



# Private Sector Initiative Report



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- **Working Paper: Modalities and Challenges of Public-Private Collaboration on Talent Partnerships in Morocco** ([available here](#))
- **Webinar: Leveraging Talent Partnerships for Increased EU-Africa Investments** ([webinar recording link](#))

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### SUMMARY

The Private Sector Initiative of the Migration Partnership Facility (MPF) provided an opportunity for stakeholders to convene and reflect on the synergies that can be created at the junction of Foreign Direct Investment (FDI)<sup>1</sup>, private sector competitiveness and skills. Examining the corridor between the African continent and the EU through a case study on Morocco prepared as a working paper in collaboration with the Spanish Institute of Foreign Trade (ICEX) and hosting a webinar that brought seven panellists from the private and public sectors and the EU, the initiative offered valuable insights on how the Talent Partnerships, through public-private cooperation, can unlock FDI in line with partner country priorities.

Selected conclusions from the initiative are:

***1. The private and public sectors can improve collaboration by taking complementary roles***

Based on the Moroccan case-study, fragmentation and lack of collaboration between the private and public sectors was identified as a key constraint to skills development and investment between the EU and African partner countries. This has led to incoherent efforts on the part of both actors and this experience is highlighted in the working paper in which ten (10) Morocco-based European SMEs participating in the study identified weaknesses in the collaboration between the public and private sectors. Enhanced efforts are needed to strengthen the engagement between public and private sector actors in an inclusive, collaborative, comprehensive and institutionalised manner. Through effective dialogue each actor (private and public) can leverage their comparative advantages and complement each other to facilitate economic opportunities and increase investment flows between the EU and partner African countries.

***2. Beyond public sector-led initiatives, the private sector has a fundamental role to play in skills development***

To strengthen the public-private relationship, the private sector should be proactively engaged from the start to develop the partnership based on its own interests and a sound business case, so long as commercial and public sector interests are aligned. In this respect, European private sector will invest only if assured that the investment can produce profits and that the

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<sup>1</sup> Foreign direct investments can be made in a variety of ways, including the opening of a subsidiary or associate company in a foreign country, acquiring a controlling interest in an existing foreign company, or by means of a merger or joint venture with a foreign company. The threshold for a foreign direct investment that establishes a controlling interest, per guidelines established by the OECD, is a minimum 10% ownership stake in a foreign-based company. It should be mentioned here that there is a difference between FDI and portfolio investment when an investor merely purchases equities of foreign-based companies. On this and other aspects of FDI see further: <https://www.investopedia.com/terms/f/fdi.asp>

mobility and skills partnerships make commercial sense. A clear middle ground between the interests and an area where the private sector can be given greater consultative role is in supporting the improvement of vocational education and training systems of partner countries. This can lead to a win-win situation for the private and public sectors, with the private sector adding value by participating in (or influencing the design of) tailored programmes addressing their specific needs and benefiting from the newly skilled workers while the public sector can fulfil its public mission of enhancing skills development in key sectors and spurring economic growth.

Private sector actors can support skills development in partner countries in Africa by: (i) participating in public-private consultations with the aim of defining skills needs; (ii) supporting the forecasting of skills needs; (iii) delivering skills training; (iv) sharing views on skills-related policies to be aligned with realities; and (v) participating in refining educational and vocational training programmes to develop the required skills, inter alia. The incorporation of the private sector in public skills initiatives can facilitate solutions to the issue of mismatch between the skills available and labour market demand. The participation of the private sector should be formalised through the creation of special structures dedicated to fostering the private sector's contribution to skills development and labour mobility.

