

FEMIP

Extending PACEIM to mobilise
Mediterranean Diaspora Entrepreneurs
in Europe



Extending PACEIM to mobilise Mediterranean Diaspora Entrepreneurs in Europe

A Feasibility Study

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EXECUTIVE SUMMARY

Context and objectives

Support to knowledge economy and innovation is among the main priorities of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), EIB's lending arm in the Mediterranean region. The EIB has been providing financial support to the development of technology parks and funds to support innovation in the region. A special focus is put on institutions and mechanisms essential to fostering innovation including through projects and upstream technical assistance under the Centre for Mediterranean Integration (CMI). The EIB has also been exploring the possibilities to leverage on diaspora from the Mediterranean region living in Europe which can have a substantial impact on the development of their countries.

It is in this framework that the EIB launched a Technical Assistance ("TA") operation financed from the FEMIP Trust Fund, aiming to assess the feasibility of setting-up a programme helping highly-qualified migrants from the Mediterranean region living in Europe to create their start-up in their country of origin. The programme would build on the results of PACEIM (Programme d'aide à la création d'entreprises innovantes en Méditerranée) developed by the Institut de Recherche pour le Développement (IRD). The PACEIM programme has supported a hundred highly qualified migrants from the Maghreb and Lebanon– all of whom were living in the European Union (EU) – to develop a new business in their country of origin.

Leveraging on PACEIM achievements, the mission of LiNXEO is to study the feasibility of a PACEIM II, which would be defined as a cross-border entrepreneurship support programme for highly skilled diaspora professionals from Mediterranean partner countries (MPCs) living in the EU. The countries considered for PACEIM II are Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia. By leveraging diaspora entrepreneurs, the ultimate goal of PACEIM II will be to drive innovation, job creation and sustainable, inclusive growth in MPCs and the EU.

Approach

LiNXEO conducted a desk review by mapping the landscape for innovation, entrepreneurship and existing pro-diaspora initiatives in the MPCs, building notably on data from OECD, UNESCO and the International Organisation for Migration. LiNXEO's research and analysis was cross-referenced with data from the first PACEIM programme (PACEIM I) and existing business-plan competitions.

LiNXEO conducted research using online and offline resources to gather information from – and connect with – entrepreneurs and talent networks in the diaspora. More than 30 face-to-face and telephone interviews were conducted with members of the MPC elite diaspora via accelerators, entrepreneurship and mentoring networks, universities, business angels, investment networks, incubators, institutions and development agencies in Europe and the southern shore of the Mediterranean. Research missions including participation to selected meetings and events were undertaken in Berlin, Cairo London, Algeria, Egypt, Morocco, Tunisia and France.

Report structure

The study is organised into four chapters which respond to the four key questions below:

- What is PACEIM II's potential? The first chapter draws on quantitative research to evaluate the potential of PACEIM II in terms of the number of highly skilled diaspora professionals that could be involved, how they could be reached, and the potential start-up deal flow.
- Who are the highly skilled diaspora professionals and what are their expectations in terms of entrepreneurship projects? The second chapter aims to identify the opportunities, gaps and roles upon which PACEIM II can be built.
- What solutions can PACEIM II provide? The third chapter outlines the future PACEIM II: its vision, objectives, challenges, drivers, governance and business model.
- How can a proactive, dynamic, efficient and sustainable ecosystem be built around PACEIM II? The fourth chapter provides operational recommendations by selecting key players to fund and implement PACEIM II, recommending services for diaspora entrepreneurs, and identifying initial synergies and actions to be deployed.

Key findings

Our estimations show that circa 1.6 million 'highly skilled' diaspora professionals from the MPCs live permanently and/or work abroad, out of which more than 1 million (60 %) are based in Europe¹. We can consider this population as the target community for PACEIM II, as it consists of talented, qualified individuals with the skills, experience, network and means to drive economic development back home. This population of high-potential diaspora can be grouped into three categories:

- Students from education ecosystems;
- Engineers, researchers and post-docs from R&D ecosystems;
- Business and finance executives from business ecosystems.

¹LiNXEO 2014, crossing data from MPI (2013), OIM (2010) and OECD (2006)

For each category, we have identified specific challenges, services and networks that are likely to deliver maximum value.

By cross-comparing different evaluation methods (quantitative research, interviews, reviews of existing programmes), and leveraging the success of PACEIM I, we propose a scalable objective of 200 entrepreneurship projects to be selected over a three-year period.

The success of the programme will depend on flexible, decentralised operating models, with management, business development, research, production and delivery distributed between teams and locations in Europe and the MPCs, and an outreach that extends into regional markets such as the Gulf Cooperation Council (GCC) and Africa. Introducing entrepreneurs to counterparts from different countries and establishing cross-cultural teams of Arab and European entrepreneurs will be a significant factor in the success of PACEIM II.

Findings from the qualitative analysis show significant potential for PACEIM II in France, Germany and the UK, and a concentration of talent and support networks in European capitals, namely London, Paris, Berlin, Frankfurt and Amsterdam.

Proposed programme for PACEIM II

A three-year programme of work, from 2016 to 2018, is proposed along three objectives:

- To support 500 entrepreneurs and Euro Mediterranean teams around 200 high-potential start-ups and: 50% early stage, 30% at the start-up stage and 20% at the growth stage
- To engage directly with a community of 1000 highly skilled diaspora professionals in Europe around the selected entrepreneurs;
- To strengthen emerging entrepreneurship and innovation ecosystems in MPCs through PACEIM activities.

For PACEIM II, we suggest mobilising diaspora entrepreneurs around the following social and business challenges in the Mediterranean:

- The digital revolution: Developing new Mediterranean services and content (mobile apps, new collaborative business models, Arabic content, etc.).
- Smart cities and the environment: Building innovative solutions for Mediterranean cities (renewable energy, healthcare, recycling, water treatment, smart building, tourism, etc.).
- Tourism, services, healthcare and leisure: Introducing new global services to the Mediterranean's changing population (e-commerce, tourism, healthcare, ageing).
- Innovation in industry: Introducing new processes and modernising Mediterranean industry (traditional industries, agro-industry, etc.).
- Social and female entrepreneurship: Encouraging new entrepreneur profiles and new ways of doing business.

We propose a pragmatic approach and framework for the funding of PACEIM II, with funding determined on a regional or country basis, by different levels of maturity or by social challenges identified in the priorities and requirements of identified sponsors.

LINXEO estimates the total cost of PACEIM II to be EUR 8.2 million. 90% of the proposed project cost will be directed to entrepreneurs through funding or access to services (voucher schemes). Services are granted after a selection process and at different stages of start-up maturity (feasibility, start-up, growth). Cost and operational efficiency shall be guaranteed through an innovative peer-to-peer approach, co-financing of actions proposed to selected operators and entrepreneurs, and deployment of cross-border services enabling economies of scale and the building up of affinity-based entrepreneur communities.

Potential revenue sources include the following: strategic partners in the northern and southern Mediterranean, where over 20 strategic partners have been identified; non-governmental organisations (NGOs); governments and intergovernmental organisations that may directly or indirectly fund PACEIM II; self-funding and sponsorship packages; and membership subscriptions.

We recommend to build up momentum behind PACEIM II through the following main actions:

- Highlighting achievements of PACEIM I, success stories and cases studies to inspire new entrepreneurs
- Developing an online community of talented diaspora entrepreneurs and leaders for PACEIM II.
- Organising a high-level event in Europe to demonstrate the programme's potential.

1 INTRODUCTION AND BACKGROUND: DIASPORA ENTREPRENEURSHIP IN THE MEDITERRANEAN PARTNER COUNTRIES

1.1 Diaspora capital

All countries have a diaspora capital² which comprises the people, networks, ideas, resources, behaviour, issues and ambitions of expatriates that relate to their country of origin.

In an increasingly interconnected, interdependent world, the competitive advantage of these diasporas is growing fast. Falling transport and communication costs allow highly skilled professionals to work in several countries at once, while digital technologies make it possible to exchange vast amounts of information across long distances cheaply and instantly.

Many recent examples – including Ireland, Israel, and India with its ICT industry, China with its universities, and venture-capital (VC) groups worldwide –demonstrate the value of highly skilled expatriates to a nation’s economic growth and development.

1.2 Diaspora entrepreneurs: A competitive advantage for the MPCs

As recent studies³ have highlighted, one of the challenges in MPCs is to be better connected with global flows of trade, capital and knowledge. Diaspora entrepreneurs have a competitive advantage in their ability to connect with a wide range of potential partners and supporters in both their countries of origin and their countries of destination.

Thanks to their advantageous position in Europe and continuously expandable network, members of the elite diaspora have advantages over other entrepreneurs. They can locate foreign partners quickly and manage complex business relationships across cultural and linguistic boundaries. In high-tech industries, where products, markets and technologies are continually redefined, the diaspora advantage is acute. It is also critical in key sectors like healthcare and the environment, where highly skilled actors in the Mediterranean diaspora have been identified. Through innovation and business transformation, they have the expertise, networks and ambition to address the key societal challenges that will underpin the competitive future of the Mediterranean nations.

The elite diaspora brings together the best of the two shores of the Mediterranean: the knowledge, language, culture and business environment of their home countries, and the acquired knowledge of best practice in business and education from Europe. Having access to these two knowledge pools

²Aikins, Ashley, Diaspora Matters.

³Centre for Mediterranean Integration, Promoting Innovation in the Mediterranean, 2012.

means that members of the elite diaspora can both guide and coach new entrepreneurs and bridge markets. Exploiting this knowledge, they can provide a proper framework for business collaboration and practices.

In their move to the knowledge-based economy, Mediterranean governments must find smart, sustainable ways to engage with the diaspora elite – more than 1 million highly skilled expatriates in Europe alone –take advantage of their business skills, technological and scientific know-how, and access to external resources. Yet most MPCs have met with only limited success in attracting diaspora direct investment. The challenge at the core of this study is to better understand the profiles and expectations of diaspora entrepreneurs and to explore how to build the right ecosystem, resources and services to support them.

1.3 PACEIM I: a promising pilot project

PACEIM programme (Programme d'aide à la création d'entreprises innovantes en Méditerranée) is a non-for profit project aiming to supported qualified emigrants from the Maghreb and Lebanon living in France and aiming to develop a new business in their country of origin. A summary of the programme is presented below and a full description is provided in appendix).

Over 250 eligible applications were submitted in response to several calls for projects launched after 2010 within the framework of the PACEIM programme. As a result, 86 candidates were selected and divided into three categories, characterised as follows:

- 36 projects by Tunisian nationals, 23 projects by Algerian nationals, 23 projects by Moroccan nationals, and 6 projects by Lebanese nationals;
- 30 % of projects managed by women;
- 76 % of programme participants have completed a bachelor's or master's degree; 20% of participants have a PhD and 4 % are post-doctoral researchers or staff;
- An average age of 32 years;
- In all business sectors, mainly (in order of importance): environment and biotechnologies, services to industry, IT and electronic devices, services to individuals, food industry, and health.

In anticipation of the end of the programme planned for 2015, the IRD has carried out a final assessment report of the results achieved under PACEIM. Results at mid-term review, which apply to 58 out of 86 projects, confirm that:

- One third of the recipients have started their own business (30 are in an early phase of their business, including 22 in their country of origin);
- Less than one third are in a building stage (14 future start-ups);
- Over one third of participants are pre-start-up (2013 cohort) and will continue to enhance their feasibility project;
- Eight participants dropped out;

- Twenty-six recipients have returned to their country of origin: 65 % of the first promotion and 25 % of the second one.
- 9 projects are in process of raising funds (5 got commitments from investors)
- Twenty-eight prototypes, proofs of concept, scale-ups have been developed
- Twenty-eight intellectual property rights have been filed: seven patents, nineteenth brands, two original artworks (drawing, model, and plan).

Another key determinant of PACEIM success is the capacity of MPC partners to enhance the level of service of facilities and the efficiency of the territorial grid. For this purpose, every year two days of trainings were held for beneficiaries and simultaneously a session for focal point partners. Some events in these countries are also organised to bring together local key actors and promote cooperation on entrepreneurship.

1.4 Research methodology

1.4.1 *Comparing sources*

This report draws on a number of sources, which are listed below.

- LiNXEO's database, which includes over 2 000 identified highly skilled diaspora professionals and support networks in the MPCs and Europe;
- Over 40 online and offline reports and articles providing information about entrepreneurs and talent networks in the diaspora
- Face-to-face interviews and telephone interviews with more than 30 members of the MPC diaspora elite
- Face-to-face interviews carried out during research trips to London, Berlin, Paris, Cairo and Casablanca, and telephone interviews with more than 50 entrepreneurship support networks in Europe and the selected MPCs
- Events attended in Algeria, Egypt, Morocco, Tunisia, France, Spain and the UK, involving contact with over 100 institutions, support networks and highly skilled diaspora professionals;
- Statistical analysis compiling data from more than 25 reports (see Appendices for full list), selected from the following main sources:
- Trends in International Migrant Stock: Migrants by Origin and Destination, Migration Policy Institute, 2013
- Global Flow of Tertiary-Level Students, UNESCO, 2012;
- International Organization for Migration (IOM)'Where We're From' interactive app, IOM, 2010;
- Connecting with Emigrants: A Global Profile of Diasporas, OECD Publishing, 2012.

1.4.2 *Quantitative research*

Assessing the number of 'highly skilled diaspora professionals' is by definition complex and poses challenges in terms of statistical analysis. Most diaspora expatriates do not declare themselves as such and often do not wish to be categorised within a defined ethnic community.

Given these constraints, the quantitative research and analysis is based on a variety of methods:

- Analysis of statistics and qualitative reports from various institutional sources (Consortium for Applied Research on International Migration (CARIM), Organisation for Economic Co-operation and Development (OECD), MPI, UNESCO);
- Interviews with actors in Europe and the MPCs;
- Reviews of existing business-plan competitions and initiatives targeting talented diaspora professionals from MPCs.

1.4.3 Qualitative research

Qualitative research is focused on targeted players and compares different points of view:

- Three profiles of highly skilled migrants: professionals with business experience; researchers and engineers; and students. Low-skilled entrepreneurs (i.e. the majority of diaspora entrepreneurs) are excluded from the analysis;
- Support networks in Europe and MPCs (incubators, talent networks, accelerators, investors, etc.);
- Institutions in Europe and MPCs (multilateral organisations, governmental agencies, etc.).

1.5 Framework of analysis

The analysis framework is on the following research goals:

- Exploring opportunities in the Mediterranean diaspora to create new enterprises (start-ups), identify top talent, and understand potential investment projects.
 - Who are the key actors?
 - What are the actors' requirements, behaviours and expectations?
 - How to make contact with and motivate actors?
- Uncovering the real-world requirements, constraints, and opportunities associated with launching a new enterprise between Europe and the MPCs.
 - Which case studies/success stories are signposts for success?
 - What kind of schemes and relationships already exist?
 - What are the key issues and challenges?
- Analysing findings and compiling a clear set of recommendations.
 - Which networks should be leveraged for maximum impact?
 - What kind of services do entrepreneurs need as a matter of priority?

2 QUANTITATIVE RESEARCH: MAPPING THE POTENTIAL

The purpose of this chapter is to estimate the potential talent deal flow (students, highly skilled expatriates) and start-ups than can be generated through PACEIM II as well as where attention should be focused geographically and in terms of support networks. It aims to answer this study's first question: What is PACEIM II's potential?

2.1 Distribution of MPC diaspora professionals in Europe

2.1.1 Foreign-born expatriates⁴

MPC-born expatriates in Europe (2010–2013)

Main countries ⁵	Number(in thousands)	% of total	Algeria	Morocco	Tunisia	Lebanon	Egypt	Jordan	Turkey
France	3 156	36 %	1456	928	395	47	30	1	299
Germany	2 995	34 %	13	94	27	67	14	7	2773
United Kingdom	182	2 %	21	23	9	18	30	10	71
Spain	721	8 %	60	646	3	3	4	2	3
Italy	671	8 %	25	425	90	7	103	3	18
Netherlands	393	4 %	4	173	4	3	13	1	195
Belgium	202	2 %	10	91	4	2	1	- *	94
<i>Total Europe (including others)</i>	8 758		1606.0	2424.0	555.0	188.0	235.0	30.0	2391.4
Percentage of total Mediterranean expatriates			22 %	33 %	7 %	3 %	3 %	0 %	32 %

Source: LiNXEO (2014): selection of data from MPI (2013),⁶ OIM (2010)⁷
 * Data is not available

Drawing on statistical data collected through the Migration Policy Institute and from the International Organization for Migration(IOM), here are the main findings regarding foreign-born expatriates from the Mediterranean:

There are more than 8.7million foreign-born MPC expatriates living in Europe, representing more than 60% of the total estimated number worldwide.

⁴ See Appendices for a glossary of terms.

⁵ Data is not available for the Palestinian territories.

⁶*Trends in International Migrant Stock: Migrants by Origin and Destination*, Migration Policy Institute, 2013.

⁷ International Organization for Migration (IOM) 'Where We're From' interactive app, IOM, 2010.

France is home to 36 % of foreign-born MPC expatriates living in Europe. More than 90 % are from the Maghreb.

Germany is home to 34 % of foreign-born MPC expatriates living in Europe. A total of 93 % are of Turkish origin.

Expatriates from Algeria, Morocco and Turkey account for more than 85 % of the total expatriate population in Europe, broken down as follows:

- Morocco: 2.4million registered expatriates (33 % of the European total);
- Turkey: Just under 2.4million registered expatriates (32 % of the European total);
- Algeria: 1.6 million registered expatriates (22 % of the European total).

