Should Governments Invest in their Diaspora/Expatriate Entrepreneurs?

Independent Study Research Project
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International Migration

In 2019, the number of migrants globally reached an estimated 272 million. The proportion of international migrants in the global population has steadily risen from 2.3% in 1980 and 2.8% in 2000, to 3.5% today[1].

The Call of the Homeland

In the early 1800s, John Ford and his son, William Ford, left Ireland to come to America in search of greener pastures. William's eldest son, Henry Ford, established one of the biggest business empires in the world. Henry's innovations revolutionized the way people would use transportation in their daily lives. The effects of his innovations were felt all over the world and, most importantly, in his ancestral home—Ireland.

In 1912, Henry decided to visit Ireland to reconnect with his roots. Conscious of Ireland's low development level he felt a strong emotional draw to apply the knowledge and ideas he had accumulated to revitalize the depressed area of Cork, where he traced his family roots. His decision to expand his company in his homeland was based on his emotional desire to reconnect and contribute to the development of his ancestral land. Henry's story illustrates the significance of a diaspora bond in global entrepreneurship.[2]

'Diaspora' Defined

Historically, the term was used to describe the exile of Jews from their ancestral homeland, Israel. Incidentally, the term has evolved and has been applied to explain the potent economic force that the Israeli Diasporas have come to represent. Other historical Diaspora networks include Phoenician trading networks distributed throughout the ancient Mediterranean, 15th-century Chinese business outposts in Southeast Asia, and the origin of international finance through diaspora-based banking networks spanning 16-century Europe.

The other well-known example is of Silicon Valley's immigrant entrepreneurs, who led the dot-com phenomenon in the 1990s by starting technology businesses that generated economic gains and employment in the United States and created a tight-knit network and established businesses in their homelands. Today they are contributing to the creation of new hubs of technology and skills in their home countries. As these entrepreneurs collaborate with former classmates and colleagues in once-dormant economies such as India and China, they are providing access to the markets and know-how that are critical to success in today's global economy. This also is applicable to "immigrants" who once worked and were educated in the United States and the United Kingdom and have returned to their home countries. This group of expatriates take advantage of their links and connections to the United States and have spurred technological innovations and economic activities.

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[1] https://www.un.org/en/sections/issues-depth/migration/
[2] Diaspora Networks: A New Impetus to Drive Entrepreneurship, MIT; Author: Suren G. Dutia

A recent study found that diasporas can help raise long-term economic growth, on average, by 0.6% points in emerging and developing home countries. See chart below[3] -

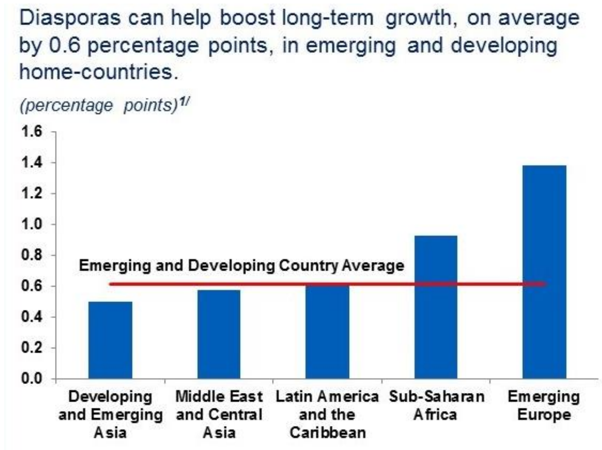

Image Source: Mitra and others, 2015, "Estimating Potential Growth in the Middle East and Central Asia," IMF Working Paper No. 15/62

Why Diaspora Entrepreneurs?

The biggest edge diaspora entrepreneurs have is their ability to establish social links through cultural and linguistic commonalities. With intimate understanding of cultural and social norms, distinct business cultures, and local languages, diaspora entrepreneurs form trusted bonds and unlock opportunities often closed to other entrepreneurs. These networks also can be used to gain knowledge about market opportunities and infrastructural gaps.

