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Binationals: Human Capital at the Service of the Economic Development of the Maghreb

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European-Maghrebi binationals are destined to become major actors in economic and cultural cooperation between the North and South shores of the Mediterranean, a cooperation that constitutes a veritable link between Europe and Northern Africa.

There is, in fact, a true political will in Maghreb states¹ to foster investment by binationals in their Country of origin or the country of origin of their parents, with the aim of reinvigorating and strengthening economic and social development, a will that has grown stronger after the popular revolts and uprisings of the so-called Arab Spring. These events, which have certainly led to political reform and a regime change in Tunisia, have had a serious impact on the economic situation in the region and on the dynamics of the Euro-Mediterranean Partnership.

Binationals can accelerate the Maghreb's development. What, then, are the means being implemented to boost their contributions?

Binationals: One Foot on Either Shore

Different diasporas each have their own specific characteristics, which are important to identify in order to act effectively to create a productive link between diaspora members and their countries of origin.

A diaspora consists of "emigrants and their descendants who live outside their country of birth or ancestry, either on a temporary or permanent basis, but still maintain personal, emotional and cultural attachment to their countries of origin"² Binationals can be defined as members of the diaspora having both the nationality of their country of residence and that of their country of origin. Their number is difficult to calculate.

According to estimates and depending on the methods of identification – number of generations included in studies, whether or not to take into account naturalised citizens and illegal immigration, which is by definition difficult to measure – there are between 10 and 15 million residents of North African origin in Europe, keeping in mind, moreover, that the figures available per country are likewise variable.

Due to its colonial history, France is the main destination for Maghrebi migrants, followed by Belgium, the Netherlands, Spain and Germany. Four million Algerians reside in France (2012 estimate), of whom approximately two million are binational³ (only 710,000 in 2008 according to INSEE, the French National Institute of Statistics and Economic Studies), nearly 1.5 million people from Morocco and some 650,000 from Tunisia, a third of whom are binational.

Remittances

For a long time, the Maghreb gave precedence to regular remittances by migrants to the detriment of

¹ The Arab Maghreb Union consists of Morocco, Algeria, Tunisia, Libya (currently in a transition phase) and Mauritania. For the purposes of this article we shall only consider Morocco, Algeria and Tunisia.

² Working definition established by the International Organization for Migration and the Migration Policy Institute (2012).

³ Gilbert MEYNIER, "Après l'indépendance: les relations tumultueuses entre l'Algérie et la France," in *Histoire de l'Algérie coloniale*, various authors, La découverte, 2012. Séverine LABAT, *La France réinventée: les nouveaux binationaux franco-algériens*, Publisud, 2010, 272 pages.

integration via return, considering emigrants as 'cash cows.'

The Maghreb is, in fact, the African region receiving the greatest amount of money transfers from its expatriates, who contribute to the development of these countries. And remittances are constantly increasing, sustained by the reduction of money transfer costs:

- Nearly 2 billion euros were sent to Tunisia in 2012, according to the Tunisian Central Bank, that is, 5% of GDP, as compared to 4.3% in 2011;
- Nearly 2 billion euros went to Algeria in 2010, according to the Bank of Algeria;
- Nearly 5 billion euros (2 billion of them from France) were transferred to Morocco in 2012, that is, 7% of the GDP, according to Morocco's Exchange Office (Office des Changes), effectively constituting the country's leading source of currency.

In addition to these figures, the funds transferred via informal circuits must also be considered.

These funds serve to cover families' current expenditure and individual investments, essentially in real estate, in the country of origin, or to mitigate the deficiencies of public investment in certain sectors (education, energy, healthcare). They rarely give rise, however, to productive investments.

To palliate this state of affairs, governments are implementing programmes to orient these funds towards the sphere of productive investment and are seeking stronger binational commitment.

A Human Resource Ready to Seize Opportunities

Binationals, bearers of two cultures, are attached to their country of origin, which their parents or they themselves left to escape from precariousness or, for the more privileged, in order to study.

At times attacked and stigmatised in their host country, perceived as responsible for certain ills of society (unemployment, delinquency, terrorism), more and more binationals are turning their gazes towards the South shore of the Mediterranean, towards their Maghrebi countries of ancestry. However, this decision is not an easy one for them either. Indeed, it is

often the case that in "their country," they are perceived as "the Other," becoming the object of envy of some, and/or considered by local professionals more as a threat than a source of enrichment or openness.

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The Adventure of 'Returning'

Engineers, sales representatives, entrepreneurs – many wish to effect their 'return to their origins,' not only to participate in the development of their country through economic activities or via collective projects aiming to generate public assets (water, healthcare, education), but also to make a new start, enjoy better quality of life and make money.

They are aware of the fact that their presence constitutes an opportunity to stimulate cooperation between Europe and the Maghreb and that they represent an added value for the development of business relations between the two shores of the Mediterranean.

Many have already taken the dive, placing their skills and know-how at the service of the development of their countries of origin, in sectors such as information and communication technology, logistics, business services, the agro-food industry and tourism, thus contributing to technology and knowledge transfer.