2.1.2 Highly skilled diaspora professionals

Highly skilled diaspora professionals in Europe (2010–2013)

Cross-comparing statistical data from the Migration Policy Institute, the International Organization for Migration and the OECD,⁸ and here are the main findings regarding highly skilled diaspora professionals from the Mediterranean:

Main countries	Number (in thousands)	% of total	Algeria	Morocco	Tunisia	Lebanon	Egypt	Jordan	Turkey
France	568	56.4 %	252	186	74	25	13	1	17
Germany	131	13 %	2	6	5	36	6	4	71
United Kingdom	74	7.3 %	12	13	5	10	19	2	14
Spain	66	6.6 %	13	50	1	1	1	- *	-
Italy	71	6 %	3	19	20	2	27	-	-
Netherlands	37	3.7 %	1	17	1	0	5	-	14
Belgium	18	1.7 %	2	10	1	0	1	-	5
<i>Total Europe (including others)</i>	1 007		287.6	303.6	110.0	81.8	80.3	8.5	135.7
Percentage of total Mediterranean expatriates			29 %	30 %	11 %	8 %	8 %	1 %	13 %

Source: LiNXEO (2014): selection of data from MPI (2013), OIM (2010) and OECD (2012& 2006)
*Data is not available

⁸Connecting with Emigrants: A Global Profile of Diasporas, OECD Publishing, 2012,

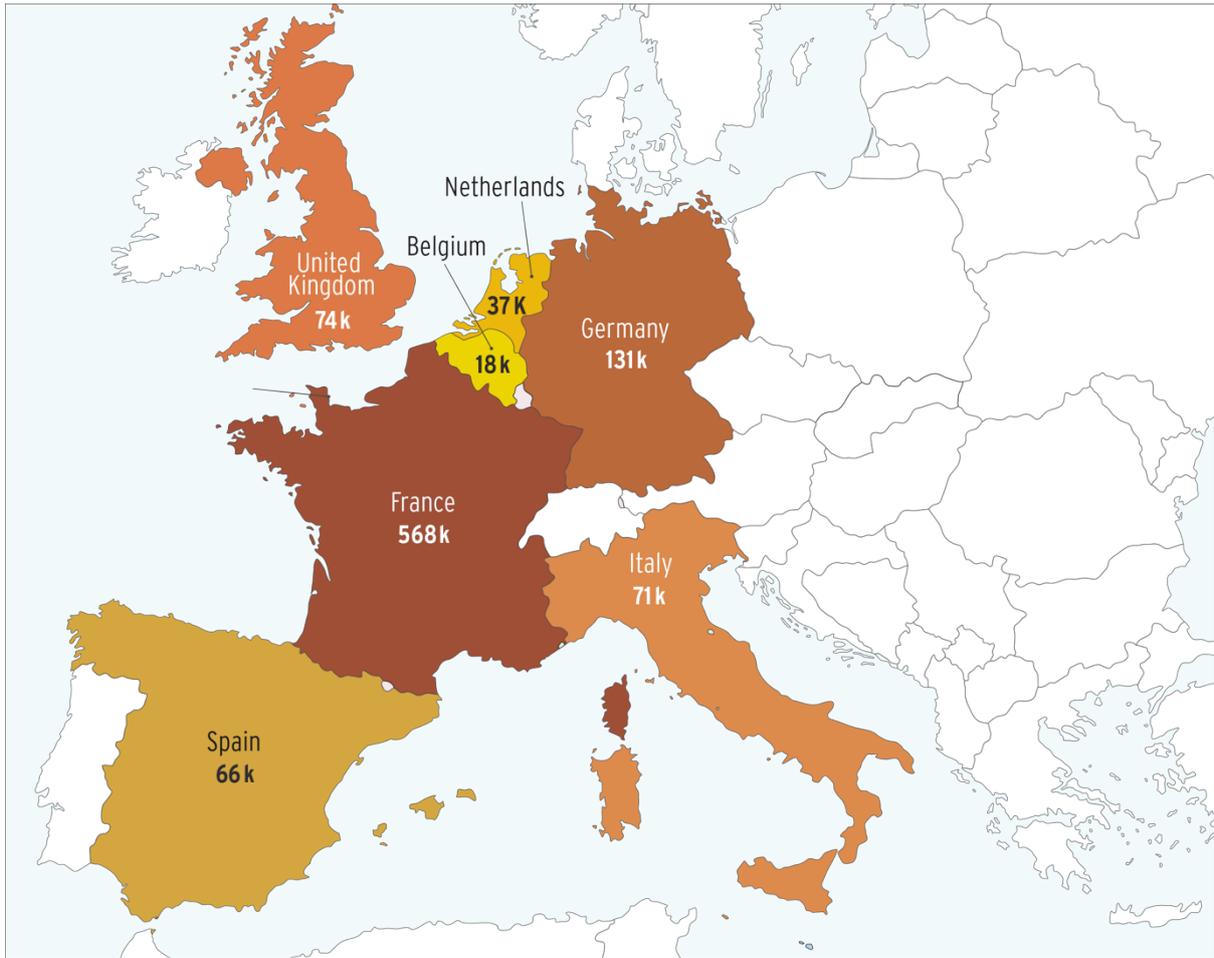


Figure 1– Highly skilled Mediterranean diaspora professionals living in Europe | Source: LiNXEO (2015)

1.6 million highly skilled expatriates from the MPCs permanently live and/or work abroad. More than 1 million of these highly skilled expatriates – that is, more than 60% – are in Europe.

France is home to 568 000 highly skilled expatriates, representing 53 % of the European total. 90 % of Mediterranean highly skilled expatriates in France are from the Maghreb.

Germany is home to 131 000 highly skilled expatriates, representing 13 % of the European total. Of these, 65 % are from Turkey and 20 % are from Lebanon. Palestinian expatriates do not figure in the available data, but interviews with networks in Germany indicate that the Palestinian diaspora has a significant presence there.⁹ Germany is fast becoming a major destination for highly skilled diaspora professionals from the MPCs, with innovation hubs – such as Berlin and Frankfurt – for ICT, media and renewable energy.

The UK is home to 74 000 highly skilled expatriates, representing 7 % of the European total. Egyptian expatriates make up 25 % of this number, with Turkey and Lebanon also figuring prominently.

⁹ German Arab Chamber of Commerce; Palestine Mission in Germany.

The UK has developed policies that attract the best and brightest expatriates to its new universities. London is also a centre for finance, business executives and entrepreneurs.

More than 60 % of highly skilled MPC expatriates living in Europe are from the Maghreb, broken down as follows:

- 300 000 highly skilled expatriates from Morocco live in France, Spain and Benelux;
- 250 000 highly skilled expatriates from Algeria live in France;
- 110 000 highly skilled expatriates from Tunisia live in France and Italy.

Highly skilled expatriates from Turkey make up 19 % of the total living in Europe. Of these, most live in Germany, with smaller communities in France and the UK. However, it should be noted that only 15 % of Turkish expats are highly skilled – which is a relatively small percentage compared to other MPCs – and that the diaspora network of Turkish entrepreneurs is not yet structured.

Lebanon and Egypt each have a community of 80 000 highly skilled expatriates, mostly living in Germany, the UK and France. There is also a significant community of highly skilled Egyptian expatriates in Italy. Egypt and Lebanon score highly in this category. Highly skilled expatriates from these countries figure prominently among interviewees for this study.

The number of highly skilled expatriates from Jordan and Palestine living in Europe is less significant, with approximately 10 000 from each country, mostly living in Germany and the UK. Data shows that 60 % of Jordanian expatriates are highly skilled, and interviews support this.

2.1.3 Mediterranean students in Europe

Leveraging data from UNESCO¹⁰, people registered are tertiary-level, internationally mobile students who have crossed their national border to study, or who are enrolled in a distance-learning programme abroad.

¹⁰ UNESCO, *Global Flow of Tertiary-Level Students*, 2012.

Main countries	Number (1000s)	% of total	Algeria	Morocco	Tunisia	Lebanon	Egypt	Jordan	Palestine	Algeria
France	69	60%	21,0	28,0	11,1	4,5	1,2	0,1	0,2	2
Germany	20	17%	0,1	2,7	2,3	0,6	0,9	0,5	0,3	12
United Kingdom	7	6%	0,2	0,3	0,1	0,6	1,2	1,0	0,2	3
Spain	6	5%	0,2	3,2	2,3	0,1	0,1	0,0	0,1	0
Italy	6	5%	0,1	1,8	0,8	0,8	0,6	0,7	0,1	1
Netherlands	2	1%	0,1	0,1	0,1	0,4	0,0	0,1	0	1
Belgium	1	1%	0,0	0,2	0,3	0,0	0,1	0,0	0,1	0
Total Europe (including others)	114		21,7	36,3	17,0	7,0	4,1	2,5	1,3	19,9
% of Total Med			0,2	32%	15%	6%	4%	2%		22%

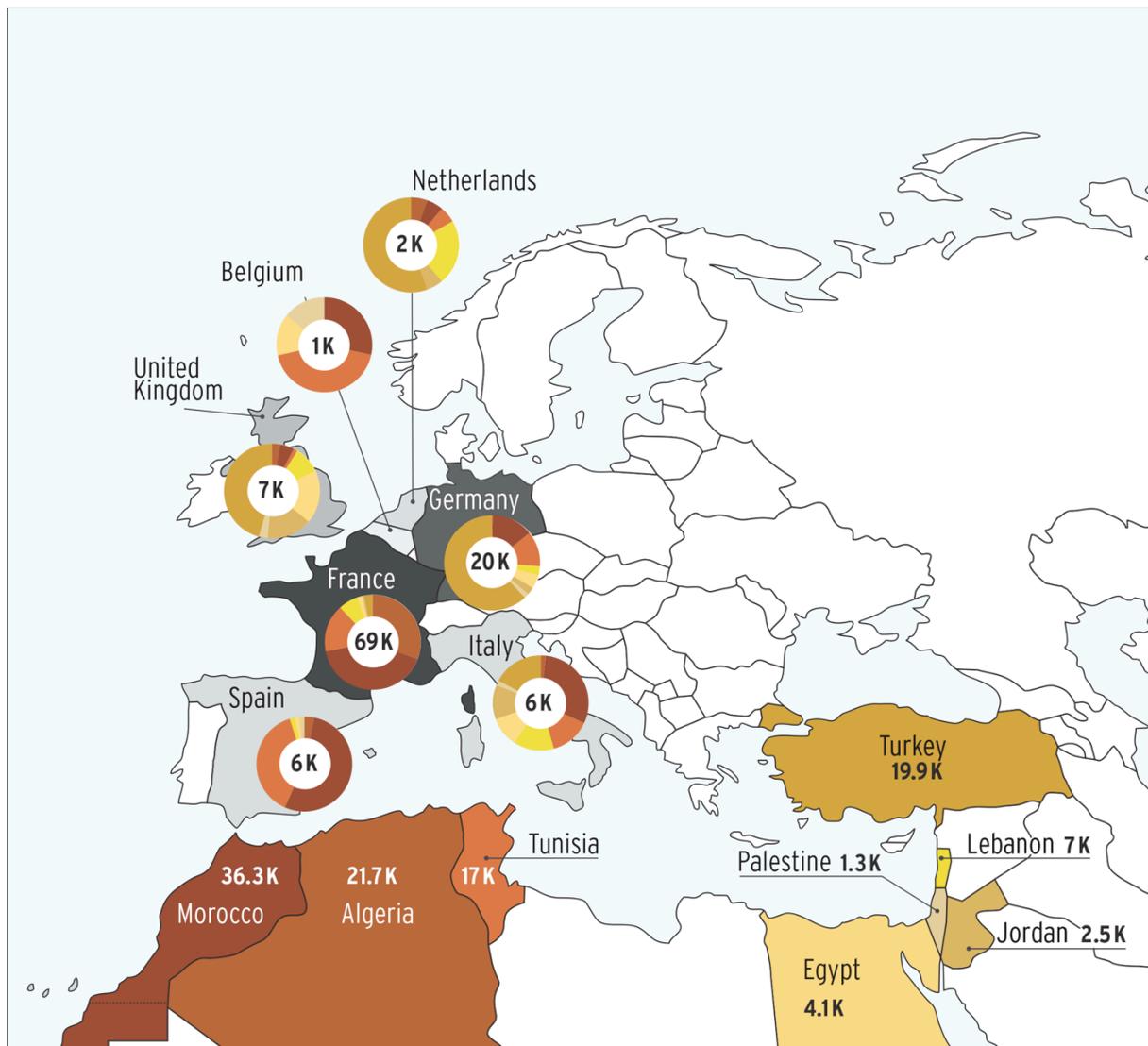


Figure 2– Mediterranean Students in Europe | Source (UNESCO 2012)

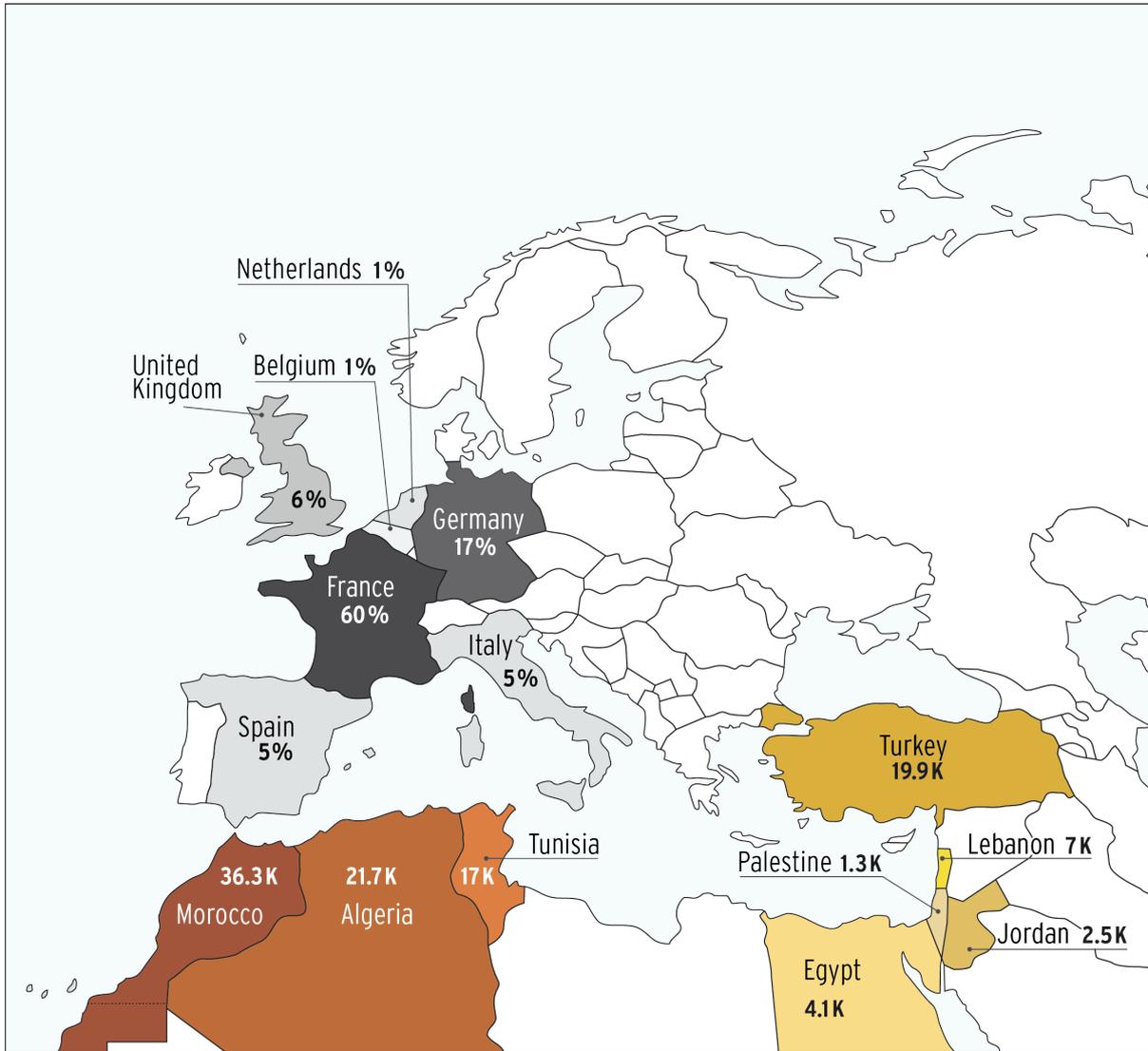


Figure 3– Mediterranean Students in Europe | Source (UNESCO 2012)

Based on recent UNESCO data, *Global Flow of Tertiary-Level Students (2012)*, here are the main findings regarding Mediterranean students in Europe:

With 116 000 registered tertiary-level students from the Mediterranean countries in 2012, Europe is the primary destination for MPC students, ahead of the United States and Australia.

France is the number one destination for MPC tertiary-level students in Europe. In 2012, France was the destination for 55 % of the total number of MPC tertiary-level students from Mediterranean countries, and for 28 % of the total from Arab countries.

In France, the majority of MPC students are in business schools and engineering schools, with fewer mature tech entrepreneurs in universities.

France has recently launched France Alumni, a new social network designed for foreign alumni who have studied in France, with entrepreneurship subgroups targeting MPC alumni (for example, a France–Egypt group was created at the end of 2014).

Germany is the second most popular destination, attracting a total of 20 000 students from MPCs, of which 17 % are from Mediterranean countries and 4.5 % from Arab countries.

Germany has a well-structured approach to creating transnational ecosystems and mature institutional links with the MPCs. Germany’s tertiary education institutions already collaborate with related networks in the MPCs, with approximately 300 projects in 2012.

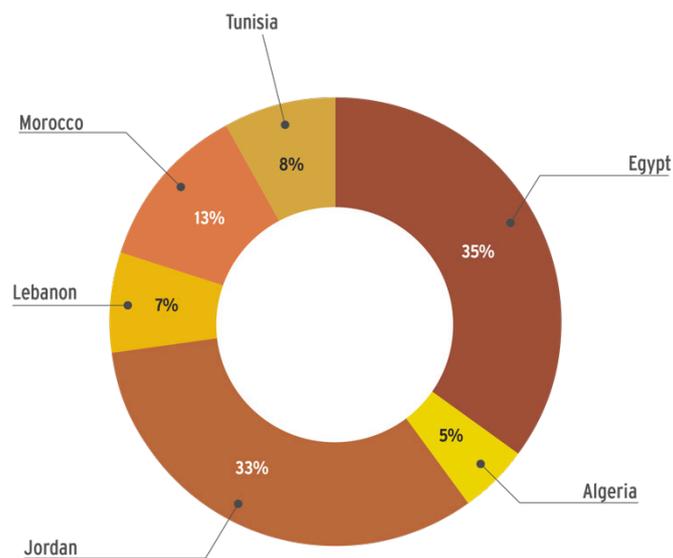


Figure 4– Percentage per country of collaborative projects between tertiary education institutions in Germany and in the MPCs | Source: DAAD (2012) and LiNXEO (2015)

The UK is the destination for 7 % of the total number of students from Egypt, as well as high-calibre candidates from Jordan and Lebanon.