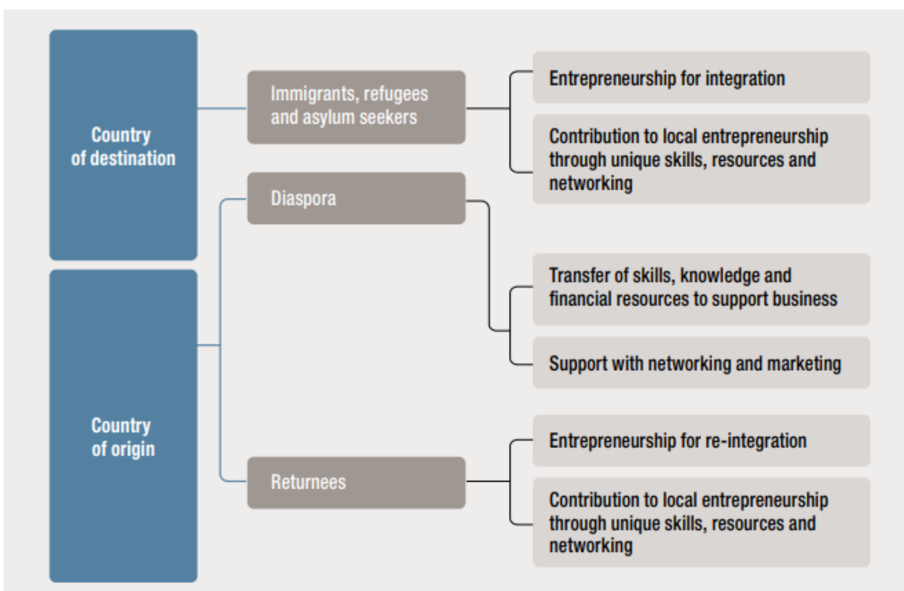

Image Source: UNCTAD Policy Guide on Entrepreneurship for Migrants and Refugees

For example, in China, the concept of Guanxi is commonly practiced. Guanxi describes the basic dynamic in personalized networks of influence and is a central idea in Chinese business

[3] https://blogs.imf.org/2016/05/18/addition-by-subtraction-how-diasporas-can-boost-home-country-growth/

practices. A Diaspora network can greatly enhance this cultural understanding and accelerate business opportunities.

- Compared with remittances or diaspora bonds, entrepreneurial investments give diaspora members more direct control over the use of their funds.
- Diaspora members are often more willing than non-diaspora investors to risk starting or engaging in business activities in high-risk or emerging markets.
- Their knowledge of the local political, economic, and cultural environment, as well as their personal connections and linguistic abilities, may give members of diasporas a "first mover" advantage when investing in or starting businesses in their countries of origin.
- Fosters business development, job creation, and innovation.
- Diaspora Direct Investment creates economic and social capital through global networks.
- Diaspora entrepreneurship taps into social capital through cultural and linguistic understanding.

Remittance (Case: India)

Engaging diaspora in development processes in their countries of origin has shown great potential with remittances contributing substantially to GDP. The Indian diaspora comprises 17.5 million individuals. According to a 2018 World Bank report, India retained its position of receiving the highest remittances in 2019. Remittances from the Indian diaspora globally increased from $2.75B in 1980 to $83.33B in 2019.[4]

India: Remittance 1980-2019 ($ billions)

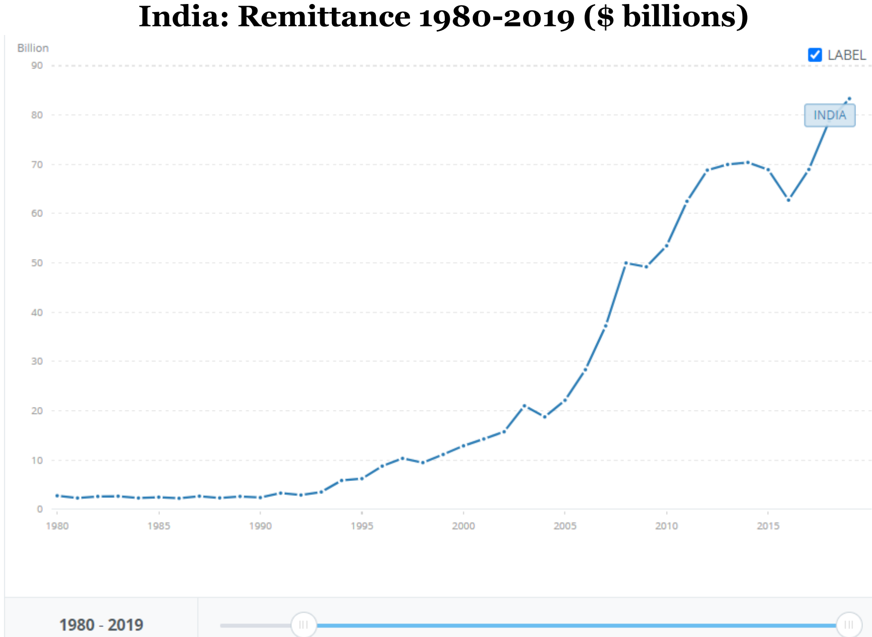

Image Source: World Bank Data

As a percent of GDP, remittances represent 37% in Tajikistan, 30% in Nepal, around 25% in Tonga, Liberia, and Haiti, and 16% in Lebanon.[5] However, remittances remain primarily for