### ***3. Partnerships with the private sector should also aim to encourage investments and business linkages in sending countries***

There is a tendency to focus only on skills development in the process of forming partnerships with the private sector, and not enough emphasis is placed on encouraging European businesses to invest in partner African countries. While it is important to address structural skills gap that could stymie investment in the first place, efforts to promote investments and business linkages are equally important. Digital Explorers, which involved the training and mobility of Nigerian ICT graduates to Lithuania serves as a successful case study, translating what was largely a skills development initiative (with short internships) into more business for a Lithuanian company and resulting in the creation of jobs in Nigeria through the opening of a subsidiary business. To this end, partnerships with European businesses should be viewed from the broader angle of encouraging investments in African countries and/or promoting commercial relationships between European businesses and African SMEs operating in the same sector. Through such linkages, European businesses can transfer knowledge and know-how to businesses in Africa, gain knowledge of opportunities to invest downstream and become more willing to participate in future public-sector led skills development and labour mobility schemes.

### ***4. Talent Partnerships can help unlock FDI in partner African countries by playing a catalytic role***

Talent Partnerships should be designed in such a way as to serve as an initiator, catalyst and enabler for engaging the private sector to invest in African partner countries, through skills development partnerships, participation in labour mobility schemes and FDI. They should develop the framework for evidence-informed analysis to engender policy and practice change in areas of labour migration, skills development and educational/vocational training to influence the ecosystem that will optimise investment between the EU and African partners in the medium and long-run. Given that the private sector is typically reluctant to intervene and is generally risk averse, Talent Partnerships can serve as instruments of facilitation, to influence and provide the right incentives for the private sector to become proactively involved. In this respect, Talent Partnerships need to advocate and call attention to the

benefits of private sector involvement and the potential return on their contributions to labour mobility schemes and demand-driven and industry-relevant skills development in African partner countries. The Talent Partnership framework should anchor the creation and sustainability of public-private partnerships and support private sector integration in all aspects of skills development, mobility and labour migration schemes, such that increased awareness and familiarity with the markets of partner African countries brought about through participation can unlock FDI.

## **BACKGROUND AND CONTEXT**

The **Talent Partnerships** announced by the European Commission **in the New Pact on Migration and Asylum** officially launched on 11 June 2021. As a comprehensive EU policy framework, the Talent Partnerships will provide funding support for cooperation with partner countries to better match labour, and skills needs in the EU and beyond. These cooperation instruments **are aligned to the Global Skills Partnerships (GSP) approach**, through which a country of destination and origin cooperate with the business community on building their in-demand skills through vocational training, mobility, migration and professional exchange schemes.

**European private sector actors** – both in Europe and overseas – **constitute a critical stakeholder in the Talent Partnerships** as investors, employers and major contributors to skills development. Unleashing the full potential of their involvement in these Partnerships requires extending the outreach to **European businesses present in the target partner countries** as well as to **those wishing to invest or expand their operations in those countries**.

**Early labour mobility pilot projects** funded by the Commission, implemented by the ICMPD through the MPF **showed that European business is interested in investing in countries of origin after partaking in labour mobility and upskilling schemes** that are complemented with confidence building measures such as business-to-business (B2B) exchange and talent engagement. European enterprises active in partner countries are likely to contribute to skills building, upskilling and reskilling through mobility due to their vested interest in skills building, transnational flexibility in training talents, and labour market intelligence. In fact, [a mobility scheme between Nigeria and Lithuania](#) that focused on skills development led to the unforeseen benefit of [increased investment](#) in the Nigerian labour market and economy.

Likewise, **European business investments e.g. FDI**, in search of untapped market opportunities in the partner countries, could see great value in partnerships that build needed local talent in conjunction with the enabling environment. FDI is rarely made in economies that lack a skilled workforce, while countries with a solid skills base generally succeed to attract FDI inflows<sup>2</sup>. Therefore, based on the potential that the Talent Partnerships can offer partner countries the opportunity to unlock FDIs in line with their development priorities, the MPF implemented the Private Sector Initiative through the preparation of a working paper and a webinar.