Ninety students from MPCs attended Oxford and Cambridge (Oxbridge) in 2012. Together, the two universities provide opportunities for over 750 MPC alumni all over the world through a well-developed network.

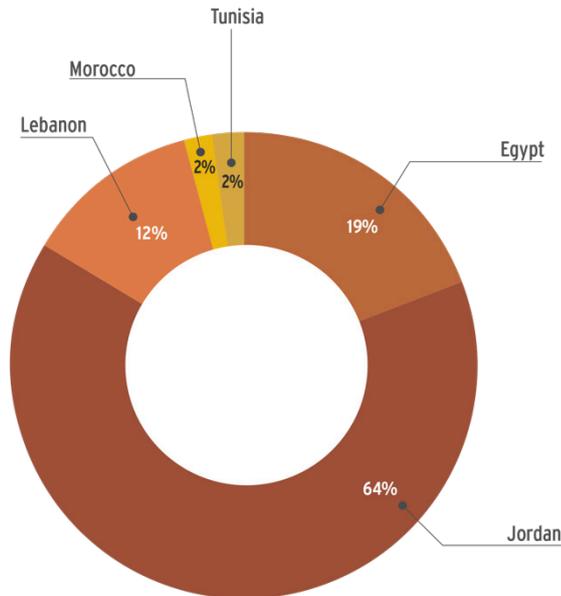


Figure 5– Percentage per country of MPC alumni in the Oxbridge network | Source: University of Cambridge/Middle East Leadership Research (2012)

Italy and Spain host a small number of students from the MPCs, with 5 % and 3 % respectively.

2.2 Deal flow potential: Mediterranean diaspora entrepreneurs in Europe

Research performed indicates a potential for 1 250 innovative start-ups to be created by MPC expatriates in association with their countries of origin: that is, approximately 400 per year over a period of three years within the framework of PACEIM II.

We estimate an addressable potential of 200 projects per year (identified entrepreneurs wishing to apply for the PACEIM-II programme), delivering a selection of the 60 most promising projects each year (one in three projects selected).

2.2.1 Comparative analysis of sources and methods

As estimating the number of potential MPC entrepreneurs in Europe is complex, a cross-referencing from different sources and data has been done:

- The PACEIM pilot programme;
- The public domain and primary research performed for this study;
- Existing initiatives such as entrepreneurship networks, support networks and entrepreneurship competitions in Europe.

Data from PACEIM

Research based on PACEIM data and interviews with candidates demonstrates the following:

- The number of candidates in France today is lower than it should be (around 90 expatriates from the Maghreb and Lebanon applied for a call for projects each year, with 30 start-ups selected). It is recommended to widen the field so to include mature start-ups and non-technical projects, and promoting PACEIM II in business schools and engineering schools. This would increase the number of high-potential candidates in France by approximately 30 %, reaching out to 120 candidates per year.
- Interviews with entrepreneurs and support networks from Algeria, Lebanon, Morocco and Tunisia (e.g. DMK, StartUpMaroc, ATUGE, etc.) highlight a strong potential in European capitals such as London, Berlin, and Amsterdam. This is confirmed by the review of statistical analysis (see previous chapters) and data on migrant entrepreneurship from OECD studies.¹¹ In addition, the number of high-potential PACEIM-II candidates in Europe (mainly in the UK, Germany, Holland and Belgium) could reach 120 candidates per year.

Data in the public domain

According to the European Commission's Flash Euro barometer on Entrepreneurship in 2012, the rate of entrepreneurship among the working population is between 5 % and 10 %. In most European countries the percentages of entrepreneur migrants and entrepreneur natives differ only slightly, as indicated in the table below.

Self-employment share of total employment by place of birth in OECD countries (2008)

	Foreign-born	Native
France	10.6	8
Germany	9.3	10
UK	14.2	12.1
<i>Average OECD countries</i>	<i>12.6</i>	<i>12</i>

Source: OECD (2011).

5 % of entrepreneurship projects led by diaspora professionals are innovative and high potential. This is a conservative estimate, based on experience, on interviews with professionals and reports: several recent research studies¹² show that the bulk of immigrant entrepreneurs in Europe and across the world work in retail, wholesale, restaurant and catering businesses ('necessity entrepreneurship'), creating low value and impact.

¹¹ Migrant entrepreneurship, OECD, 2010.

¹² See European Economic and Social Committee, 'The contribution of migrant entrepreneurs to the European economy', 2012; Kloosterman, Robert, and Jan Rath, 'Immigrant entrepreneurs in advanced economies', 2002.

30% of the candidates entrepreneurs interviewed in primary research expressed significant interest in developing their start-up in their country of origin.

The analysis undertaken can be summarised as follows:

Total number of highly skilled diaspora professionals from MPCs in Europe	870 000
Apply 5 % (conservative) entrepreneurship rate	50 000
Apply 5 % (conservative) innovative start-up rate	2 500
Apply 30 % of expat entrepreneurs keen to develop a start-up in their country of origin	1 250

Data from existing initiatives

Taking into account cross-over cases (one entrepreneur applying to a number of business-plan competitions), and also the fact that the United States and Gulf countries are major destinations for expatriates, research indicates that existing business plan competitions generate a deal flow of a minimum of 200 start-up projects per year that might be in line with PACEIM II. Here is a non-exhaustive list of the main competitions identified:

Business-plan competitions	Number of candidates/Potential for PACEIM II
Maghreb Start-up Initiative	300 candidates in 2012, 45 of which involved Maghrebian expatriates in the US or Europe
DIAMED	120 Maghrebian applicant entrepreneurs from Belgium, France and Germany 60 selected in 2013. Around 50% are innovative projects in line with PACEIM II
Maghreb Entrepreneurs	100 entrepreneurs from the Moroccan diaspora (90 % in Europe) to be accompanied in 2014–2015
Twensa Invest	60 Tunisian entrepreneurs identified in Germany, Switzerland and France, and supported to start new businesses in Tunisia between 2012–2014
At'Venture	The ATUGE competition At'Venture qualified 20 start-ups to be launched between France and Tunisia in 2012
MedGeneration	55 interviews conducted by LiNXEO with expatriates in the Jordanian, Lebanese, and Palestinian diaspora in Europe. 10+ start-up projects identified in London, Paris and Berlin
MedVentures	120 innovative start-ups in 10 MPCs in 2010. 30 % from the US and European diasporas, 70% local.
TAG Tunisia	The TAG network of Tunisian alumni from German universities launched a competition in 2014 to source 10 high-potential entrepreneurs and start-ups keen to invest in relationships in/with Tunisia

It is worth mentioning that this list is incomplete: corporate business-plan competitions have not been considered in the analysis (Google, Intel (GSCV), Ericsson, Siemens, Mentor Graphics, etc.), and the same applies to university business-plan competitions.

2.2.2 Three project streams: Early-stage, start-up and growth-stage projects

Interviews with entrepreneurs and support networks, analysis of existing competitions and feedbacks on the current PACEIM programme indicate the following breakdown of potential PACEIM-II projects in terms of maturity:

- 50 % early-stage projects (feasibility stage): The proposed innovation has been demonstrated (or for technology projects, a prototype exists) but must be consolidated or customised for the southern Mediterranean, and positioned on the market. The vast majority of projects supported by PACEIM II at early-stage or less mature;
- 30 % start-up stage projects: A team has been put together and the innovation has been tested and demonstrated in Europe and the Mediterranean. The main issues at this stage are access to markets, execution, team development, and financing;
- 20 % growth-stage project: Existing start-ups (created fewer than five years ago) with a client base, located in Europe and wishing to develop their activity in South-Med countries by involving diaspora talent. The main issue at this stage is scaling up and internationalisation.

2.2.3 Selection process

Creating a pool of the 200 most promising projects over a three-year period (one in three applicants selected) is recommended, with two calls for applications each year.

Three selection criteria are suggested:

- Calibre of the founding team (selecting only team-led projects to avoid sole-person projects that are still at a very early stage);
- Potential impact in terms of job and wealth creation in the MPCs;
- Strength of the proposed innovation.

2.3 Geographical focus: Where is the potential?

Research suggests that the primary focus for PACEIM II should be in:

- France;
- Germany;
- United Kingdom.

Analysis also includes Spain, Italy, Sweden and northern European countries.

2.3.1 *European hubs*

France

With more than 60 % of MPC expatriates living in France, this is the priority target country for PACEIM II.

The potential here is largely centred on high-profile expatriates from the Maghreb and Lebanon.

Principal talent hubs

- Paris;
- Marseille;
- Lille;
- Lyon;
- Montpellier;
- Toulouse.

Paris in particular has a large number of talent networks and entrepreneurship initiatives with close ties to the MPCs.

Germany

Germany is attracting an increasing number of MPC expatriates, including students, engineers in industrial sectors (e.g. environment, healthcare), and ICT and new-media entrepreneurs.

Germany is also home to a high number of collaboration initiatives with MPCs in the education and research sectors.

Principal talent hubs

- Berlin;
- Munich;
- Frankfurt.

United Kingdom

Interviews clearly support London's reputation as a world-class hub for financial services (especially FinTech), consulting services and ICT/digital technology. In 2014, London was ranked third in the ranking of global cities attracting high-value entrepreneurs and high-level executives.

Major UK universities (Imperial College, University College London, etc.) have strong, far-reaching and structured alumni networks, and support networks for students.

Principal talent hubs

- London;
- Manchester;
- Birmingham.

'Arab entrepreneurs in the UK do not necessarily fall under a specific category in terms of their educational backgrounds but usually come from business schools.'

**Levent Altinay, Professor of Strategy and Business Development,
University of Oxford**

Belgium and the Netherlands

Belgium and the Netherlands have large populations of Moroccan and Turkish expatriates and entrepreneurs. Success stories and support networks such as Intent have been identified. Developing actions in these two countries might be efficient for PACEIM II.

Spain

Since the beginning of the financial crisis, the number of Mediterranean students – and post- doc researchers – has fallen dramatically. Tuition fees have increased significantly and the number of scholarships has decreased to zero for PhD students. According to Ms Chiadmi, president of a network of Moroccan students in Spain, the situation is challenging for the Moroccan (very present in Spain) and North African community. This is confirmed by interviews with Spanish entrepreneurship networks (such as Barcelona Activa) or Moroccan networks active in Spain¹³. The meagre job prospects in Spain mean that the vast majority of Mediterranean graduates and researchers are under pressure to search for a job in North Africa or to move elsewhere. Besides,

¹³ Such as RMIE (Réseau Marocain Innovation and Essaimage) , or R&D Maroc

quantitative research tends to suggest that diaspora professionals in Spain are less highly skilled than in other European countries. For these reasons we do not consider Spain as a primary target for PACEIM II.

Italy

MPC expatriates in Italy – hailing mainly from Egypt, Morocco and Tunisia – are not yet organised into strong or structured networks, perhaps because immigration is a relatively recent phenomenon in Italy compared to other countries such as France, Germany or the Netherlands. Quantitative research tends to suggest that diaspora professionals in Italy are less highly skilled than in other European countries. Moreover, research and interviews with supporting networks in MPCs¹⁴ tend to demonstrate that diaspora professionals in Italy are less prone to launching innovative start-ups than in other European countries. For these reasons we do not consider Italy as a primary target for PACEIM II.

Northern Europe

A total of 85 000 MPC-born expatriates live in Sweden, mostly from Lebanon, Palestine, Turkey and Jordan. A small proportion of these expatriates (10 %) are highly skilled. Denmark hosts more than 45 000 expatriates, mostly from Turkey. Norway hosts more than 11 000 expatriates, half from Morocco. Less than 5 000 expatriates from the MPCs have been registered in Finland.

Few structured expatriate networks and success stories have been identified during research and interviews for this study. In addition, quantitative research shows that expatriates from the MPCs tend to be relatively low skilled compared to in other countries. For these reasons northern Europe is not considered as a primary target for PACEIM II.

2.3.2 Principal European talent hubs for MPC diaspora professionals in Europe

City	Details
Paris	Concentration of highly skilled diaspora capital (executives, researchers, students) from Algeria, Morocco, Tunisia and Lebanon, especially in consulting services and ICT. Structured alumni networks in engineering and business schools, especially active in entrepreneurship initiatives with African and Mediterranean countries.
Marseille	Strong regional hub for the Maghrebian diaspora – engineers, students and entrepreneurs in the South of France – with a good network of clusters, urban centres, etc. (Marseille, Nice and Montpellier)supporting healthcare,

¹⁴ Foreign Promotion Investment Agency, Tunisia – Fondation Creation d’Entreprises, Morocco organise regular events in Italy

	microelectronics and ICT.
London	In 2014, London was ranked third in a table ¹⁵ of global cities attracting high-value entrepreneurs and high-level executives. Top MPC talent in the financial services and business sectors comes mostly from Lebanon, Jordan, Palestine and Egypt. London is home to key, world-class players like Seedcamp and Startupbootcamp. Oxford and Cambridge are less than two hours from London and – along with other major UK universities (Imperial College, University College London, etc.)– have strong, far-reaching and structured alumni networks and support networks for students.
Frankfurt	High concentration of diaspora talent from Morocco and Palestine. Major European hub for ICT and innovation, especially in industrial sectors.
Berlin	Major hub for ICT entrepreneurs. Established community of high-profile entrepreneurs and structured networks among diaspora talent from Lebanon, Jordan and Palestine.
Amsterdam	Important innovation hub for the environment (smart cities) and ICT, with a high concentration of diaspora talent from the Maghreb, and especially Morocco.
Brussels	High concentration of diaspora talent from the Maghreb – primarily Morocco and Algeria – and a strategic location to reach out to European institutions.
Barcelona	Major European hub for innovation and entrepreneurship projects in the Mediterranean, e.g. Barcelona Activa, IESE Business School.
Milan	High concentration of diaspora talent from Tunisia (over 40 % of the total in Italy), Morocco and Egypt. Innovation hotspot for the creative industry, with key business and innovation players looking towards Mediterranean countries.

2.4 Extending beyond the Maghreb: Engaging with diaspora professionals from Egypt, Jordan, Lebanon & Palestine

2.4.1 The Maghreb (Algeria, Morocco, Tunisia)

Quantitative data indicates that the three countries of the Maghreb have the most potential vis-à-vis a PACEIM-II programme. The main recommendation is to widen the scope of targets to be considered from these three countries, considering not only students from universities or researchers but also students from business and engineering schools, business and finance executives and communities of entrepreneurs.

2.4.2 Lebanon

Lebanon has a network of exceptionally talented diaspora professionals, a fact highlighted by interviews in European capitals such as Paris, London and Berlin.

Lebanon's potential remains largely untapped by the current programme. Many interviewees are already involved in specific projects associated with the Lebanese diaspora (MedGeneration, ANIMA)

¹⁵ Ernst & Young, *Global Talents in Global Cities*, 2014.

and have confirmed their interest in mobilising efforts from Europe not only as entrepreneurs but also as mentors or investors.

2.4.3 Jordan, Palestine, Egypt

Jordan, Palestine, and Egypt altogether account for less than 10% of the total number of Mediterranean highlyskilled expatriates in Europe. Though high-value profiles have been identified, mainly in the UK and Germany, identified expatriates from these countries are more interested in being involved as mentors or business relays than being entrepreneurs in their home country. This is mainly due to the current unstable situation in these three countries.

A large number of universities, innovation networks and pro-diaspora initiatives are keen to connect with their country's diaspora. The best approach for a PACEIM-II programme might therefore be to leverage the Egyptian, Palestinian or Jordanian diaspora in order to empower existing innovation and entrepreneurship ecosystems.

2.4.4 Other countries

Other Mediterranean countries such as Turkey might be considered for PACEIM II. Turkey accounts for more than 13 % of the total number of Mediterranean highly skilled diaspora professionals in Europe. Two thirds of Turkish highly skilled diaspora professionals are in Germany, followed by the UK, France and the Netherlands. A specific programme might be considered for Turkey, one that leverages key national networks and existing initiatives – the latter being mainly led by the German development agency Gesellschaft für Internationale Zusammenarbeit (GIZ).

3 QUALITATIVE RESEARCH: UNDERSTANDING PROFILES AND EXPECTATIONS

Who are the highly skilled diaspora professionals? What are their expectations in terms of entrepreneurship projects? This chapter aims to identify the opportunities, gaps and roles upon which PACEIM II can be built.

3.1 Three profiles of potential entrepreneurs

High-potential entrepreneurs in the diaspora can be grouped into three categories:

- Students from education ecosystems;
- Engineers, researchers, and post-docs from R&D ecosystems;
- Business and finance executives from business ecosystems.

These three categories of entrepreneurs each have specific profiles and expectations and require specific services. They can be reached in dedicated ecosystems and through targeted networks that will be identified in the following chapters.

3.1.1 Students from education ecosystems

There are more than 110 000 students from MPCs who are in – or recently graduated from – higher education in Europe.