[4]https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?end=2019&locations=IN&start=1980&view=chart
[5] https://blogs.imf.org/2016/05/18/addition-by-subtraction-how-diasporas-can-boost-home-country-growth/

consumption purposes, and are not channeled into productive investments to fuel sustainable economic growth.

Factors shaping diaspora businesses[6]

1. **Push factors** from home countries include escaping from different political, economic and other forces that stifle individual's ability to live, contribute to their growth and for achieving success.

2. **Pull factors**, on the other hand, are factors that attract people to other countries, for example the freedom to think and act without the shackles of family, culture or political backlash. The relative strength of these factors in relation to the others largely influences the outcome of the interactions between the Push and Pull factors.

3. **Re-push factors**, such as the failure of immigrants to gain employment in professions they are trained in, e.g. teachers, doctors, nurses, engineers, surveyors, etc.

4. **Generational Element[7]:** Whether diaspora is first- or second-generation migrants greatly influences the type of enterprise they establish.
   a. Research suggests that generally **first-generation diaspora entrepreneurs** are less educated and undertake ethnic type business initiatives primarily in the services sector. This generation of migrant/diaspora entrepreneurs are often concentrated in sectors such as money transfers, travel agencies, and ethnic oriented initiatives such as bakeries, shipping, restaurants, translation services, music shops, small grocery stores etc.
   b. **Second generation diaspora** on the other hand are more educated, worldly and often engage in non-ethnic businesses ventures in for example the technology sector. This generation of entrepreneurs have a better understanding of how markets function, how modern enterprises operate and the changing global dynamics that impact on their interventions.

5. **Transnational vs Returnee Diaspora Entrepreneurs:** Returnee diaspora entrepreneurs permanently repatriate to their countries of origin, while transnational entrepreneurs "migrate circularly," or return regularly to the country of origin physically and virtually through social networking sites, electronic bulletin boards, and other online venues. Transnational diaspora entrepreneurship has been described as a "social realm of immigrants operating in complex, cross-national domains, with dual cultural, institutional, and economic features that facilitate various entrepreneurial strategies."

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[6] Vemuri, S.R.2014. *Formation of Diaspora Entrepreneurs*. Center for Transnational Studies (ZenTra). Universities of Bremen and Oldenburg
[7] Wah, T.2013. Engaging the Haitian Diaspora: Emigrant Skills and Resources are needed for Serious Growth and development, not Just Charity

Five Levels of Government Commitment to Diaspora Entrepreneurs

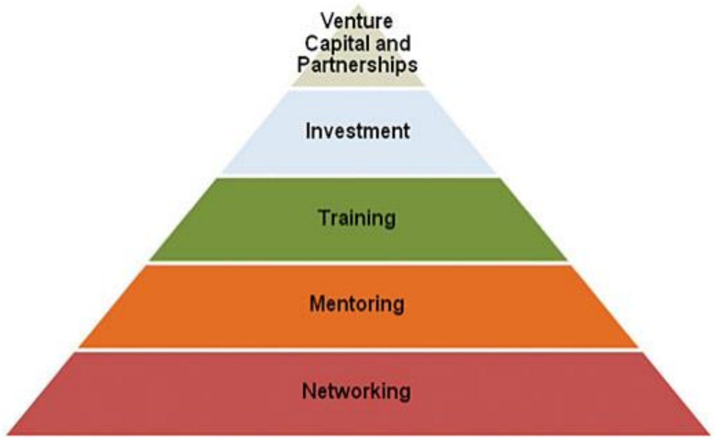

Image Source: Mobilizing Diaspora Entrepreneurship for Development, USAID and Migration Policy Institute; Authors: Kathleen Newland and Hiroyuki Tanaka

