustainability of diaspora associations / success stories
“DiasporaConnect” pilot platform
Profiles of the Diaspora: Selma Turki

Born in Tunisia, Selma Turki left her native country for France when she was two. She returned to Tunisia for high school and to pass her Baccalaureate. She studied architecture for two years at the Paris Ecole des Beaux Arts before moving to Canada to pursue her studies in computer science. She also accomplished leadership and management education at Henley Business School (UK) and Berkeley (US).

Read more >


Profiles of the Diaspora: Riad Hartani
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Mariem Mezghenni Malouche
BBL at the World Bank
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