Sample profiles			
	Hussein Al Nathseh	Ryadh Dahimene	Emna Belaifa
			
Where are you from?	Jordan	Algeria	Tunisia
Where are you now?	France	USA-France	Tunisia
What do you do?	Business Education	Business Education Entrepreneurship	R&D
What networks do you use?	InfoDev QRCE JEDCO ASTF Mowgli TechWadi	Les Cadres Algériens en France CNAME Alumni NAPEO	Startup Weekend Tunisia Startup System Tunisie (president)

What challenges do you see for entrepreneurs in your country of origin?	There is a lack of competition and key players in my field. I have difficulty raising money and finding clients.	Entrepreneurs in ICT are isolated because the Algerian market is not ready for their solutions.	No scholarships to study in Tunisia, so students go abroad, especially to France or the UK.
How would you like to be involved in improving the situation?	I see big opportunities in ICT for qualified people at competitive costs.	I would like to develop innovative partnerships with universities producing skilled ICT engineers.	I am eager to contribute to the development of a new entrepreneurship ecosystem in Tunisia
In your own words ...	<i>'Jordan boasts better taxation fees than France. My challenge is to raise money and to find clients.'</i>	<i>'The personal environment is the main motivation for me to build activities in Algeria; we have our family nearby, ready to support us with love, money and connections.'</i>	<i>'I lost two business angels, one in Germany and one in France because of a slow and laboured process in Tunisia.'</i>

Students in this group – aged between 20 and 30 years old – are mostly aligned with new/emerging sectors:

- Environment;
- Renewable energy;
- ICT/digital technology;
- Mobile apps;
- Industries associated with the collaborative economy.

The ambition to start a new enterprise is greatest in business schools; and, among alumni, in engineering schools.

Students in the humanities and social sciences are less likely to be interested in creating their own business than students in science and tech-related programmes.

Students identify barriers to starting a business in two principal categories:

- Administrative
Many European countries (for example, France) require students to have a work permit before granting them a long-stay visa. Students must therefore find a job before they can begin thinking about launching a new enterprise.
- Financial
It is difficult to make a living while launching a new enterprise. Young entrepreneurs do not benefit from the same grants/public subsidies as executives.

*Identified education networks for PACEIM II in Europe
(Non-exhaustive list)*

The majority of identified networks are in France, with players such as the Mediterranean Network of Engineering and Management Schools (Réseau Méditerranéen des Ecoles d'ingénieurs, RMEI) or France Alumni. Erasmus Mundus is a major player to consider at a European level in order to reach Mediterranean students across Europe.

Organisation	Host country	Home country	Members
German Academic Exchange (DAAD)	Germany	Cross-country	3 000
Associació d'Estudiants Marroquins de Barcelona (AEMB)	Spain	Morocco	2 755
Mediterranean Network of Engineering and Management Schools	Southern Europe	Cross-country	2 500
Estudiantes Marroquies en Espana	Spain	Morocco	2 342
France Alumni	France	Cross-country	2 000 (30 % Mediterranean members)
Erasmus Mundus/Masters(2013–2014)	Europe	Cross-country	1 350
Oxford and Cambridge	UK	Cross-country	1 000
Studenti Marrochini d'Italia	Italy	Morocco	693
AinVex	Spain	Morocco	500
Asociación de Estudiantes Marroquies Unidos de Sevilla	Spain	Morocco	427

3.1.2 Engineers, researchers and post-docs from R&D ecosystems

Sample profiles

	Hassan Abu-Shady	Hana Asfour	Anas Al Natsheh
			
Where are you from?	Egypt	Jordan	Jordan
Where are you now?	France	UK	Finland
What do you do?	R&D	R&D Business	R&D Business
What networks do you use?	Ain-Shams University Cairo University Alexandria University	Q Perspective University of Warwick Consultants network middle	Board of Innovation CLEEN European Cooperation in Sciences

	Arab Academy for Sciences, Alexandria University	east Women's issues	and Technology
What challenges do you see for entrepreneurs in your country of origin?	There is a lack of coordination – at a national level – for disseminating information about different ecosystem enablers supporting start-ups.	We need networks and connections to penetrate the market locally. There is a lack of support tools for marketing and networking, especially for smaller businesses.	Short-term vision in business: policies – in general – do not support growth for entrepreneurs. Strategy needs updating to meet evolving needs of entrepreneurs.
How would you like to be involved in improving the situation?	Valid and viable if we have the right talent with the necessary know-how.	Strong opportunities for young people to create their own jobs through entrepreneurship, especially by reviewing the tax system for micro-enterprises.	Reworking policies will help young people to establish their own start-ups, which will do a lot to boost the national economy.
In your own words ...	<i>'Egypt has tremendous potential in human resources, but should pay better attention to them – and take greater care with their education.'</i>	<i>'I'd like to establish links between researchers abroad and my country, which may generate collaborative opportunities.'</i>	<i>'Talented professionals from Jordan in Europe need a vision and a roadmap for key challenges and key sectors.'</i>

Three key groups can be considered in this ecosystem:

- Post-docs;
- Researchers in public or private organisations;
- Engineers employed by large organisations.

Scientists are important players in the diaspora, driving the transfer of technology and disruptive innovation for high-growth start-ups.

Entrepreneurs in the R&D ecosystem face specific challenges, namely:

- A lack of business, communication and management skills;
- Issues related to intellectual property management (IPM);
- Real requirements in terms of prototyping.

*Identified R&D networks for PACEIM II in Europe
(Non-exhaustive list)*

A total of 7 000 post-docs from the Maghreb have been registered in France,¹⁶ making it the leading country in Europe in terms of hosting doctoral students and post-docs. European exchange platforms such as EuraXess or Erasmus Mundus might be leveraged. The majority of identified R&D networks are in Germany.

¹⁶ OST 2008.

Organisation	Resident in	Originally from	Members
EuraXess	Europe	International	-
Erasmus Mundus (2013–2014)	Europe	International	250
ABG	France	International	-
French Network of Tech-Transfer Offices	France	International	-
DMK	Germany	Morocco	600
German Egyptian Network of Young Scientists	Germany	Egypt	100
German Science CenterCairo	Germany	Egypt	200
Spice Group	Germany	Jordan, Lebanon, Morocco	1 200
Asociacion de Doctores Marroquies en España	Spain	Morocco	255

3.1.3 Business and finance executives from business ecosystems

Sample profiles			
	Ola Doudin	Dr Abdul Malik Jaber	Bethany Kedhy
			
Where are you from?	Jordan	Palestine	Lebanon
Where are you now?	Jordan	Jordan United Arab Emirates (UAE)	UK
What do you do?	CSR manager, Aramex	CEO, Arabreneurs	CEO, Taste Lebanon
What networks do you use?	Local, regional, international – in cooperation with international bodies e.g. Mercy Corps	Board Member, World Economic Forum Berzeit University McGill University	American University of Beirut
What challenges do you see for entrepreneurs in your country of origin?	Hiring and retaining the right talent. Finance. Growth and development.	We need government support – tangible assistance through structured programmes for entrepreneurs.	I was in contact with the Ministry of Tourism in Lebanon but couldnot work with them because I did not have a personal network.
How would you like to be involved in improving the situation?	Work with young people to unleash creativity and empower them to get into entrepreneurship.	Work with young people. Their potential is huge – particularly in new ICT products and services.	Key sectors to invest in in Lebanon: fashion and food industry (products are cheaper and of high quality).
In your own words ...	<i>‘We need the government to step up and boost investment in start-ups and</i>	<i>‘The Arabic market is huge and expanding – new technologies, mindsets,</i>	<i>‘Collaboration with the Lebanese government is difficult if you don’t have</i>

entrepreneurs.'

Internet coverage, and population. This opportunity will open new doors to young people – leading to new ventures.'

personal connections.'

The majority of senior executives who expressed interest in supporting entrepreneurship in their country of origin work in the following sectors:

- Consulting/professional services;
- ICT services;
- Media.

These senior executives operate mostly in capital cities: London, Paris and Berlin.

They are affluent, successful and extremely well connected at an international level.

In most of the cases, they are interested either in launching their own business back home, or investing in existing start-ups, as long as opportunities are properly pre-qualified.

LINXEO also spoke with 'intrapreneurs' who are in a position to sponsor new projects in their country of origin, from inside the international organisations where they work.

The intrapreneur group is mostly pushing non-technical innovation – e.g. business transformation – and new operating models to take advantage of emerging trends.

The intrapreneur group is particularly strong in the following sectors:

- Mobile apps;
- Food;
- Retail;
- Tourism;
- Real estate;
- Luxury goods.

*Identified business networks for PACEIM II in Europe
(Non-exhaustive list)*

More than half of the talent networks identified in Europe (i.e. 25 networks) are in the business ecosystems. They reach out to more than 30 000 members.

Organisation	Resident in	Originally from	Members
Maroc Entrepreneurs	France	Morocco	10 000
Futurs Entrepreneurs au Maroc	France	Morocco	900
AMGE	France	Morocco	5 000
ATUGE France	France	Tunisia	4 000

Asdaa France	France	Lebanon	3 000
Le Forum des Experts Libanais	France	Lebanon	438
Egyptian British Chamber of Commerce	UK	Egypt	120
Arab British Chamber of Commerce	UK	Arab countries	200
Life Lebanon	UK	Lebanon	200
London Maghreb Society	UK	Maghreb	450
Tunisian Bankers	UK	Tunisia	400
Turkish Business Network	UK	Turkey	500
Asdaa - Germany	Germany	Lebanon	450
German Palestinian Business Council	Germany	Palestine	200
Egyptian Businessmen Association	Germany	Egypt	120
Jordan Austria Friendship Society	Austria	Jordan	700
Asdaa Italy	Italy	Lebanon	720
Palestine International Business Forum	Sweden	Palestine	1 000
Moroccan-Dutch Professional network	Netherlands	Morocco	400
Austro-Arab Chamber of Commerce	Austria	Arab countries	200

3.2 Engaging with the highly skilled diaspora

3.2.1 *Ensuring a targeted approach*

The diaspora professionals interviewed seek targeted opportunities and information tailored to the following criteria:

- Relevant major technological or societal challenges (Internet of Things (IoT), water management, etc.);
- Areas of expertise and key skills (mobile applications, software development, etc.);
- Target geographical zones (country, region or place of birth).

Interviewees are keen to be involved in a future PACEIM programme and to develop their project in terms of market opportunities, financing, recruitment and partnerships.

A disconnect can often be observed between expatriates' aspirations and language and the support networks tasked with supporting the creation of their businesses.

3.2.2 *Different roles and levels of commitment*

In interviews with members of the Mediterranean highly skilled diaspora in Europe, candidates discuss different potential roles, degrees of commitment, and drivers:

- Degree of commitment and risk that candidates are prepared to take in an entrepreneurship project: 80 % of candidates interviewed expressed an interest in being involved in entrepreneurship activity in association with their home country. Only a small proportion intended to launch their own business in the short or medium term. Most candidates wished to contribute to entrepreneurship programmes as a mentor or investor;
- Candidates' availability and ability to invest time and resources in entrepreneurship projects in the near future: High-level diaspora professionals indicated that although they did not have time to launch a start-up in the immediate future, they were eager to remain informed about potential future entrepreneurship projects;
- Candidates' willingness to return to their home country: Only a small proportion of candidates wish to return to their country of origin for good. Most would prefer to set up a start-up 'between' their home and destination country.

Accordingly, the research suggests that PACEIM II should be targeted at three categories of candidates:

- 'Pure players': Entrepreneurs with an innovative project and ambition who are ready to set up their own business between Europe and their home country;
- 'Co-players': Diaspora professionals who are eager to be directly involved in a start-up project (as investors, associates, potential employees, etc.), who are ready to take risk and invest a significant amount of resources and time without assuming leadership;
- 'Supporters': Talented diaspora professionals with a wait-and-see attitude who are eager to provide their expertise without being involved in the day-to-day life of a start-up.

Profile	Role	Quotes
Pure players	Entrepreneur	<p><i>'My main motivation and goal for being an entrepreneur was personal self-achievement, not money or social impact. I said to myself, I've seen how an SME works in France and I believe I can do it in Morocco: I'm not a man if I cannot do it.'</i></p> <p>Anas Alhilal, Unibox, Morocco</p>
Co-players	Investors Associates Employees	<p><i>'I have an interest in investing in Lebanon: probably in the future for emotional reasons.'</i></p> <p>Patrick Risk, Google, Dublin</p> <p><i>'We should build a peer-to-peer network to reach out to people and organisations with whom we could build business in the Middle East.'</i></p> <p>Robert Ayan, Cambridge Advisors, Jordan</p>
Supporters	Mentors (sharing experience)	<p><i>'We are ready to participate in mentoring for the Lebanese diaspora in France.'</i></p> <p>Wassim Kari, Booz &Co., Lebanon</p>
	Coaches (bringing expertise)	<p><i>'We need to build actions on topics like business models to support the market with a practical approach and soft skills, and I am available to coach start-ups on these topics.'</i></p> <p>Thameur Hemdane, Atunsii, Tunisia</p>
	Relays (promoting, opening doors)	<p><i>'We worked with an Egyptian friend who is a commercial rep in my area in Germany. He helped me find a client (Osybka): 80 % of Egyptian business is done via personal networks rather than through real marketing strategy.'</i></p> <p>Aly Mohamed, Vound, Egypt</p>

3.3 Targeting Euro-Mediterranean entrepreneurs and teams

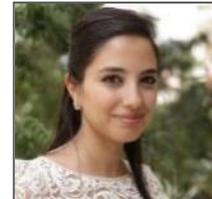
Introducing entrepreneurs to counterparts from different countries and establishing cross-cultural teams of Arab and European entrepreneurs will be a significant factor in the success of PACEIM II. The candidates interviewed, most of whom have a multicultural background, were uncomfortable at the idea of being pigeonholed into a 'Mediterranean' or 'Arab' programme.

It should be noted that although a large number of Mediterranean diaspora professionals are based in the United States, Canada and the Gulf countries, many have studied, lived and worked in Europe, and therefore maintain a personal connection with European culture and people. Such diaspora professionals should be targeted in the context of a PACEIM-II programme, particularly as many are members of European-based alumni, business, finance or personal networks.

3.4 Developing cross-regional start-ups: Operational models

3.4.1 Cases studies

Qualitative research has identified a series of success and failure stories that can be leveraged for PACEIM II. The two success stories below illustrate the opportunities within the ecosystem.



Lifestyle web portal for women. Founded in 2009 by Elsa Aoun and Wassim Kari.

Before starting Ounousa, Aoun and Kari were senior consultants at Booz & Co. They share a background in telecommunication engineering and management, and they both studied in France.

In 2009, they founded Ounousa, an Arabic website aimed at a female audience in the Middle East and North Africa (MENA) region. Part online magazine, part media platform, Ounousa includes web and mobile apps with informative, entertaining content on beauty, fashion and lifestyle.

Ounousa has a staggering 2.6 million likes on Facebook, and is ranked number one in the MENA Women category. Among other accolades, Ounousa reached the semi-finals of the MITEnterprise Forum Arab Startup Competition 2010–2011.

The company is based in Beirut, with operations in Paris, Beirut and Bahrain.



Amine Chouaieb's lifelong dream has been to be an entrepreneur. In 2011, after obtaining two master's degrees – one in engineering, one in business – and working as a consultant in France, Amine started his company, Chifco.

Chifco has designed a box that enables users to control and measure their house and appliances' energy consumption. To do so, users install sensors on their thermostats and electric outlets. The box gathers information from the sensors and provides information on the energy consumption of the heating system and every device plugged in. In the long run, Chifco aims to offer similar solutions in other sectors such as security or health.

The team has more than 20 customers in Europe and Africa, including major telecom operators. The company started beta-testing its product in 30 households across France, the United States and Tunisia, and at Microsoft's offices in Tunisia. The majority of Chifco's customers are in Europe and Africa and its operating team is in Tunisia.

3.4.2 Analysis

Exporting new models

The first opportunity for start-ups in targeted MPCs lies in adopting models that have already proven successful in Europe. Entrepreneur's can leverage their expertise in their home country, and

customise models both in terms of language and cultural sensitivities. For example, Maktoob, the first all-Arabic Internet portal, was considered the Yahoo! of the Middle East, and is now the regional arm of that company.

Scaling up to Africa and MENA countries

Most candidates highlight their willingness to adopt a regional business-development approach and go beyond their home country, which may offer limited market opportunities. Europe is no longer a priority for most interviewed candidates; rather, the MENA region and Africa are their prime targets, particularly hubs such as Cairo, Beirut or Casablanca.

Distributed operations

A distributed operational model is often sought by diaspora professionals launching a start-up ‘in association with’ their home country (rather than ‘in’ their home country). This distributed operational model has the following characteristics:

- Founding teams are usually split between Europe (or the United States) and MPCs;
- Two companies are often created– the first in Europe, the second in the home country – thereby facilitating operations, tax issues and wire-transfer hurdles, which are frequent in some MPCs;
- Production is usually based in the MPCs to leverage cost gaps, while commercial activities are balanced between the two locations, with diaspora professionals leveraging their contacts and networks in both their home and destination country. Europe is still a preferred location for R&D activities.

3.5 Opportunities and gaps

A number of opportunities have been identified in terms of entrepreneurship undertaken in both host and home countries. Diaspora professionals can draw on their networks and bicultural expertise to address the following gaps:

- Market access (leveraging personal and professional networks);
- Innovation (tailoring Western concepts to the home-country market and building cross-cultural teams);
- Cost (employing a skilled and competitive workforce in the home country, where cost differences can reach a ratio of one to five).

Beyond business, diaspora professionals’ prime motivation is to be closer to their families and to give back something to their home country. Any diaspora programmes should take this first motivation into account in order to build an adequate service offer.