Diaspora entrepreneurship is one of the means to harness the potential of financial flows from diaspora for inclusive socio-economic development in countries of origin. Critical elements of facilitating diaspora entrepreneurship are conducive policy, institutional and regulatory environments coupled with access to:

1. **Networking:** Networking organizations are those that promote diaspora entrepreneurship by offering opportunities for diaspora and local business leaders and professionals to meet one another and discuss potential business and investment opportunities in the homeland.

    a. **The African Diaspora Network (ADN)**[8]: Founded in 2010 and registered as a 501(c)(3) nonprofit membership organization, the African Diaspora Network has energized collaboration among Silicon Valley entrepreneurs, philanthropists, and African diasporas to uplift its local community towards the benefit of Africa. ADN provides virtual and physical forums to accelerate access to resources that foster partnership, facilitate knowledge-sharing, and advance investment opportunities.

    b. **Advance (Australia)**[9]**:** Advance is a nonprofit global network of over 20,000 Australians living in 80 countries and working as scientists, researchers, artists, musicians, government officers, entrepreneurs, and employees of Fortune 500 companies and small business owners. Headquartered in New York — with offices in London, Hong Kong, China, and San Francisco, and local chapters in Boston, Chicago, Los Angeles, New York, Paris, Shanghai, Toronto, and Washington, DC — it leverages the strong relationships of Australian diaspora members with business, government, and academia.

    - Advance receives government support from the Australian Department of Foreign Affairs and Trade, Australian state governments, and global corporate partners and donors.

[8] https://www.africandiasporanetwork.org/
[9] https://advance.org/

- Membership is free, and members have access to events organized by Advance that promote Australian business, talent, and innovation via live events, video conferences, online programs, webinars, and podcasts.

c. **Italy (For Senegalese Diaspora)**: In Milan, the Bureau d'Appui aux Sénégalais de l'Extérieur (BASE) was set up to advise members of the Senegalese diaspora on opportunities to support successful business creation in Senegal to promote the socioeconomic integration of voluntary returnees to their country of origin.

d. **South African Diaspora Network (now defunct):** Lack of funding.

2. **Mentoring/Training:** Mentoring organizations are more actively involved in supporting entrepreneurship among diaspora members than pure networking organizations, in that they try to match aspiring entrepreneurs or business owners seeking to expand their operations abroad with seasoned diaspora experts and business leaders. Some mentors offer one-off services such as assistance in conducting market research or a feasibility study, while others provide internships or even job opportunities in their corporations. Training organizations help aspiring diaspora entrepreneurs acquire the knowledge and skills to set up and run a successful business. These training programs (sometimes combined with provision of start-up business services such as help in developing a business plan, incorporating, and registering a business) range from transferring knowledge from diaspora experts to country-of-origin entrepreneurs to offering lessons on business management to providing guidance on how to find financing to start a business.

a. **TiE/The Indus Entrepreneurs (Silicon Valley/Global)[10]:** Global leading startup, VC networking community started in 1992 in Silicon Valley by members from the Indus valley region (India, Pakistan, rest of South Asia). It works closely with regional governments to promote entrepreneurship and innovation in their economies.
   - TiE's mission is to foster entrepreneurship globally through mentoring, networking, and education. Dedicated to the virtuous cycle of wealth creation and giving back to the community, TiE nurtures the next generation of Indus entrepreneurs.
   - There are currently 15,000+ members (including over 3000 charter members or mentors) in 61 chapters across 14 countries.

b. **GlobalScot (Scotland)[11]**: Diaspora Network for global Scottish citizens managed by Scottish Govt, launched in 2001. Connects Scottish business leaders and those interested in supporting the development of the Scottish economy. Its mission is to market Scotland as an attractive place for investors through its members.

c. **Red de Talentos Mexicanos (Mexican Talent Network):** Founded in 2005 by the Secretariat of Foreign Relations in partnership with the Institute of Mexicans Abroad (IME) and the National Council on Science and Technology (CONACYT) and with the financial support of the US-Mexico Foundation for Science (FUMEC). It attempts to leverage the resources of its highly qualified diaspora members to help

[10] https://tie.org/about/
[11] Suren G. Dutia, 2012, "Diaspora Networks A New Impetus to Drive Entrepreneurship" MIT

