GFMD Business Mechanism

Business committee on
ENTREPRENEURSHIP AND CIRCULAR MIGRATION

Concept Note

Migrants and diaspora have a long history of starting successful businesses. It is estimated that 40 percent of the Fortune 500 companies in 2010 were founded by an immigrant or the child of an immigrant. Immigrants in the United States were almost twice as likely to start businesses in 2012 as native-born Americans; 28.5 percent of new entrepreneurs in 2014 were immigrants; and about one-quarter of the engineering and technology companies started in the US between 2006 and 2012 had at least one key founder who was an immigrant. Immigrant founded engineering and technology firms employed approximately 560,000 workers and generated USD 63 billion in sales in 2012. 24 of the top 50 venture-backed companies in the US in 2011 had at least one foreign-born founder; and immigrant founders from top venture-backed firms have created an average of approximately 150 jobs per company in the United States.[1]

Promoting migrant entrepreneurship provides a clear opportunity for the private sector to engage with government on migration in a constructive and non-controversial manner, to enhance benefits for the national economies of host and origin countries, as well as for migrants themselves.

First, governments around the world are recognizing the economic significance of entrepreneurship generally, and migrant entrepreneurship in particular, and developing policies to foster entrepreneurial ecosystems. The private sector is well placed to provide insights into how to turn entrepreneurial aspirations to business realities. The World Economic Forum recommends that governments lead by example by appointing institutional entrepreneurs; allow for natural growth from existing industries; ensure all industry sectors are considered and not just high-tech; provide leadership while delegating responsibility and ownership; and develop policy that addresses the needs of both the business and its management team.[2]

Second, in those countries that have proved most successful in attracting immigrant entrepreneurs, such as Australia, New Zealand, and the US, governments have consulted closely with the private sector to develop appropriate policy settings, including broadening eligibility thresholds for venture capital investment; creating easy pathways to entrepreneurship; increasing the number of visas; and linking entrepreneurship training to circular migration policies.

Third, the private sector may contribute directly to promoting the benefits of migrant entrepreneurship, for example by providing training for low and semi-skilled migrants in their employment; exploring linkages between online work, virtual migration and circular migration; developing innovative financing mechanisms for supporting the

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[1] http://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/the-economic-case-for-welcoming-immigrant-entrepreneurs
[2] https://www.weforum.org/agenda/2014/12/6-ways-governments-can-encourage-entrepreneurship/

skills base in countries from which skilled migrants are hired; and incentivizing diaspora direct investment (DDI).

Fourth, migrants' remittances to home countries provide invaluable funding to families and businesses, and may form a major component of the national income. However, the same averse political conditions that have slowed advancement of fair mobility and employment policies for migrants have generated barriers for companies providing remittance services. There are significant opportunities to improve these services through reducing costs, linking remittances to an array of needed financial services (e.g. payments, savings, insurance, credit), and promoting harmonized cross border systems.

The Business Committee on Entrepreneurship and Circular Migration will promote government-private sector dialogue on these and other solutions at the Global Forum on Migration and Development and through the consultations on the Global Compact on Safe, Orderly, and Regular Migration, in order to promote migrant entrepreneurship and its benefits.

Guiding questions for the GFMD Business Thematic Meeting

The outcome of the business committee on entrepreneurship and circular migration will prepare private sector perspectives and identify best practices relevant for the GFMD and the Global Compact on migration:

- 2017 GFMD Roundtable 2.2: "Fostering the development impact of returning migrants", which will focus on labour market re-engagement of return migrants. It will likewise identify practices relevant to Roundtable 1.2, which shall reach a common understanding of the inclusion of migration-related SDGs in the development of the Global Compact for migration.

- The global compact on migration theme "Contribution of migrants and diasporas to all dimensions of sustainable development, including remittances and portability of earned benefits" (Theme B.d.) and international cooperation of migration in all its dimensions, including return, integration and reintegration (Theme A.c).

April 3: The role of the private sector in encouraging investments, entrepreneurship and circular migration

- From your business perspective, how did your experience in investing in countries of origin benefit migrants, national economies of host and origin countries, as well as your business?

- What is needed to incentivize businesses to collaborate with governments on attracting return migrants?

April 4: Entrepreneurship, alternative financing options, investments: What constitute effective circular migration in the 21st century?

- What new initiatives should governments, businesses, and civil society invest in to promote migrant entrepreneurship?

- How could the promotion of entrepreneurship be best reflected in the Global Compact for migration?

- Diaspora communities have proved to create jobs in myriad of industries, generating income for local economies. How does your Government liaise with diaspora communities?