Main Opportunities	Quote	Key issues
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Business development	<p><i>'The Algerian market is a huge opportunity for me compared to my current market: France. I face weak competition in my domain (recycling materials in the healthcare industry) and can leverage my personal networks in Algeria to be a leader in the market.'</i></p> <p>Jihane Boudelal, Sens SARL</p> <p><i>'Jordan is the kitchen for the Gulf Countries.'</i></p> <p>Jamil Wyne, Manager, Wamda Labs</p> <p><i>'There are not so many competitors in Morocco: if you find a good niche and if you are serious and do it right, people come to you.'</i></p> <p>Youssef Hassar, founder and CEO, MesCadeaux.ma</p>	<p>In times of economic downturn, most interviewees are looking towards their home countries.</p> <p>Mediterranean countries are a gateway to booming markets in Gulf countries or Africa.</p> <p>A regional approach (i.e. not restricted to the home country) is almost always considered.</p>
Expertise and skills	<p><i>'Lebanese designers are world-class, mixing technical and multicultural skills.'</i></p> <p>Hadi El-Khoury, CEO, Keefak</p> <p><i>'We hire students from the three best universities in Beirut and we are not disappointed: they are motivated and have many qualities in line with our corporate culture.'</i></p> <p>Salim Edde, Murex</p> <p><i>'The Arab region is distinguished by a young population and competencies especially in ICT.'</i></p> <p>Dr. Abdul Malik Jaber, Arabneur CEO and MENA Business Angel Network (MBAN) founder</p>	<p>The population of the MENA region is young and technology savvy. In domains such as ICT or industry, off shoring development or production is a common strategy.</p>
Cost gaps	<p><i>'The cost of hiring a senior engineer in Tunisia is around EUR 600/month, five times cheaper than in France.'</i></p> <p>Salma Hazgui, project manager, PACEIM</p> <p><i>'I optimised my company costs by setting up R&D in Algeria and business development in France.'</i></p> <p>Zaak Chalal, CEO, Red Fabriq</p>	<p>Personal and corporate taxes are far lower in the southern Mediterranean countries than in Europe. The workforce cost difference reaches a ratio of one to five between Europe and most MPCs (and is even more pronounced in countries such as Egypt).</p>
Personal motivations	<p><i>'I always wanted to do things here and have an impact on my country.'</i></p> <p>Youssef Hassar, founder and CEO, MesCadeaux.ma</p> <p><i>'I want to build the MedValley by gathering top talent, American investors like me, Arab entrepreneurs (not only Algerian ones) and European innovators around high-growth start-ups and common challenges in the Mediterranean.'</i></p> <p>Krimo Salem, If and Then Ventures, San Francisco</p>	<p>90 % of diaspora professionals interviewed want to play an active role in the development of their home country.</p> <p>Family links are key in start-up projects. They are one of interviewees' key motivations.</p>

* Opportunities identified by diaspora professionals for entrepreneurship activities between their host and home countries.

3.6 Issues

Entrepreneurs from the diaspora face specific issues at the following different levels:

- Disconnection with the cultural framework of their home country: most candidates who live and work between two cultures face an identity issue and are not always recognised as they would like;
- Administrative barriers, hurdles and corruption; a shared lack of trust vis-à-vis public services;
- Access to finance while launching a company on both sides of the Mediterranean;
- Lack of visibility on existing opportunities to be leveraged and barriers to be overcome in order for the company to be successful;
- Management difficulties in terms of finding the right partners to organise a start-up project between the host and home country.

Main issues	Quote	Key issues
Risk and instability	<p><i>'Sustainability and planning is lacking in the Turkish context.'</i></p> <p>Dr Lokurlu, Turkey</p> <p><i>'The three main requirements for viable investments are 1) political stability, 2) a clear regulatory framework for operation with zero corruption, and clearly defined rules with zero confusion about the laws and regulation, and 3) a commitment from the government that they can pay their bills.'</i></p> <p>Ahmad Chatila, CEO, Sun Edison, US/Lebanon</p>	<p>Most candidates see an unstable economic and political situation in their home country and high levels of corruption resulting in increased costs.</p> <p>A lack of long-term vision on innovation priorities has been identified, especially in Eastern Mediterranean countries (Lebanon, Jordan, Lebanon and Turkey).</p> <p>Some countries have weak ICT infrastructure, like Lebanon, Palestine and Egypt.</p> <p>Lack of trust in the public system is common, with recommendations in favour of a peer-to-peer private approach.</p>
Cultural issues	<p><i>'My major challenges were mainly adaptation to cultural norms and business practices (quality of suppliers, collection of debts, time and respecting deadlines) since I didn't have any professional experience in Morocco before launching my start-up.'</i></p> <p>Youssef Hassar, founder and CEO of mescadeaux.ma, Rabat</p>	<p>For centuries, the dominant culture in the MENA countries promoted employment; being self-employed has not been considered 'real work'.</p> <p>Candidates often point out a lack of recognition of diaspora professionals from the home country. This is particularly true of Algeria, for instance.</p>
Administrative barriers and framework	<p><i>'The work and citizenship permit is a key issue for my brother, a leading researcher in the US who wants to start up in Lebanon: though on his paternal side he feels Lebanese, he does not have Lebanese nationality.'</i></p>	<p>Work permits and citizenship issues are common hurdles.</p> <p>Slow legal and administrative systems are major barriers, specifically in traditional investment sectors such as industry (this</p>

	<p>David Munir Natbi, Altcity, Beirut, US/Lebanon</p> <p><i>'Visa and work permit issues are a barrier for students to launch a start-up after their studies in Europe.'</i></p> <p>Hicham Messaoudi CEO, Planta Biotech, France/Algeria</p>	<p>isa reason why most diaspora professionals look towards services or ICT).</p> <p>Payment and international money transfer is often an issue for diaspora professionals (a key issue in Algeria, for instance).</p>
Access to finance	<p><i>'Making a living and starting a company at the same time has been a key issue for me.'</i></p> <p>Hicham Messaoudi - CEO, Planta Biotech, France/Algeria</p> <p><i>'Chances are limited due to investors' mindsets. Besides, the equity percentage is quite excessive.'</i></p> <p>Aly Mohamed, entrepreneur, Vound, Egypt</p>	<p>Business angel networks are mostly underdeveloped and informal, especially in Algeria, Palestine and Egypt.</p> <p>However, funding for start-ups and early-stage ventures is becoming increasingly accessible in most MPCs and existing early-stage investors show a strong interest in sourcing start-ups from diasporas.</p>
Business	<p><i>'In Morocco, credibility in business is built through networking on the basis of personal relationships.'</i></p> <p>Anas Alhilal, CEO, Unibox</p> <p><i>'You should establish a network of contacts and connections to gain the exposure needed.'</i></p> <p>Hana Asfour, Q Perspective founder and PhD student</p>	<p>Most interviewees highlight the fact that they lack personal contacts, which are highly important to access markets.</p> <p>They encounter difficulties getting used to the business practices and cultural norms in the home country and need more support to understand potential markets.</p>
Management	<p><i>'My main concern is to find managers and business developers to launch my e-commerce start-up in Lebanon and the Gulf countries.'</i></p> <p>Alberto Haddad, Melcion, US</p> <p><i>'Getting the right talent, retaining it, building teams, and the cost of training at the beginning are the true challenges for entrepreneurs in Egypt.'</i></p> <p>Hazem El Tahawy, Mentor Graphics</p>	<p>There is a need to create a surrounded ecosystem solving the human resources issue.</p> <p>In terms of attracting the right talent, two concerns are raised: not having the best applicants to choose from, and not having enough money to attract the desired candidates. Another aspect of the human resources issue is any language barrier.</p>

4 STRATEGIC RECOMMENDATIONS

This chapter outlines the future PACEIM II: its vision, objectives, challenges, drivers, governance and business model.

4.1 PACEIM II: Vision and purpose

To attract entrepreneurs, support networks, investors, sponsors, partners and media providers, the first stage of a PACEIM II programme should be to define a collective and long-term vision and purpose (positioning and high-value proposals). Aspects of this positioning are outlined below:

4.1.1 *Vision*

- Involving innovators and ‘game changers’ in the major issues facing social and economic development in the Mediterranean: environment, health, job creation, etc.;
- Focusing on the long-term goal of building an entrepreneurship ecosystem that can help strengthen innovative private-sector companies and support innovation, job creation and sustainable, inclusive growth in the MPCs and in Europe.

4.1.2 *Purpose*

- Making the most of Mediterranean diaspora talent in Europe and involving talented diaspora professionals in the programme;
- Facilitating and accelerating business-creation projects in Europe and the Mediterranean.

4.1.3 *Setting objectives*

LINXEO suggests structuring PACEIM II around three broad objectives within a three-year programme. Suggested objectives and performance indicators to be shared by potential future leaders of PACEIM II are outlined below:

- Supporting the creation and development of 200 start-ups;
- Engaging a high-impact community of 1,000 talented diaspora professionals around entrepreneurship projects;
- Strengthening emerging entrepreneurship and innovation ecosystems in Mediterranean countries.

Specific objectives	Three-year objectives	Impact in MPCs and Europe
1) Boosting entrepreneurship and start-up creation	200 high-growth start-ups with business development, mentoring, financing and team-building actions	500+ entrepreneurs empowered Job creation and revenue generation
2) Engaging with a high-impact network of talent	Mobilising a community of 1,000 highly skilled professionals from the diaspora	2,000 smart connections: diaspora funding, hiring, mentoring, technology and knowledge transfer, business partnerships
3) Strengthening emerging entrepreneurship and innovation ecosystems	Building proactive innovation and business task forces gathering world-class leaders from the diaspora	Empowering new business angel networks Transferring expertise from incubators, tech-transfer offices, accelerators and technoparks

PACEIM II - Dynamics

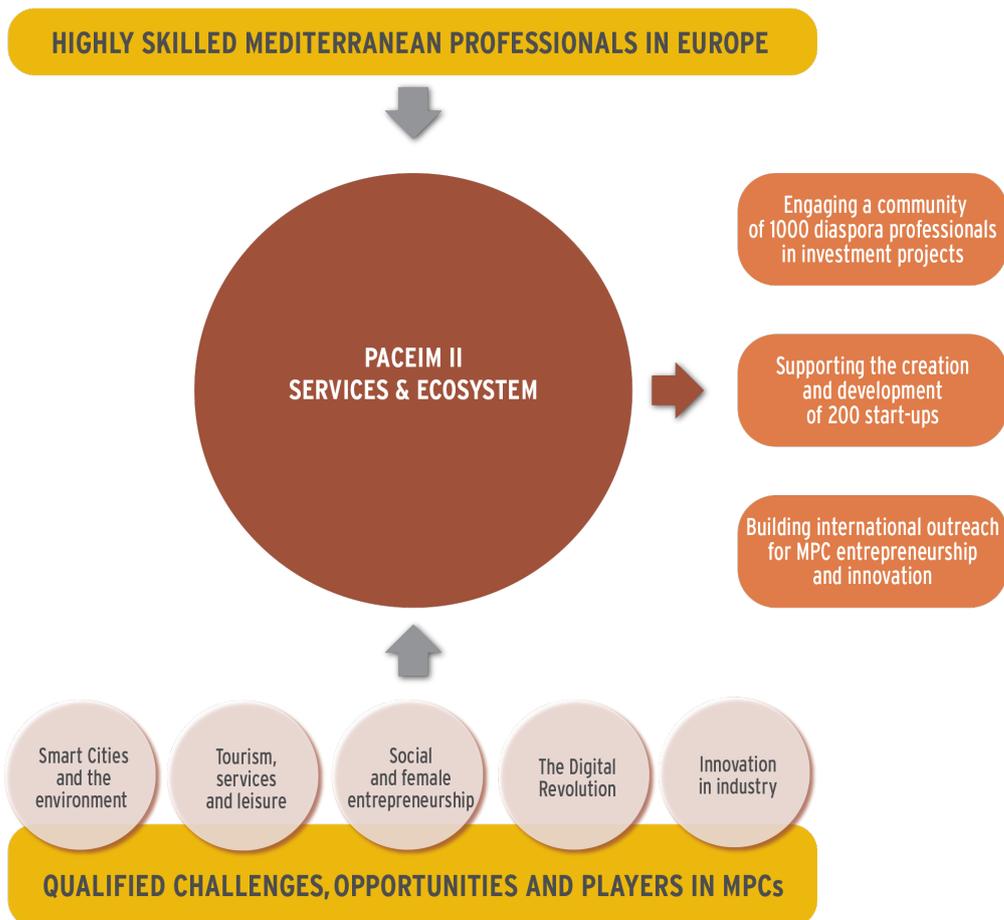


Figure 6– PACEIM II – Dynamics | Source: LiNXEO

4.2 Supporting the creation and development of 200 start-ups

LiNXEO suggests an objective of 200 entrepreneurship projects selected over a three-year period.

The following breakdown of potential PACEIM-II projects is proposed in terms of maturity:

- 50 % early-stage projects (feasibility stage): The proposed innovation has been demonstrated (or for technology projects, a prototype exists) but must be consolidated or customised for the southern Mediterranean, and positioned on the market;
- 30 % start-up stage projects: A team has been put together and the innovation has been tested and demonstrated in Europe and the Mediterranean;
- 20 % growth-stage project: Existing start-ups (created fewer than five years ago) with a client base, located in Europe and wishing to develop their activity in South-Med countries by involving diaspora talent.

Selecting team-led entrepreneurship projects is recommended, i.e. at least 500 supported entrepreneurs (an average of 2.5 teammates per company).

Taking the average start-up survival rate in France over as a baseline – around 50 %¹⁷ – a minimum 100 start-ups could reach this objective, with a potential significant impact in terms of job creation, innovation, and revenue generation.

4.3 Engaging a community of 1 000 diaspora professionals in investment projects

The best 1 000 talented diaspora professionals (executives, researchers and students¹⁸) might be mobilised in Europe over three years around PACEIM II start-ups projects. Not all diaspora professionals want to become entrepreneurs. However, research indicates that most interviewees are keen to be involved in entrepreneurship projects. PACEIM II could leverage their expertise, networks and interest in their home countries in various ways:

- Success stories and role models: over 20 success stories drawn from the pool of diaspora stars and ambassadors have been identified;
- Mentors: most highly skilled expatriates expressed their interest in being involved in mentoring activity with qualified Mediterranean entrepreneurs;
- Potential investors in future entrepreneurs: research has identified talented Mediterranean diaspora professionals who do not wish to launch a start-up but who are ready to invest in high potential and qualified deals;
- Potential business partners: Senior executives in large corporations, for instance, might provide other entrepreneurs with access to their networks.

¹⁷ Insee 2011 Taux de survie en 2011 des entreprises créées en 2006 selon le secteur d'activité

¹⁸ Out of the 50+ networks and associated 50 000 diaspora professionals identified in our research

Based on experience of matchmaking activities online and offline, an objective of 2000 smart connections over three years might be set, with different types of matchmakings to be considered: funding, hiring, mentoring, technology and knowledge transfer, business partnerships.

4.4 Building international outreach for MPC entrepreneurship and innovation

Through PACEIM projects and cases studies, Diaspora professionals can act as ecosystem facilitators between the Arab world and the West. They can bring their management expertise (soft skills), technical background and international reach to different ongoing initiatives in the MPCs:

- Expert and mentoring networks: there is a need to improve the skills of accelerator staff in terms of adequate business development services and proficiency in management, marketing, negotiation, export programmes and advanced technology.¹⁹ Talented professionals in the Mediterranean diaspora are already involved de facto in export or mentoring networks associated with accelerators;
- Business angel networks in the diaspora: Entrepreneurs suffer from a lack of sufficient equity in terms of pre-seed and seed funding to scale ideas into real businesses. A significant proportion of the candidates interviewed expressed their interest in investing in start-ups provided there is a good instrument set up. However, existing angel networks (such as Casbah Business Angels in Algeria) or accelerators (Oasis500) are already targeting the diaspora community to build angel funding;
- Ambassador networks for innovation platforms and technoparks: Technological clusters cannot simply be created by mobilising researchers, capital and modern infrastructure; they also require a shared language and the trust of the technical community, which enables the open exchange of information, collaboration and learning. Diaspora researchers, engineers and business people can have a great impact in defined areas in which they have expertise – as well as in innovation hubs where large numbers of Mediterranean diaspora professionals are located (Boston, San Francisco, Paris, London, Berlin, etc.).

4.5 Mobilising entrepreneurs around societal and business challenges in the MPCs

For PACEIM II, LiNXEO suggests mobilising diaspora entrepreneurs around the following societal and business challenges in the Mediterranean:

- The digital revolution: Developing new Mediterranean services and content (mobile apps, new collaborative business models, Arabic content, etc.);
- Smart cities and the environment: Building innovative solutions for Mediterranean cities (renewable energy, healthcare, recycling, water treatment, smart building, tourism, etc.);
- Tourism, services, healthcare and leisure: Introducing new global services to the Mediterranean's changing population (e-commerce, tourism, healthcare, ageing);
- Innovation in industry: Introducing new processes and modernising Mediterranean industry (traditional industries, agro-industry, etc.);

¹⁹ For more details on key challenges for Mediterranean accelerators, see the terms of reference in 'Technical advisory to support seed accelerators in the FEMIP region', EIB, 2014.

- Social and female entrepreneurship: Encouraging new entrepreneur profiles and new ways of doing business.

For each challenge, diaspora entrepreneurs identified the following issues. This information was collected through desk research and interviews with entrepreneurs, support networks and institutions.

4.5.1 The digital revolution

Over 50 % of identified start-ups created by talented diaspora professionals are in the ICT industry. The first opportunity for tech start-ups in the region lies in adopting models that have already proven successful in one Arab country and the West, and customising them both in terms of language and cultural sensitivities. The MPCs boast ICT success stories such as Maktoob and major players such as Oasis500. The investment capital needed in the development of most ICT applications is lower than in other sectors. The IT sector is powered by the human brain: start-ups can initially be launched at home or in the proverbial garage–office. In parallel, the corporate IT sector – Intel, Microsoft, Ericsson, Siemens, Google, IBM, Mentor Graphics and others – has launched a number of increasingly regular business-plan competitions.

Identified niches:

- Offshoring;
- E-commerce;
- Arabic content;
- Mobile apps;
- Software development.

4.5.2 Smart cities and the environment

The environment and urban development are the primary challenges facing the Mediterranean, presenting societal issues (for example, access to water) that are likely to mobilise diaspora talent—highly skilled professionals (executive engineers, researchers) who are eager to bring their expertise back for the development of their home country. Key players such as the Union for the Mediterranean or the European Commission (DG RTD, DG DEVCO) put these environmental challenges at the top of their lists.

Identified niches:

- Water management;
- Energy efficiency and eco-building;
- Recycling and waste management;
- Renewable energies;
- Biomass generation;
- Energy efficiency certification;
- Smartcities;

- Recycling.

4.5.3 *Tourism, services and leisure*

Most investments by Mediterranean diaspora professionals are currently concentrated in the service sector, in particular commerce and tourism.²⁰ Innovative concepts are often inspired by identifying gaps between the diaspora professional's destination and home countries.