Mexico develop a knowledge-driven economy. The network members are organized in regional or local chapters, which independently define areas of interest. The Silicon Valley chapter, for example, focuses on information technology (IT) while Houston specializes in biotechnology, health, and energy. The network meets at annual conferences to define key strategic goals and afford members the opportunity to network and share experiences within their respective chapters.

d. **IEMP (Ireland):**[12] The Irish Executive Mentorship Program (IEMP) was launched by President Michael D. Higgins in New York, in 2012, a collaboration between the Irish International Business Network (IIBN) and the Irish Network – New York (IN-NYC). The purpose of the program is to foster engagement and promote development of new executive and entrepreneur talent in the Irish diaspora. Both mentors and protégés may come from among the widespread global Irish diaspora, including the so-called "affinity" diaspora that wants to establish or grow a business in or related to Ireland.

e. **The Program of Employment Creation for Migrants, Economic and Psychosocial Integration Project for Returnees (El Salvador):** These Programs offer migrants access to local job-search databases, vocational training, skills accreditation and seed grants up to USD 3,500 for entrepreneurial projects. Additionally, the National Network of Returned Entrepreneurs offers counselling and seed capital to migrants who demonstrate potential to establish new businesses or projects.

3. **Investment:** Investment organizations provide initial start-up funds or subsequent capital infusions, usually in the form of pooled private and public funds or matching grants, to diaspora entrepreneurs with creative business ideas that will likely spur development in their countries of origin. Some investment organizations take a hands-off approach to the money they offer entrepreneurs, while others are more involved in overseeing how their money is spent at various stages of project implementation.

a. **African Diaspora Marketplace (Africa)[13]:** USAID+Western Union supporting economic growth and job creation in Africa by supporting African diaspora entrepreneurs.
   - Completed 3 major marketplace events.
   - In the African Diaspora Marketplace fifteen to thirty awards are made, with grants between $10,000 and $50,000. A partnership with Western Union, in 2011 it funded seventeen businesses in fields including green energy, sustainable meat and heritage tourism.

b. **African Foundation for Development (AFFORD)[14]:** AFFORD was founded in 1994 as a non-profit organization by Africans living in the United Kingdom to help the African diaspora there create wealth and jobs in Africa. Its main activities include the Diaspora Finance Initiative (DFI), AFFORD Diaspora Grants and the AFFORD Business Club.

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[12] http://www.iemp.org/about-us/
[13] https://www.diasporamarketplace.org/prior-programming/
[14] https://www.afford-uk.org/about-us/

- Its Supporting Entrepreneurs and Enterprise Development in Africa (SEEDA) program, uses the skills, knowledge, and wealth of the African diaspora to support SMEs in Africa. Its efforts thus far have focused on entrepreneurship in Ghana and Sierra Leone. With the support of the UK Voluntary Services Overseas (VSO) Diaspora Volunteering Initiative, SEEDA has organized five missions to Africa.
- Also, as a part of Diaspora Finance Initiative (DFI), in the years 2016-19, around $580k has been raised in matching funds by diaspora entrepreneurs with 5 businesses looking to scale and 170+ jobs created. [15] DFI is co-funded by Comic Relief and UK Aid through the Common Ground Initiative. It works on enhancing transnational networks that facilitate the social impact of diaspora investments in four target countries – Nigeria, Rwanda, Sierra Leone and Zimbabwe.

c. **Liberian Diaspora Fund[16]:** In 2016, 12.8% of Liberia's GDP came from remittances. The Liberian Diaspora Social Investment Fund was established by the Khana Group and the Liberian Professional Network to direct remittances into anti-poverty and job-creating initiatives through direct investment in small and medium enterprises, as well as opportunities for entrepreneurship skills development, including in business skills, accounting, and marketing.
   - Using a shared-risk arrangement, 75% of the fund came from the diaspora, while the remaining 25% came from multilateral organizations - the US Overseas Private Investment corporation (OPIC), the World Bank, USAID, and other sources.

d. **Ministry of Aliyah and Absorption (Israel)[17]**:The ministry offers programs and services to assist former residents of Israel who wish to start a business in Israel or transfer one to the country. Two types of loans are available for opening businesses: The State-Guaranteed Small Business Assistance Fund (of the Ministry of Trade, Industry, and Labor) and the Fund for the Self-Employed Immigrant (of the Ministry of Immigrant Absorption). An individual can only apply for a loan from the Fund for the Self-Employed Immigrant one time. The loan approval process is:
   - The business counselor transfers the business plan and their recommendations to the fund committee
   - The committee examines the business and determines the loan amount and refers the entrepreneur to a partner bank of the Ministry
   - Returning citizens as well as immigrants (most of whom are members of the Jewish diaspora) and, under some circumstances, children of immigrants, are eligible for these loans.