The Will to Invest and Invest Themselves

They are mobile and do not hesitate to invest, seeking prospects not only in their countries of origin but also – just as much or more so – exploring other Maghreb countries and beyond to Asia. Their aim is to conquer new markets by taking advantage of low-cost labour, thus participating in intra-regional economic cooperation. They have become actors of the globalised economy.

Many undertake small projects with no assistance from government agencies. These projects contri-

bute to revitalising territories, diversifying their economies and creating employment.

Binationals having studied in Europe are in a position to help business in the region and provide governance methods indispensable for their growth. They are assets for the future, actors to be prioritised in bilateral EU-Maghreb relations in the political, economic and social spheres.

They can contribute to the reforms necessary (education, the place and role of women in society) and the creation of a Euro-Mediterranean co-development area marked by the increase and regularity of human, commercial and financial flows.

Obstacles to investment and economic development, such as administrative rigidity, corruption, lack of financing offers, shortcomings in institutional democracy or the absence of a common Maghreb market do not affect binationals in particular but rather all investors.

Binationals, on the other hand, want to invest in their country of origin for the above-stated reasons, whereas investors without any particular attachment will not do so unless the investment is profitable and the constraints are not excessive. Otherwise they will move on to other countries. The binationals' commitment is more long-term and the sound development of their business will lead to a modernisation of the country that will eventually attract the other investors.

Note that in Algeria, the "sovereign," 51/49 regulation (in a partnership, the Algerian partner must hold at least 51% of shares) has never been an obstacle to investment by foreigners, and binationals are not affected by this measure (the country is ranked 153rd out of 189 in the World Bank's 2014 "Ease of Doing Business" ratings).

Creating a North African Common Market

The Maghreb offers undeniable opportunities in terms of business creation, in particular SMEs (the backbone of any economy). It is a region with a highly significant economic potential that represents a market of nearly 80 million inhabitants (90 million inhabitants if we include Libya and Mauritania).

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By way of example, direct investment from France at the end of 2012 had reached nearly 8.5 billion euros in Morocco, 1.9 billion euros in Algeria and 731 million euros in Tunisia,⁴ making France the region's premiere partner.

There is no free trade agreement between the Maghreb countries as a whole (Morocco, Algeria, Tunisia, Libya and Mauritania). A gulf persists between leaders' statements of intent and the low level of progress with initiatives, intra-Maghreb trade not surpassing 3% of the region's overall trade flow.

Maghrebi integration, however, has become a necessity for the countries in the region to meet the challenges of globalisation and development they are facing. Once again, binationals would prove useful here: they constitute a labour pool from which to recruit the future executives who will contribute to the regional unity of the Maghreb.

Support Mechanisms

Entrepreneurship entails risks. To reduce these, binationals must have clear information regarding local needs, market situations, the political and economic environment, availability of human resources, available financing, facilities, regulatory mechanisms, the formalities required and the main obstacles to be overcome.

Investment support agencies for binationals need to provide such information but only have limited resources, whether they are in France, Italy or Spain.

On the other hand, a number of Euro-Mediterranean platforms to support investors already exist, such as, for instance, Pole Med, via the Euromed@change programme in partnership with Invest Network, a

⁴ *World Investment Report 2013*, United Nations Conference on Trade and Development (UNCTAD), 20 June 2013: <http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=143>.

network of 65 national and regional investment agencies in 22 countries.

Maghreb countries have likewise created their own structures to mentor and support entrepreneurs, such as, for instance:

- The Algerian National Agency of Investment Development (ANDI - Agence Nationale de Développement de l'Investissement), engaged in the promotion of productive investments by binationals and support for reforms that 'de-bureaucratise' investing;
- Invest in Tunisia – The Foreign Investment Promotion Agency (FIPA-Tunisia, Agence Tunisienne de Promotion des Investissements Etrangers).

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Effective Networks

In addition, binationals have set up effective networks dedicated to business creation in the Maghreb and the transfer of skills, for instance:

- ATUGE, a network of binationals of Tunisian origin with degrees from major universities;
- Maroc Entreprenre (Morocco Enterprising), with 10,000 members in Europe, including many

binationals, which has developed a support programme for business creation called 'Tremplin Maroc' (Springboard Morocco).

The densification of professional networks is contributing to the creation of a transnational sphere in the Mediterranean Region.

Binationals Should Receive Support from Countries on Both Shores

The European Union should renew and step up ties with the Maghreb in order to promote economic development, balance and stability on the South shore of the "Mare Nostrum" and hence security on both shores.

To achieve this, consulting and support services should be stepped up for entrepreneurs, the presence of European financial institutions in the Maghreb should be capitalised on to promote support for binationals' business creation, women's entrepreneurship should be encouraged and the dissemination of information should be improved in order to optimise the impact of existing mechanisms. For, though this fragment of the Mediterranean's South shore constitutes an area of prosperity in the making, the challenges and obstacles are many (corruption, cumbersome red tape, etc.). Binationals, human capital capable of contributing to the Maghreb's economic upgrading and accelerating its integration into the global economy, should receive support from both North and South-shore countries.

Their visibility remains low, considering their potential. They must, however, be engaged as partners in this development effort. They are not a 'miracle solution,' but they are important contributors to the indispensable acceleration of a process that needs to come from within each country.