Identified niches:

- New concepts imported from Europe and the United States (organic restaurants, etc.);
- Tourism services targeting home-country diaspora professionals;
- Fashion, design and creative industries;
- Health tourism;
- Ecotourism;
- Banking;
- Retail;
- Real estate;
- Luxury;
- Organic Food.

4.5.4 *Innovation in industry*

With their expertise in management, certification procedures, and global business standards, engineers and senior executives from the diaspora can play a major role in the modernisation of industry. Introducing new industrial processes is a key challenge in MPCs, in particular Algeria and Egypt. Key sectors such as agro-industry are often mentioned by candidates.

Entrepreneurship in these sectors is complex, as there are a number of involved procedures associated with industrial investment (purchasing equipment, import and customs issues, renting or purchasing industrial premises subject to administrative authorisations). The role of regional development agencies is essential in helping diaspora entrepreneurs to simplify these processes.

Identified niches:

- Agro-industry;
- Organic farming;
- Quality food chain;
- Certification and training services;
- Auditing and consulting for infrastructure projects;
- Automotive industry;
- Healthcare (medical devices, services);
- Biotechnologies;
- Microelectronics;
- Energy and equipment systems;
- Construction Equipment.

²⁰ Analysis based on our interviews

4.5.5 Social and female entrepreneurship

Research suggests that significant proportion of start-ups would be led by women entrepreneurs: a 30 % gender rate is registered for PACEIM and in the current deal flow in MENA.²¹

Several of the key players interviewed for this study, such as investors or institutional players (e.g. European Commission, Union for the Mediterranean), expressed a strong interest in linking female entrepreneurship and diaspora initiatives.

Identified niches:

- Women and creative industries (design, fashion, high-quality craft);
- Rural entrepreneurship in villages;
- Creative industries (craft, design and media);
- Women's fashion;
- Female entrepreneurship in ICT;
- Sharing (collaborative) economy.

'Investors are more and more interested in investing in start-ups that have women in their teams. This is a trend we are observing.'

Simon Schaefer, CEO, Factory Berlin

4.6 Governance

4.6.1 Final appraisal report by Technopolis

Technopolis Group, an independent consultancy specialised in evaluating innovation, research and higher-education programmes and policies, has been commissioned by the IRD to carry out a final evaluation of PACEIM. The aim of this retrospective study is to analyse the programme's governance, the role and involvement of its stakeholders and its results and impacts. Technopolis has carried out desk research and in-depth interviews with PACEIM's stakeholders in France and with the programme's partners and beneficiaries in Algeria, Lebanon, Morocco and Tunisia. The final evaluation report will be delivered in May 2015. The following paragraphs aim to share observations from the evaluation exercise.

When PACEIM was launched four years ago, countries of the southern Mediterranean were beginning to build their innovation ecosystem and promote entrepreneurship as a way to create jobs and growth.

Morocco and Tunisia launched their innovation strategies in 2009. Nevertheless, their ecosystems began to take shape only around 2011 after the creation of a number of structures and instruments

²¹Wamda Research Labs, 2014.

aiming to support and finance innovative projects and to promote the creation of innovative businesses. In Tunisia, for instance, the national agency for the promotion of industry and innovation (APII) received a budget to finance innovation projects only in 2011. APII was created to implement the national innovation and industrial strategy and was appointed by PACEIM as the programme's focal point in the country. During its field mission in Tunisia, Technopolis found that PACEIM projects were the first innovative projects that the agency had supported. In the same way, in Algeria, the National Agency for the Promotion of Research Results and Technological Development (ANVREDET) was created in 2009 but only started to support innovative projects with PACEIM. It received funds from the government to support these projects in 2012.

PACEIM's national focal points had therefore very little, if no, experience in supporting the creation of innovative businesses. For most of them,²² PACEIM has considerably strengthened the deal flow of projects and given them the opportunity to "learn by doing." PACEIM's model of "co-incubation" is key to the success of projects. The programme beneficiaries are supported by both Marseille Innovation, a European Business and Innovation Centre (CEEI), and a focal point in the partner country. Together with the IRD these actors set up and implemented a roadmap that leads to the creation of an innovative business. The national focal points have greatly benefited from working in collaboration with Marseille Innovation and IRD. They have adopted good practices such as follow-up scoreboards using common indicators, or the signature of partnership agreements with the programme beneficiaries and local partners. In addition, they have learned to deal with public procurement regulations and procedures and to address situations of legal incapacity. The model of co-incubation could be strengthened through further capacity-building activities.

In addition to the focal point, other local partners are associated with PACEIM, mainly representatives of national ministries and funding agencies. However, their contribution and involvement in the programme is rather weak. PACEIM would benefit from the involvement of local actors from the private sector with a capacity to bring technical knowledge to the projects. These actors could include business networks, trade associations, private incubators, business schools, etc.

Entrepreneurs in the southern Mediterranean face the burden of lengthy and complicated administrative procedures, legislative instability and patronage. These difficulties are multiplied for the diaspora because they do not have a local network and they have limited knowledge of national procedures and regulations. Their needs in terms of local support are therefore very substantial and most of the beneficiaries that were interviewed indicated that they would not have taken the risk of creating a company in the southern Mediterranean without PACEIM's support. National focal points play a key role in this regard. They have access to institutional actors and significantly support

²² Except in Lebanon where the focal point is an incubator.

PACEIM entrepreneurs in their administrative formalities and in accessing information regarding local regulations. Focal points also contribute financially to PACEIM by funding about 20 % of the roadmap activities. In Algeria the focal points fund 50 % of these activities.

4.6.2 Main recommendations by LiNXEO

In coordination with the research performed by Technopolis, here are LiNXEO's three main recommendations for the governance of PACEIM II:

- 1) Build an entrepreneur community;
- 2) Involve new operators;
- 3) Design a flexible framework to enable different operations and funding (e.g. funding and launching PACEIM II in terms of specific challenges, countries, or selected start-up stages).

A talent and entrepreneur community

Leveraging the power of social networks and build an online community might be instrumental so as to boost the 200 start-ups to be supported by PACEIM II. Through an innovative peer-to-peer approach the objective is to harness networks and expertise and engage with targeted Mediterranean professionals who expressed their interest in being involved.

Mediterranean professionals and PACEIM entrepreneurs will be invited to become involved in the community. Entrepreneurs will meet certain criteria so as to promote smart matchmaking:

- Drivers and motivations in selected area (smart cities, healthcare, etc.);
- Start-up project maturity and description;
- Geographical priorities (selecting defined hubs);
- Offers and requests for partnerships (looking for an investor, a business partner, an associate, an employee, etc.).

Users will benefit from personalised services:

- Online matchmakings;
- Promotion services (highlighting entrepreneur profiles, success stories, etc.);
- Information about opportunities and events.

To set up and connect this community PACEIM-II matchmaking events might be organised in Europe (Paris, London, Berlin) or the MPCs (Cairo, Casablanca, Tunis):

- Start-up boot camps, pitching contests or demo days (depending on the maturity of selected start-ups);
- Thematic workshops and taskforces on defined challenges (digital content, innovative industries, etc.).

Involving new operators

More than 30 new operators have been pre-identified for the PACEIM-II ecosystem. Operators may be assigned to PACEIM-II entrepreneurship projects according to the two criteria defined in our research and analysis: maturity of the start-up projects (feasibility, start-up, growth), and type of expertise provided (support services, connection, or capacity building).

A network of trusted operators could be built in each MPC participating in PACEIM II. Selected operators in Europe or MPCs would commit to a number of projects being accompanied over the three-year period. Entrepreneurs might benefit from a set of services worth a certain value (e.g. between EUR 5,000 and EUR 10,000) from selected operators in Europe and MPCs.

A flexible framework to enable different operations and funding

A pragmatic approach and framework is proposed for the funding of PACEIM II, with funding determined on a regional or country basis, by different levels of maturity or by societal challenges identified in the priorities and requirements of identified sponsors:

- On a regional or country basis: PACEIM II could start at a Euro-Mediterranean level with the support of international organisations or could focus on one Maghrebian country, leveraging bilateral funding. A combination of national and cross-country approaches is recommended;
- Different levels of maturity: some sponsors might be eager to focus on very early stage entrepreneurship projects (as was the case for PACEIM I); others sponsors looking for a return on investment might prefer to fund selected projects at start-up or even growth stage. Entrepreneurs are also eager to benefit from targeted services at each stage of their project;
- Societal challenges: PACEIM II could leverage public calls for projects or private funding focusing on one or several defined societal challenges (e.g. agro-industry, renewable energies). Candidates are also eager to be connected to selected resources, opportunities and people in defined networks.

In addition to identified major sponsors, different kinds of associate partners might be involved in the programme to provide expertise and funding:

- Media partners: European or South Mediterranean players such as Wamda, ArabCrunch or TechCrunch that can help us publicise PACEIM II;
- Corporate sponsors: service providers and multinationals that might fund calls for projects, events or publications;
- Existing programmes: other similar or complementary programmes might contribute to identifying entrepreneurs or organising activities.

4.7 Cost estimates

LiNXEO estimates the total cost of PACEIM II to be EUR 8.2 million. 90% of the proposed project cost will be directed to entrepreneurs through funding or access to services (voucher schemes). Services are granted after a selection process and at different stages of start-up maturity (feasibility, start-up, growth). Cost and operational efficiency shall be guaranteed through an innovative peer-to-peer approach, the co-financing of actions proposed to selected operators and entrepreneurs, and the deployment of cross-border services enabling economies of scale and the building up of affinity-based entrepreneur communities.

The principal cost lines for PACEIM II are as follows:

1) Pre-seed funding given to entrepreneurs at the feasibility stage. One hundred entrepreneurs will each benefit from pre-seed funding worth EUR 35,000, following the model developed in PACEIM.

2) Support services directly provided to the selected entrepreneurs at stages one (feasibility) and two (start-up) in the form of voucher schemes. Entrepreneurs will enjoy access to a set of cross-border, collective services:

- Market research and business support; co-incubation and project maturation;
- Legal and tax advice;
- Capacity-building events in European and South-Med cities;
- Matchmaking events: master classes, demo days, venture academies.

3) Business development services:

- Early stage market test before launching products and services
- Access to market through business-development taskforces set up through PACEIM II to address the major identified challenges;
- Access to finance through online connections to investors and dedicated cross-border investment workshops

4) Project management, events and communication (12 % of total cost).

The total estimated cost of the project is EUR 8,2 million.

COST LINES – 3 years	TOTAL (€)
FUNDING & SERVICES FOR ENTREPRENEURS	7 230 00
1. Funding pre-early stage (feasibility: track 1)	3 675 000
2. Connection & capacity building (feasibility & start-up: tracks 1&2)	2 430 000
Boot Camps	
Pitching /Annual events	
Basic training / Masterclasses	
Specific training	
Mentoring sessions	
3. Business development (growthtracks 1,2&3)	1 125 000
Business development task forces & platform	
Access to finance	
PROJECT AND NETWORK MANAGEMENT	960 000
Project management & team (4 people)	
Onsite missions	
Network & events	
Consortium management and meetings	
Online platform	
TOTAL	8 190 000

4.8 Business model

4.8.1 Potential revenue streams

Disparate funding sources should be considered for PACEIM II:

Public funding

As the PACEIM-II programme will support mainly early-stage entrepreneurs, it will not be ‘profitable’ and therefore requires public funding, which should cover at least 50 % of the total cost of the project.

Different instruments might be considered:

- Grants and technical assistance instruments – several funding lines have been identified within the European Commission; calls for projects and proposals by Directorate-General (DG) for International Cooperation and Development, and DG for Research and Innovation.

Equity

Consider a pre-seed funding model where equity is exchanged for services provided (at start-up or growth stage), along the lines of some existing accelerator models. Accelerators in Europe and MPCs currently take between 6 % and 12 % equity.

Self-funding

- An annual membership fee could be proposed to PACEIM-II community members. The objective is to create a community of 5 000 members within three years with 1000 members actively engaged. A standard access free of charge and premium services subject to fees might be proposed.
- Events could be ticketed.

Sponsorship packages

Different types of sponsorship packages could be designed (e.g. Platinum, Gold, Silver).

Multinational support for pro-entrepreneurship

The following multinationals, very active in the target Mediterranean countries, have been identified. They are all involved in pro-entrepreneurship actions in some of the seven target MPC countries.

ICT	Agro-industry, environment, healthcare
Mentor Graphics (Egypt and MENA)	Suez Environment (Morocco)
Google (Jordan and MENA)	Shell (Tunisia)
Orange (Tunisia and MENA)	Aramex (Jordan and MENA)
Oreedo (MENA)	OCP (Morocco)
Accelerators Technology Holdings (Jordan and MENA)	Sanofi
Flat6Labs	

- Such multinationals might be involved in event sponsorship, themed calls for projects or support-service provision (access to markets, mentoring) in their domains.
- In-kind services could be provided by start-ups in return for support from PACEIM II.

5 OPERATIONAL RECOMMENDATIONS

The objective of this chapter is threefold:

- To build a framework for action and identify key players, namely strategic funding partners and support networks (services providers);
- To design services to be provided and propose smart access to these services;
- To identify initial synergies and actions to be deployed to build momentum.

5.1 Building a framework: Stakeholders and roles

Three different categories of players will be considered:

- Professionals: Highly skilled diaspora professionals and associated diaspora networks (entrepreneurship networks). The objective is to reach out to 1000 entrepreneurs and have identified over 60 talent networks in Europe, offering access to 60 000 people. This can be done through a bottom-up approach that first and foremost provides structure to a community of entrepreneurs. Peer-to-peer connections are extremely useful to talented entrepreneurs;
- Support networks: Entrepreneur networks and operators able to directly support entrepreneurs on both rims of the Mediterranean (hosting, mentoring, etc.). Building a framework is key, so that operators can link up with professionals and operators as described above according to various criteria: sector, entrepreneur profile, project maturity, etc. For example, the UK mentoring organisation Mowglicould connect with ENPACT, a German mentoring organisation for entrepreneurs from Europe, North Africa and the Middle East, enabling each organisation to tap into the other's pools of mentors;
- Institutions, governments and development agencies: Organisations responsible for defining the legal, innovation and business framework that might directly or indirectly fund or promote the programme.

PACEIM II PLAYERS

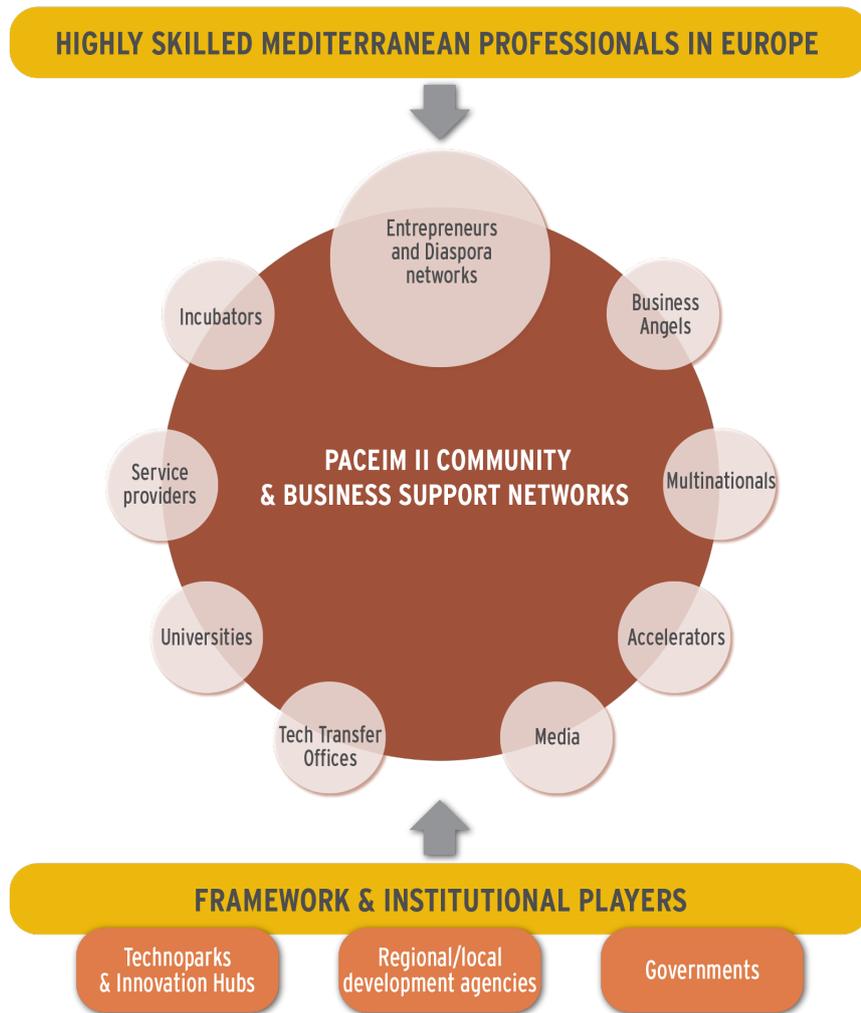


Figure 7– PACEIM II Players | Source: LiNXEO (2015)

Level	Types of players	Main expectations for PACEIM II ²³	Potential roles in PACEIM II
Professionals	1,000 highly skilled professionals from the Mediterranean Diaspora in Europe with three different profiles: Students, executives and researchers; 50+ talent and entrepreneur networks	Increased visibility vis-à-vis opportunities, framework and players Networking Mentoring Business development support Early-stage funding <i>(See Chapter 1 for details)</i>	Different roles possible: entrepreneur, investor, partner, angel, business developer, ambassador, etc.

	identified in Europe to reach them		
Support networks	Accelerators in Europe and the southern Mediterranean and early-stage investors	Source high-impact projects Boost their portfolio through international outreach	Sourcing Mentoring Networking
	Business and innovation clusters	Develop international cooperation	Promoting sector opportunities Thematic matchmaking
	SMEs and multinationals	Recruit managers, entrepreneurs and innovators Demonstrate corporate social (entrepreneurship) responsibility (CSR/CER)	Mentoring in defined sectors Sponsoring PACEIM-II events
	Innovation players (tech-transfer offices, incubators, technoparks)	Source tech projects Boost their international outreach and service offer	Funding (tech projects) Incubating (early-stage projects)
Framework	Regional/local development agencies	Create more jobs through high-impact projects Boost regional attractiveness	Promoting Supporting start-ups locally
	Ministries (Economics and Finance, Innovation, etc.) Investment promotion agencies	Build welcome packages Attract investors Build international innovation hubs	Early-stage funding Funding PACEIM II Connecting entrepreneurs (entry point in home countries)
	Media	Highlight success stories	Promoting success stories, events

5.2 Funding PACEIM II: Strategic partners

Research and interviews pointed out to three types of players that can contribute directly or indirectly to financing the PACEIM programme. They are as follows:

- Intergovernmental organisations;
- Government and development agencies;
- Foundations.