e. **PARE 1+1 (Moldova)[18]:** Started in 2010 by Moldovan government's Organization for the Development of the Small and Medium Enterprises Sector (ODIMM), the

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[15] https://www.afford-uk.org/infographics/
16 https://diasporafordevelopment.eu/wp-content/uploads/2020/11/CF_Liberia-v.2.pdf
17 https://www.gov.il/en/departments/ministry_of_aliyah_and_integration
[18] https://www.odimm.md/en/press/press-releases/4548-one-billion-lei-in-the-country-s-economy-through-pare-1-1

program offers funding to complement migrants' financial resources and provides entrepreneurial training to migrants and their relatives for business development.

- According to the funding formula, each Moldovan leu invested by the migrant is supplemented with another leu in the form of a grant provided by the state. The amount of the grant is up to 250,000 lei.
- According to last available information, through the Program "PARE 1 + 1", the investments made by migrants have reached 1 billion lei.
- 2,410 entrepreneurs have been trained and 1,623 enterprises have been managed by migrants or their first-degree relatives have benefited from grants, opening about 4,000 work places.

f. **Returnee Migrant Entrepreneurship Award Program (Nepal)[19]:** Started by Ministry of Labor, Employment and Social Security (MOLESS) for returning Nepali citizens to encourage domestic entrepreneurship.
    - Rs. 50,000 per entrepreneur. Recognize contributions of returnee migrants from across Nepal who are engaged in innovative entrepreneurship programs. Certificate of recognition and monetary incentives are provided to the awardees.
    - Very small-scale initiative. Has only impacted 8 entrepreneurs in 2019.
    - Citizen experience bureaucracy in filing paperwork.

4. **Venture Capital and Partnership:** Venture capital and partnership organizations provide more than just the funds to launch a business. They usually are heavily involved in business projects that they believe will be profitable, often taking part in management in the early stages of an investment. Often, they form strategic alliances with other venture capitalists, business leaders, engineers, and other professionals. For these organizations, the number of strategic partnerships or projects supported by venture capital usually matters less than the quality of the proposed investment, the high potential for return on investment, and the impact that such partnerships and investments are likely to have on economic growth in strategic sectors.

    a. **Chile Global Ventures[20] (part of Fundación Chile**): Created in 2005, it designs and finances business projects through its network of about one hundred influential Chileans living in the United States, Canada, and Europe. Its mission is to promote and facilitate the development of key economic clusters in Chile (particularly startups) by reinforcing their links with Chileans residing abroad who are working to introduce innovative technologies to Chile and can offer mentorship. The fund is also developing an early - stage venture capital (VC) industry.

    b. **Fund El Cucayo (Ecuador)[21]:**
        - Programme which provides capital and technical support for migrants to successfully pursue entrepreneurial ventures in their home country.
        - Open to recently returned Ecuadorian citizens who have stayed abroad for at least one year, who have returned since 2007, who have not been in Ecuador

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[19] https://thehimalayantimes.com/business/moless-felicitates-returnee-migrant-workers/
[20] https://chileglobalventures.cl/en/
[21] https://media.ifrc.org/global-review-on-migration/smart-practice/fondo-concursable-el-cucayo-ecuador/

for more than 60 days, who do not have legal issues, and who have some financial capital.

- Eligible entrepreneurs respond to a call for proposals and submit business ideas online. The fund offers the following financing options:
    a) a 50–50 arrangement (the entrepreneur and SENAMI each contribute 50% to the project; the project cost should be $50,000 maximum for collective business projects, or $2,500 for individual or family businesses);
    b) a 25–75% arrangement (the entrepreneur finances 75% of the project and SENAMI 25%; the project's cost is fixed at $15,000 for individual and family businesses and $50,000 for associative business projects that involve at least five individuals, at least two of whom are migrants).
- 127 sources of employment had been generated as of 2013. No record beyond that.

c. Mexico (programs now defunct):

- **3x1 Matching Fund —** 3x1 Program for international remittances: Program whereby different levels of government allocate a dollar or more for every dollar invested by migrant organizations in their communities. Contributions from Mexican hometown associations (HTAs) abroad are matched by federal and local governments in Mexico.
- **1x1 Matching Fund -** Created in January 2009, it matches individual migrants' investment funds for business projects with government money (up to USD 25,000). The loan is repayable within three years and carries no interest. The unique feature of the 1x1 program is that repayment is not made in cash to the government but rather in the form of a contribution to a social investment through the remittance - based 3x1 program. Thus, the 1x1 program supports both individual business investment by small entrepreneurs and collective community investment.
- **Western Union 4+1 program -** Western Union augments the support for productive projects generated by Sedesol's 3x1 program by adding a fourth contribution (up to a limit of USD 25,000) to the three matching contributions offered by municipal, state, and federal governments in Mexico to the collective investment made by a Mexican HTA to a productive project.

Main Challenges faced by Diaspora Entrepreneurs

Diaspora enterprises often face challenges in countries of origin due to four major types of institutional weaknesses –

1. **Lack of information analysis and advisors**: In any kind of foreign investment situation, whether a diaspora enterprise or not, there is need for information gathering on the ground. There is often talk about diaspora entrepreneurs having good social connections and an understanding of markets in their countries of origin. At times this is true, but it is difficult to truly understand an entire market for a diaspora enterprise to have all the social connections they require to get their business off the ground.

Consequently, it is important to recognize that diaspora enterprises also need relationship brokers to be successful, even though they come from that country and or have family and friends. This kind of relationship facilitates the market research necessary to undertake business with buyers, suppliers etc. Missing in some of these markets are analyzers, advisors and the right institutions that provide market research, human resource firms, management consultancy etc., which makes it more challenging to get businesses off the ground quickly.

2. **Lack of credibility, information flow and transition facilitators:** It is often very hard to determine who to do business with when going back to home country markets. As a result, a lot of businesses tend to be predicated on relationships that may not always be economic and efficient.

3. **Lack of risk capital providers:** A lot of the capital in these countries is tied up in terms of financing government projects or big projects with very little left for SMEs in general. It is particularly difficult for diaspora to gain access to risk capital particularly in countries of origin without having enough local collaboration to get the risk capital on the ground. They are then forced to turn to more transnational sources of capital.

4. **Bureaucratic delays and red tape:** The idea being that returnee diaspora entrepreneurs would only need to go to one place to gain access to information about the market, brokering relationships and risk capital etc. Consequently, investment promotion agencies have now gotten into undertaking diaspora related activities. In addition, various diaspora ministries have been formed and now engage in this area. There have also has business incubators in both countries of origin and residence trying to support diaspora enterprises.

Key Findings from the Programs:

1. **Innovative financing programs can bridge the gap for diaspora entrepreneurs to access risk-capital:** Access to capital is one of the persistent problems for entrepreneurs, especially those who operate on a small scale. Many financial institutions are not accustomed to dealing with small loans that lack conventional collateral. Also, access to finance consistently ranks high among the problems faced by returning migrant investors.

    - **Innovative programs, such as matching grants, can help capitalize new ventures:** Several programs, such as Mexico's 1x1 program and Diaspora Finance Initiative (DFI) profiled above, offer matching grants to small-scale entrepreneurs. Through initial capital commitments from Diaspora investors with a trusted government agency or a non-profit establishes the critical "skin-in-the-game" for all stakeholders.
    - **Establish the role of competition in distributing capital:** A common concern about a grant-based model funding model is that no market mechanism is necessarily built in to direct capital to its most productive use. Some grant programs, such as USAID's ADM, use a contest in lieu of the market mechanism, an effective way (assuming expert judges) to reinject competition into the allocation of resources. Competitions also help to overcome another obstacle for SMEs: the difficulty of making their ventures known to partners who might be able to help them grow.
    - **Manage financing risk professionally:** Programs to support entrepreneurs should consider establishing risk-sharing mechanisms, like commercial venture capital firms. If

an investment proves profitable, the program's share of the rewards could be invested in a fund that would make additional investments possible. Unlike loans, the investment fund model does not create a liability for the entrepreneur, which may allow for greater risk-taking. Loan insurance programs and credit guarantees are additional means of reducing the risk of investing in a new business.