5.2.1 Intergovernmental organisations

The primary identified actor is the European Commission, with three entities whose remit includes the diaspora and which coordinate their activities: DG Research and Innovation, DG Neighbourhood and Enlargement Negotiations, and DG Enterprise and Industry. Other key players include the Union for the Mediterranean, and the International Organisation for Migration (IOM).

Name	Description
European Commission – DG Research and Innovation (DG RTD) Unit C.3 European Neighbourhood, Africa and Gulf	Unit C.3 is funding different programmes aiming to boost cooperation relating to innovation in the MPCs
Europa Development and Cooperation (DG DEVCO) Private Sector Development Neighbourhood Directorate	The European Neighbourhood and Partnership Instrument (ENPI) CBC Med programme currently supports different diaspora-related programmes such as EuroMed Migration III or MedGeneration
European Commission – DG Enterprise (DG ENT) International Affairs and Missions for Growth Unit	DG Enterprise has already funded several projects related to entrepreneurship between Europe and the Mediterranean, including EuroMed@Change, Improve, and Cluster Excellence
Union for the Mediterranean (UfM)	The UfM has been looking for new projects since 2013. The PACEIM project and its potential extension has been presented by the Institut de recherche pour le développement (IRD)
International Migration for Migration (IOM)	IOM has set up specific programs on development and migrations. IOM Cairo has organised reports and events targeting highly skilled expatriates. The IOM in The Netherlands works closely with universities; business schools and has contacts within incubators and the Dutch Agency for Enterprises.
African Development Bank (AFDB)	The African Development Bank (AFDB) is involved in several entrepreneurship programs in North Africa. They are leading the <i>Fonds Migration et Développement</i> which selected a series of project dedicated to engaging North African highly skilled diaspora.

5.2.2 Governments and development agencies

Governments of the southern Mediterranean are the main beneficiaries of the programme in terms of job and wealth creation, and should therefore be targeted via existing partnerships associated with the PACEIM II steering committee. The study of PACEIM II governance currently being prepared by the EIB will no doubt provide details on how governments can be mobilised.

The table below outlines other governmental actors that are not currently involved in the PACEIM programme:

Organisation	Description
AFD (Agence française de développement)	The AFD is currently funding several diaspora-related initiatives in Western Africa and Morocco, where it supports Maghreb entrepreneur programmes targeting talented professionals from the Mediterranean diaspora in Europe
GIZTunisia (German Federal Enterprise for International Cooperation)	Since 2008 the GIZ has launched several diaspora related activities to more strongly engage with the Tunisian Diaspora in Germany and Europe: workshops in Germany, studies on the highly skilled diaspora profiles and expectations, setting up of a dedicated working group with Tunisian institution
DLR* (German Aerospace Center)	The German Aerospace Center, abbreviated DLR, is the national centre for aerospace, energy and transportation research within the Federal Republic of Germany

5.2.3 Foundations

Approached from the corporate entrepreneurship responsibility (CER) angle, foundations could help fund not-for-profit diaspora-related actions that are in line with their objectives, such as:

- Educating youth entrepreneurs;
- Boosting female entrepreneurship;
- Empowering local players.

Name	Description	Reasons to be involved in PACEIM II
Bertelsmann Foundation	The Bertelsmann Foundation is the largest private non-profit foundation in Germany, created in 1977 by Reinhard Mohn	The Bertelsmann Stiftung is currently engaged in more than 60 projects, and supports mentoring and entrepreneurship initiatives in Arab countries
BMW Foundation	BMW Foundation has offices in Berlin and Munich and networking partners in Brussels, Istanbul, San Francisco and Beijing. These networking partners are BMW's permanent contacts abroad	BMW supports young leaders through two main initiatives: Young Leaders Award and World Young Leaders. Both of these could potentially be entry points for PACEIM II
OCP Foundation	OCP Entrepreneurship Network (OCPEN) aims to promote and foster entrepreneurial ecosystems by focusing on key areas of entrepreneurial development:	OCP Entrepreneurship Network can fund initiatives dedicated to supporting diaspora entrepreneurship in Morocco, with a special interest in social and female entrepreneurship

	entrepreneurship promotion, access to capital, access to markets, inspiring innovation, and women-led and social entrepreneurship	
Said Foundation UK	Said Foundation is a non-sectarian and non-political charity that works for a brighter future for children in need and talented young people in Syria, Jordan, Lebanon and Arabs in Israel. It is the founding benefactor of the Said Business School at the University of Oxford	Through its philanthropic donations of over EUR 130 (GBP 100) million, the foundation has helped talented students from the Middle East access education and has founded a world-class business school which could be an entry point for PACEIM II
Sawiris Foundation for Social Developments Egypt	The foundation's mission is to contribute to Egypt's development, create sustainable job opportunities, and empower citizens to build productive lives that realise their full potential	PACEIM II falls under the foundation's main mandate for creating 'sustainable job opportunities' through launching entrepreneurs who can become self-employed and employ others
Arab Science and Technology Foundation (ASTF) Dr Ghada Amer Vice-President Egypt	An NGO working regionally and internationally to encourage investment in science and technology, it was founded in 2000 on the basis of recommendations from 375 scientists inside and outside the Arab world	The NGO's vision fits well with PACEIM II: it intends to strengthen links between universities and research centres inside and outside the Arab world

5.3 Working with a trusted network: Pre-identified operators

Pre-identified operators have been selected from a list of 200 support networks actively liaising between Europe and the Mediterranean: accelerators, entrepreneurship and mentoring networks, universities, business angels, investment networks and incubators.

Out of these 200 networks, more than 30 have been pre-identified as suitable for the PACEIM-II ecosystem on the basis of the following criteria:

- Recognised expertise in entrepreneurship support (based on entrepreneur ratings, peer reviews and a working relationship of up to 10 years with LiNXEO partners);
- Existing connections with the Mediterranean;
- Desire to participate in PACEIM II.

Operators may be assigned to PACEIM II entrepreneurship projects according to the maturity of the start-up projects (early or growth stage). For instance, technology incubators close to R&D centers,

and university incubators, are better suited to early-stage projects, while business angels are keener to intervene at growth stage.

The map below shows the pre-identified operators.

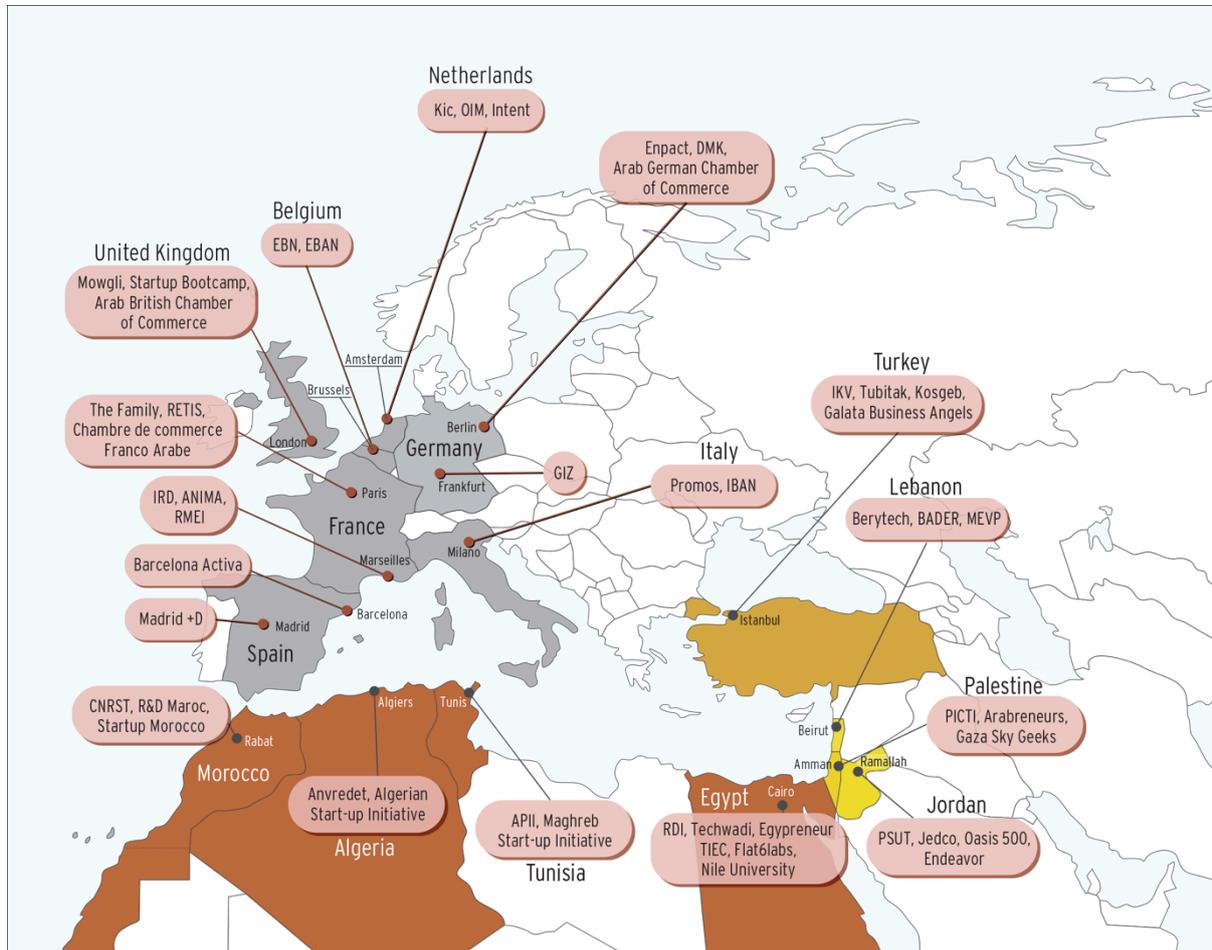


Figure 8– Pre-identified operators and entrepreneurship support networks | Source: LiNXEO (2015)

5.4 Designing service offers

5.4.1 Working with three project streams: Early-stage, start-up and growth-stage projects

Diaspora entrepreneurs need to be empowered at different stages of their projects. Each stage requires specific resources and support services:

- Idea and early (feasibility) stage: Almost all candidates in diaspora entrepreneurship and the current PACEIM-I pilot programme are at an early stage. They need to go through a process of maturation, incubation and business validation to reach proof of concept. University pre-incubators and tech-transfer offices (for tech projects) are key players at this stage;
- Start-up (launch) stage: Access to market, assembling resources and building teams are the main priorities of start-ups at this stage. Accelerators are particularly relevant at this point;
- Growth stage: Candidates at growth stage are existing start-ups (in Europe or MPCs) involving diaspora professionals. At this stage, leveraging diaspora networks and expertise through PACEIM II might prove a success factor in their internationalisation and scaling up.

'First of all we need to provide a platform for entrepreneurs to get to know each other. Entrepreneurship is probably the loneliest job in the world: trustworthy, unbiased help is needed for entrepreneurs.'

Khalil Jai Hokimi, founder and CEO of the Middle East New Africa Success Group

'We need services to help talented people reconnect with their home countries through cultural and business training.'

Ilyas Azzoui, CNRST, Morocco

5.4.2 Three lines of services: Support, connection, and capacity building

Interviews and desk research indicate that the following main services are required by diaspora entrepreneurs, and are offered by identified support networks. Bearing in mind the overall efficiency of the PACEIM-II programme (and to avoid overlaps), three lines of services are proposed. Each line provides a specific approach for entrepreneurs in terms of access to services.

Support services

Support services can be provided on a country, regional or cross-country basis by leveraging players mainly from the southern rim of the Mediterranean. The following services are those most frequently required by diaspora entrepreneurs:

- **Market research:** There is a shared concern about lack of information in terms of testing the market and commercialisation potential of products (customer expectations, pricing, etc.). Business schools could play a major role in helping diaspora entrepreneurs to undertake market research and test their products at reduced cost;
- **Market validation:** Prototyping or proof of concept services;
- **Business development:** All interviewees agree that professional entrepreneurs in the Mediterranean diaspora find it more difficult than local entrepreneurs to make inroads with new clients. Some players recommended a cross-border business task force involving talented entrepreneurs in key sectors such as ICT and digital technology, environment, and healthcare. The objective would be for talented entrepreneurs who hold senior positions in multinationals or possess proven expertise to open doors for selected diaspora entrepreneurs;

- Promotion: PACEIM II needs to draw upon local experts with a proven track record in sales. Interviews agree on the current lack of hands-on mentoring, coaching and training in how to sell products and services from MPCs;
- Competence mapping: Identifying the right experts and partners in selected innovative geographical areas;
- Relocation services: Supporting entrepreneurs and their families in their move between different countries;
- Legal support: Entrepreneurs require legal support in navigating the complex administrative procedures in the home country and between the home and destination countries (double taxation, visas, money-transfer procedures, incorporating a company based in two countries, etc.).

Connection services

Diaspora entrepreneurs often feel alone pursuing their project between two countries and two cultures. Networking at local and international level is essential. Euro-Mediterranean chambers of commerce play a key role in this respect; for instance the UK Arab Chamber of Commerce in London, or the German Arab Chamber of Commerce in Berlin regularly organise events, inform about opportunities and provide personalised connections services to Mediterranean expats in Europe; on the other side of the Mediterranean the European chamber of Commerce in the MPCs are very active in organising matchmakings for Mediterranean businessmen and entrepreneurs eager to develop business and set up activities in their home countries (e.g the German Chamber of Commerce in Tunisia (AHK) organised dedicated actions for high profiles Tunisian entrepreneurs and investors in Germany).

Two types of connection services will be offered by PACEIM II:

- Online services by joining the PACEIM II platform and community. Targeted connections will be suggested depending on user criteria and profiles (target issues and sectors, target hubs and geographic zones, etc.). Connections will either be peer-to-peer – this is a popular request among diaspora entrepreneurs – or with service providers;
- Customised support and connections via incubators and accelerators, depending on user profiles and project maturity.

The following connection services are those most frequently required by diaspora entrepreneurs:

- Local networking: Sharing local business best practices, identifying partners and investors, and reconnecting with the legal and cultural framework of the home country are services required by most diaspora entrepreneurs interviewed;
- Team building: Most diaspora professional entrepreneurs need help finding teammates (in particular for tech-related projects, which often lack management, marketing/communication and business development skills). There is a need for a peer-to-peer approach and transversal innovative events such as boot camps, which mix candidates with different profiles (tech, business, finance), domains of expertise, and cultures (i.e., diaspora professionals from different countries; a mix of Arab and European entrepreneurs);
- Mentoring: Working with returning diaspora professionals who have established a business of their own would count as proof of concept and provide inspiration for other start-ups.

Interviewees recommended this approach, as it is more convincing in terms of others following in their steps. The cross-cultural approach of the German mentoring organisation ENPACT, where teams include Egyptian, Tunisian and German entrepreneurs, is extremely effective in that it (1) strengthens the regional business environment by allowing Tunisian and Egyptian entrepreneurs to exchange ideas and experiences and learn from each other, and (2) strengthens bi-regional ties by enabling Tunisian and Egyptian entrepreneurs to work with their German counterparts;

- Accessing investors: Information about investment opportunities should be structured in such a way that potential investors gain a clear vision of what is already available (a 'one-stop shop') and thereby leverages existing initiatives;
- Very early-stage public funding: Funds are currently being created to build a prototype for tech start-ups, such as Bedaya in Egypt, UniVenturein Tunisia and Maroc Innovation in Morocco;
- Early-stage funding (angel/diaspora funding to fund entrepreneurs at the start-up stage): Key players such as the European Trade Association for Business Angels, Seed Funds and Early Stage Market Players (EBAN) is ready to take the lead in this area. The MENA Business Angel Network (MBAN) was launched in 2014, in collaboration with European Business Angels Network (EBAN), and aims to create, deploy and boost the network of angel investors.

'In Algeria I had the opportunity to meet with the commercial manager of a major company. He opened up his networks to me; that is the most valuable support I got from PACEIM I.'

Hicham Messaoudi-Planta, BiotechAlgeria

'We need partnership, advice and networks (but want to see the network before paying any service of contact relationship).'

Muath Sabha Neiraba, Animation Studio founder, Palestine

Capacity building

Capacity building could be provided in order to provide networking opportunities for entrepreneurs. Some interviewees (such as Spice or Startupbootcamp) recommend that the future leaders of PACEIM II provide ecosystem training not only to entrepreneurs but also to in-country incubator managers and employees.

The following main connection services are those most frequently required by diaspora entrepreneurs:

- Basic training (Phase I) on soft skills often required in the early stages of start-up creation;
- Communications skills and marketing innovation;
- Pitching (to customers and investors);
- Advanced training and workshops;
- Intercultural workshops (specific to countries or regions);
- Thematic training on both business and technical issues.

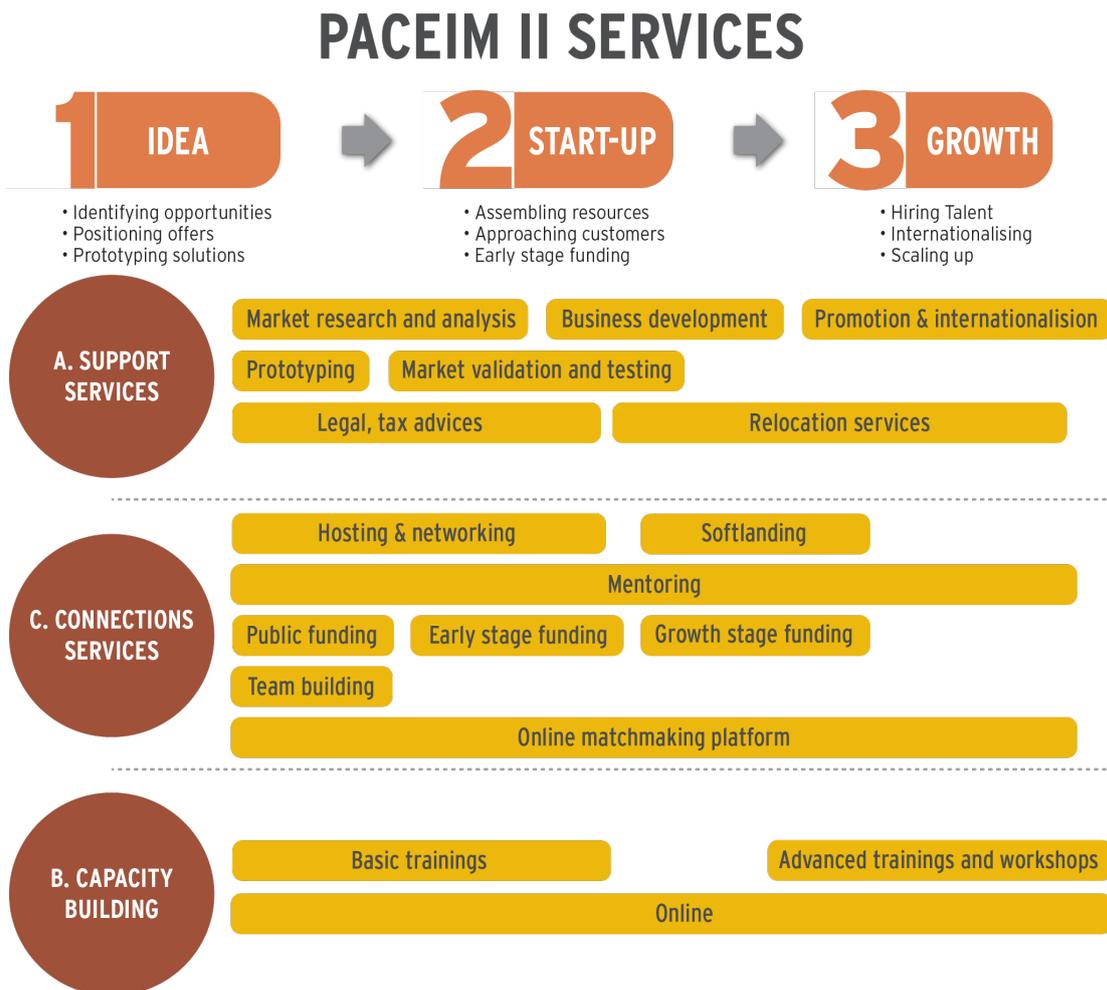


Figure 9– PACEIM II Services | Source: LiNXEO (2015)

5.5 Launching PACEIM II

5.5.1 Synergies with existing initiatives

Around 10 business-plan competitions involving Mediterranean diaspora entrepreneurs have been identified and should be leveraged as an entry point for PACEIM II.

In order to keep track of the continuous flow of highly skilled diaspora professionals from the MPCs to Europe and build on existing cooperation between the two regions, it is advisable to coordinate PACEIM-II activity with ongoing and upcoming R&D and entrepreneurship programmes between the EU and the MPCs. The following diaspora-related initiatives in entrepreneurship and innovation could be leveraged for PACEIM II:

Initiatives	Description and synergies with PACEIM II
I-MENA (World Bank)	Integrating the Middle East and North Africa (I-MENA) aims to foster MENA global integration. The World Bank is engaging with the Lebanese and Tunisian diaspora populations to determine how their knowledge resources could be leveraged for economic growth in their respective countries of origin. I-MENA is in contact with around 1 000 talented diaspora professionals through online surveys, focus groups and workshops.
EuroMed Migration III (DG DEVCO)	The regional project on migration in the Euro-Mediterranean area, EuroMed Migration III, is funded by the European Union with a budget of EUR 5 million. The EuroMedMigration III project is mainly aimed at fostering cooperation on migratory issues between the European Neighbourhood and Partnership Instrument (ENPI) South partner countries and EU countries, and among ENPI South partner countries themselves, as well as assisting partner countries in their efforts to govern international migration through support to a sustainable migration-profile process. PACEIM I was presented to EuroMed Migration III at a conference on migration and development held in Lyon, France in September.
MedGeneration (DG DEVCO-ANIMA)	The MedGeneration project aims to mobilise economic diasporas for the development of Mediterranean countries. It is implemented in France, Jordan, Lebanon and Palestine. More than 200 highly skilled diaspora professionals from these three countries have been identified in Europe.
Netkite(DG DEVCO)	The Netkite project is funded under the ENPI CBC Mediterranean Sea Basin Programme with a budget of EUR 1.8 million. It aims to foster innovation transfer from research labs to the industrial sector while also promoting closer relations between start-ups and mature companies. The project, inspired by the Open Innovation philosophy and Living Labs approach, targets young Mediterranean entrepreneurs who seek to turn innovative ideas into successful businesses.
Innovation Capacities programme under the CMI (European Investment Bank)	The ‘Supporting the promotion and financing of innovation in the Mediterranean ‘ programme is a regional CMI activity coordinated by the EIB within the framework of its Facility for Euro-Mediterranean Investment and Partnership (FEMIP). The aims of this programme are to define and implement a long-term strategy for innovation by: (i) improving the understanding of innovation systems and identifying areas for improvement at the regulatory, financial and organisational levels; (ii) strengthening initiatives for the development of skills and information for entrepreneurs and other agents of innovation and (iii) activating financial arrangements and mechanisms in support of innovation.

5.5.2 Social networks and media partnerships

Enhancing the media and social-media presence of diaspora entrepreneurs – and their profiles and aspirations – is essential to the success of the programme. It is often overlooked in current pro-diaspora programmes.

Substantial resources should be invested in building social networks, which will initially be the primary method of identifying entrepreneurs and raising awareness of the programme. Significant resources have been allocated to this operation in the provisional budget in order to coordinate a network of community managers, bloggers and stars via PACEIM II's digital strategy.

Strategic media partnerships appear essential to leverage major actors already active in the sphere of entrepreneurship. The main identified actor in the southern Mediterranean is Wamda, a media firm and investment fund created by a Lebanese expatriate in Jordan that has over 250 000 followers on Twitter. At the European level, a strategic partnership with EU Neighbourhood Info Centre could be envisaged.

5.5.3 Involving high-profile ambassadors in PACEIM II

There are a number of high-potential, high-profile individuals who are well positioned to become ambassadors for PACEIM II. Our team of experts has identified potential ambassadors whose profiles are presented below. While extremely successful entrepreneurs are inspiring and motivating, they do not prove to be the most credible role models. The most effective role models are individuals who have come from a similar background to early-stage entrepreneurs, who are perhaps one or two stages ahead of them, and who faced or are facing similar challenges. Failure stories are also important.

	Territory	Potential role(s) for PACEIM II
Usama Fayyad 	UK/Jordan	Sourcing Strategic partner Mentoring Success story
Ousama Amar 	France/Lebanon	Sourcing Inspirational leader

Dr Abdul Malek Jaber

Palestine

Strategic partner
Mentoring
Success story



Magdi Yacoub

Egypt

Sourcing
Inspirational leader
Mentoring



Khalil Jai Hokimi

Morocco

Sourcing
Coaching
Success Story



Mehdi Alaoui

Morocco

Success story



Hazem El Tahawy

Egypt

Sourcing
Mentoring



6 APPENDICES

6.1 List of acronyms

AFD	Agence Française de Développement
AfDB	African Development Bank
CARIM	Consortium for Applied Research on International Migration
DFID	The Department for International Development (DFID) - UK
DLR	The national aeronautics and space research centre - Germany
EBAN	European Business Angels Network
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ENPI	European Neighbourhood and Partnership Instrument
GCC	Gulf Cooperation Council
GEM	Global Entrepreneurship Monitor
GII	Global Innovation Index
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
IOM	International Organization for Migration
ITIDA	Information Technology Industry Development Agency
JEDCO	Jordan Enterprise Development Corporation
JFBPW	Jordan Forum for Business Professional Women
JTG	Jordan Technology Group
MBAN	MENA Business Angel Network
MENA	Middle East and North Africa
MPC	Mediterranean partner countries
OECD	Organisation for Economic Co-operation and Development
OCPEN	OCP Entrepreneurship Network
PICTI	Palestine Information and Communications Technology Incubator
PIF	Palestine Investment Fund
RDI	Research, Development and Innovation Programme
RSS	Royal Scientific Society
STDF	Science and Technology Development Fund
TIEC	Technology Innovation and Entrepreneurship Center
UfM	Union for the Mediterranean

6.2 Abbreviations and common terms

Diaspora professionals (community of talent, highly skilled diaspora capital)

Highly skilled individuals from the Mediterranean diaspora in Europe, for example:

- Entrepreneurs, innovation leaders and investors;
- Students in management schools, engineering schools and postgraduate higher education (MBA students, etc.);
- Executives in small and medium-sized enterprises (SMEs) and multinational organisations with links to their home countries through alumni networks or business-diaspora networks, etc.;
- Post-docs, researchers and engineers in public or private R&D units.

Entrepreneur

Broadly speaking, an entrepreneur is someone who exercises initiative by organizing a venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced. In this study, we will refer to entrepreneur to consider individuals involved in the launch and development of innovative companies at different stages, from idea to growth.

Foreign-born

Foreign-born or non-native individuals (or first-generation immigrants) are those born outside of their country of residence. Although they are non-native citizens, many become 'naturalised' citizens of their country of residence. Some are citizens by descent – i.e. through a parent.

High-potential start-ups (aka high-growth or high-impact start-ups)

A high-potential start-up is defined as a start-up venture that introduces a new or innovative product or service to international markets. According to the OECD, 'All enterprises with average annualised growth greater than 20% per annum, over a three-year period should be considered as high-growth enterprises'.

Mediterranean partner countries (MPCs)

The seven southern Mediterranean countries that will be the main beneficiaries of PACEIM II: Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, Tunisia – plus, for the purposes of our research – Turkey.

PACEIM II

The proposed extension of the PACEIM programme.

Support networks

Networks and organisations – e.g. accelerators, incubators, VC, business angels, investment groups and banks – that could be in a position to support PACEIM-II entrepreneurs in Europe and MPCs.

Strategic partners

Institutions such as governments, development agencies, NGOs and/or private organisations, foundations and multinationals that could be in a position to directly or indirectly fund a PACEIM-II programme.

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6.3.1 Quantitative research

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6.3.2 Qualitative research

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6.4 List of people interviewed –Diaspora elite and entrepreneurs

Algeria

Abdel Yamine Zeino

Hicham Messaoudi

Krimo Salem

Ryadh Dahimene

Egypt

Ali Mohamed

Anas Al Natsheh

Hazem El Tahawi

Jordan

Hussein Al-Nathsheh

Ola Doudin

Jehad Subbieh Jihad

Serene Shahane

Lebanon

Elsa Aoun

Emilio Sassine

Hadi El-Khoury

Nicolas Rouhana

Khaled El Dassouki

Morocco

Anas Alhilal

Driss Alioui

Hicham Laktar

Omar Agodim

Youssef Hassar

Palestine

Abdul Malik Jaber

Isam Shahrour

Yasser El Shantaf

Samer Khoury

Tunisia

Thameur Hemdane

Emna Belaifa

Turkey

Hassan Abo Shady

Ibrahim Basman

Memet Unsal

6.5 PACEIM description (by IRD)

6.5.1 Context

Southern Mediterranean countries consider innovation and entrepreneurship as crucial for their economic development. In order to achieve these goals, their authorities have set up structures and instruments such as incubators, science and technology parks and so on. However, it requires enhancing both their operational capacities and deal flows of bankable innovative projects.

In this respect, the Mediterranean Diaspora in Europe could contribute towards achieving these objectives, using their experiences, skills, networks and willingness to develop economic activities.

France is the country that receives the most higher education students from the Maghreb, of which some 7,000 are pursuing doctoral studies. Moreover, these highly qualified students rarely succeed in finding jobs that match their initial training and level of education. Finally, a small proportion of them should have specific interest in building start-up as a link between both shores of the Mediterranean Sea.

Based on this premises, IRD and its southern partners believe since 2010 that Diaspora may increase entrepreneurship and boost productivity and technological exchange with their country of origin.

In order to achieve this aim, IRD initiated the PACEIM program with the objectives to mobilise the expertise of Mediterranean talents from any French higher education institution encouraging them to launch technological start-ups in Algeria, Morocco, Tunisia and Lebanon based on the application of research results and skills developed throughout their studies.

6.5.2 Presentation

PACEIM vision is to foster innovation in order to contribute to the development of these regions and to the dynamics of their entrepreneurial fabric.

PACEIM aspiration is to facilitate entrepreneurial initiatives from scientific Diasporas based in France and design and rollout of new products or services on the southern shores of the Mediterranean.

PACEIM goal is to support the start-up of nearly 100 innovative companies with strong growth potential and thereby create new investment and jobs opportunities in the southern Mediterranean basin.

PACEIM targets are the Mediterranean students who have completed their tertiary studies in France, with strong technical expertise and entrepreneurial spirit to set up a technology-oriented company in any sectors of activities in their home countries.

6.5.3 Consortium

PACEIM is a regional program aiming at nurturing diaspora's expertise to promote innovation in the Mediterranean region and could be considered as a springboard for developing cooperation between Europe and the southern countries. PACEIM consortium is composed of 15 policymakers and operators, including investment promotion agencies, technology transfer offices, national scientific research centres, technology parks, incubators, funding agencies and ministries. The Institut de Recherche pour le Développement (IRD) is a French public science and technology research institute. Its mission is to conduct research in the South, for the South and with the South.

6.5.4 Mechanism

Through PACEIM, entrepreneurs benefit from a logistic, scientific and financial support for their project, launched in the North and pursued within the infrastructures of the host countries. Each project is funded up to €35,000 to consolidate the technological project or prototype, conduct a market analysis or draw up a business plan. The PACEIM laureates receive personalised training, coaching and assistance and are systematically put in contact with the relevant local support structures (business development structures, incubators and so on). Each beneficiary of the PACEIM program is also followed up by a focal point in his home country and IRD in France in order to demonstrate the relevance of the business idea and the feasibility of the proof of concept.

After having identified the specific needs, the entrepreneur has between 15 and 18 months to build his project and present a detailed roadmap of the tasks to be managed by IRD and the focal point.

6.5.5 Results – Impact

PACEIM programme (Programme d'aide à la création d'entreprises innovantes en Méditerranée) is a non-for profit project aiming to supported qualified emigrants from the Maghreb and Lebanon living in France and aiming to develop a new business in their country of origin. A summary of the programme is presented below and a full description is provided in appendix).

Over 250 eligible applications were submitted in response to several calls for projects launched after 2010 within the framework of the PACEIM programme. As a result, 86 candidates were selected and divided into three categories, characterised as follows:

- 36 projects by Tunisian nationals, 23 projects by Algerian nationals, 23 projects by Moroccan nationals, and 6 projects by Lebanese nationals;
- 30 % of projects managed by women;
- 76 % of programme participants have completed a bachelor's or master's degree; 20% of participants have a PhD and 4 % are post-doctoral researchers or staff;
- An average age of 32 years;

- In all business sectors, mainly (in order of importance): environment and biotechnologies, services to industry, IT and electronic devices, services to individuals, food industry, and health.

In anticipation of the end of the programme planned for 2015, the IRD has carried out a final assessment report of the results achieved under PACEIM. Results at mid-term review, which apply to 58 out of 86 projects, confirm that:

- One third of the recipients have started their own business (30 are in an early phase of their business, including 22 in their country of origin);
- Less than one third are in a building stage (14 future start-ups);
- Over one third of participants are pre-start-up (2013 cohort) and will continue to enhance their feasibility project;
- Eight participants dropped out;
- Twenty-six recipients have returned to their country of origin: 65 % of the first promotion and 25 % of the second one.
- 9 projects are in process of raising funds (5 got commitments from investors)
- Twenty-eight prototypes, proofs of concept, scale-ups have been developed
- Twenty-eight intellectual property rights have been filed: seven patents, nineteenth brands, two original artworks (drawing, model, and plan).

Another key determinant of PACEIM success is the capacity of MPC partners to enhance the level of service of facilities and the efficiency of the territorial grid. For this purpose, every year two days of trainings were held for beneficiaries and simultaneously a session for focal point partners. Some events in these countries are also organised to bring together local key actors and promote cooperation on entrepreneurship.

Diaspora from the Mediterranean region living in Europe can have a substantial impact on the development of their countries of origin, with the overall goal to support sustainable inclusive growth, innovation and job creation in the Mediterranean partner countries (MPCs). In this context, the Institut de Recherche pour le Développement (IRD), a French public research institute, requested support from the EIB to expand the PACEIM (Programme d'Aide à la Création d'Entreprises Innovantes en Méditerranée) pilot programme set up in 2009 helping highly-qualified migrants from MPCs living in France to create an innovation-based start-up in their country of origin.

This study assesses the possibility of scaling-up the PACEIM programme to highly-qualified migrants living in Germany, Spain, Italy, United Kingdom and other European countries, as well as expand the partner countries to include Jordan, Egypt and Palestine.

The study suggests a framework that can help strengthening innovative private sector companies in the MPCs. The findings show that more than 1 million highly-skilled diaspora professionals from the MPCs live in Europe, with a potential for PACEIM. Several social and business challenges in the Mediterranean are, such as developing digital services, smart cities, global services for a changing population and social entrepreneurship, are suggested for mobilising the diaspora professionals.

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