2. Government Policy impacts Necessity vs Opportunity diaspora entrepreneurs differently. Case Study: Morocco[22]

The government of Morocco in the last 20 years worked on opportunities building process for Moroccan Transnational Entrepreneurs (MTEs) by tapping into the MLA (Moroccans Living Abroad) network. Three basic pillars sustain the Moroccan diaspora engagement policy philosophy:

(a) Preservation of the identity of the Moroccans of the World;
(b) Protection of rights and interests of MLAs; and
(c) Contribution of MLAs to the development of the country.

The Mobilization strategy is called 'Marhaba' or attracting high-skilled Moroccan migrants that have acquired a social and cultural capital abroad, and that now are 'seduced' to contribute to the national economic development. This policy shift from a remittances-based approach to a skills-mobilization-based approach.

Policy Implementation: Moroccan diaspora governance has three basic institutions -

- In 2007,the Ministry of Moroccans Residing Abroad (Ministère des Marocains Résidant à l'Etranger, MMRE) was re-founded to follow up on this engagement strategy towards MLAs giving administrative and legal support.
- The Council of the Moroccan Community Abroad (Le C. de la Communauté Marocaine à ÍEtranger, CCME), a national consultative and prospective institution placed with King Mohammed VI and constitutionalized on the reform approved by the referendum of 1st July 2011. The CCME assesses public policies towards MLAs, gives advice and develops studies, but also has the aim to become a 'network of networks.'
- Finally, there is the Hassan II Foundation, founded in 1990 with the purpose of ensuring that MLAs maintain ties with their country of origin through religion, education, cultural and linguistic devices.

Developments:

- Establishment of new bilateral and multilateral non-governmental networks, such as the German-Moroccan Skills Network or the Moroccan Association of Grandes Ecoles for skills transfer.
- Strategic partnerships with incubators as Maroc Entrepreneurs, a non-profit organization created in 1999 to promote economic development through three main levers: to encourage MLAs to start their own business in Morocco; to discover the universe of the creation of companies and the socio-economic news; and to establish a synergy between companies based in Morocco and Moroccan skills abroad.

[22] R. Zapata-Barrero & Z. Hellgren (2019): Harnessing the potential of Moroccans living abroad through diaspora policies? Assessing the factors of success and failure of a new structure of opportunities for transnational entrepreneurs, Journal of Ethnic and Migration Studies

- 'Maghribcom' platform created in January 2013, providing a place for MLAs to learn about the initiatives and policies of the Ministry in Charge of MLAs.

Challenges: Researchers conducted 31 interviews in Morocco-Spain corridor: 10 entrepreneurs, 4 Morocco experts, 4 policymakers and 13 other stakeholders such as investment agencies, immigration officials, banks, chamber of commerce, entrepreneur associations, and business incubator directors. Of the 10 entrepreneurs, 4 were necessity entrepreneurs and 6 were opportunity. They found –

- **Assumptions around nationalist sentiments:** The Marhaba policies assume that Moroccans abroad will be attracted by sentiments of belonging and solidarity with their country of origin as drivers behind entrepreneurship. However most of the respondents did not mention such sentiments as relevant for their business and migration decisions.
- **Necessity vs Opportunity Entrepreneurship:** None of the necessity entrepreneurs engage in transnational business activities; their small businesses are entirely focused on selling local products on the local market. On the other hand, all opportunity entrepreneurs perform transnational business activities between Spain and Morocco.
- **Bureaucracy/Red-tape:** All respondent agreed that there are serious obstacles to doing business in Morocco. main reason for this is the lack of financial support for new companies in Morocco, whose only option are regular bank loans, which are difficult to access and have high interest rates.
- **Lack of Funding support:** Lack of institutional funding support is the biggest obstacle for setting up a business in Morocco.

Conclusion

Diaspora entrepreneurs, like all entrepreneurs, succeed by identifying opportunities and putting themselves in best position to take advantage of them. Diaspora members are generally better positioned to pursue opportunities in their countries of origin than others. They are more likely than to understand the opportunities in their finer detail and to have connections and social, cultural that facilitate their pursuits. They also bring knowledge and understanding acquired outside the country that may help them to see possibilities that are not apparent to people who have never lived elsewhere. On the other hand, diaspora entrepreneurs often encounter entrenched attitudes, resentment from non-migrants, and administrative barriers in bringing money, materials, and equipment from abroad. However, the most abundant resources of the entrepreneur are ingenuity and persistence. Governments, multilateral institutions, diaspora organizations, and other civil society groups can help diaspora entrepreneurs to tap the resources they need and clear obstacles to realizing their ventures — or at the very least, they can get out of the way.