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<sup>2</sup> [https://unctad.org/system/files/official-document/diaepcb2010d5\\_en.pdf](https://unctad.org/system/files/official-document/diaepcb2010d5_en.pdf)

## **(A) WORKING PAPER: Modalities and Challenges of Public-Private Collaboration on Talent Partnerships in Morocco**

In collaboration with ICEX, the MPF conducted a case study for targeted outreach and engagement with relevant European business actors in Morocco. It aimed to identify priority areas related to skills development, mobility and industry demand for skilled labour and resources, as well as assess the potential for public-private partnership opportunities on future Talent Partnerships in the renewable energy, agribusiness and digital sectors.

In the Moroccan context where there is a large underutilised working population, contacted businesses considered that skills developed in the renewable energy, agribusiness and digital sector will lead to a virtuous cycle between investment and human capital formation (i.e. Technical and Vocational Education and Training (TVET)). Such findings from the working paper indicate that one of the pre-conditions for attracting FDI is the availability of human capital formation. This implies that in a conducive business environment, an increase in skills is likely to be a pull factor for European business to further investment in Morocco.

However, Morocco is currently facing a lack of public-private collaboration in skills development, which poses a challenge to building a conducive business environment that allows for a virtuous cycle between skill formation and investment. Therefore, several modalities are suggested for the collaboration between the public and private sector such as co-developing Morocco's TVET curricular with EU businesses, aligning formal education and TVET to labour market needs, and applying the GSP approach through which a country of destination and origin cooperate with the business community to build migrants skills through vocational training, mobility, migration and professional exchange schemes.

## **(B) WEBINAR: Leveraging Talent Partnerships for Increased EU-Africa Investments**

Based on the findings of the paper, the MPF organised an [online Webinar](#) to launch the findings of the Working Paper and further **explore the FDI, private sector competitiveness and skills nexus**. The webinar gathered more than 80 participants from 21 EU and African partner countries who represented various stakeholders from EU institutions, private sector, recruitment agencies, national ministries, think tanks, development agencies, non-governmental organisations and international organisations. The discussions revolved around 1) better understanding private sector interests in specific sectors in regards to skills development, 2) modalities and challenges on how the Talent Partnerships can contribute to unlocking FDI for partner countries, and the issue of brain drain in the country of origin.

Panellists representing the private sector underlined that business interests focus on returns and risks that mobility schemes can bring. *Mr. Obioha from Telesoftas* explained that in the case of [Digital Explorers](#), the seemingly high risk of bringing young Nigerian ICT talents to Lithuania was mitigated when the company's executives travelled to evaluate and engage with the talents in Nigeria. It was this direct engagement that broke down the barriers of mobility and triggered skills development in the ICT sector for software developers. Through this engagement, one of the companies opened a regional office in Abuja, Nigeria which will led to garnering more local talents and investing in their capacities. In addition, the catalytic role of diaspora to attract investment was emphasised – not just by way of bridging cultural diversities between the country of origin and

destination, but also by ensuring a soft landing in a new market for businesses. For such investments to take place, he noted that the Talent Partnerships should advocate for the benefits that labour mobility schemes can bring, and provide market research as well as better information of legal frameworks for mobility. *Mr. Serhani from GESPER Services* stressed that the most important criteria that businesses in Morocco look for are not just qualifications but also practical experience. Underlining the need to create legal frameworks such as facilitating working permits for workers, he stated that skills development through mobility schemes can be central to Morocco's growth potential.

Panellists from the European business and international organisations stressed the issue of win-win in mobility schemes. *Mr. Bentaleb from Eurochambres* noted the issue of brain drain in certain sectors where there is a high demand for talents – i.e. the IT sector and blue-collar workers, but also mentioned opportunities in other sectors such as the aeronautic sector where companies set up joint training centres in Morocco where companies can directly meet and recruit talents. *Ms. Alemayehu from ICMPD* presented key lessons learned from previous pilot projects on labour mobility which reiterated the importance of win-win in mobility schemes. She emphasized the need to invest in skill development in the country of origin so as to avoid brain drain and to collaborate between the country of origin and destination on developing training institutions that would be more sustainable. She also presented ICMPD's new initiative INSPIRE (Incubating Skills Partnerships beneficial to Migrants, Countries of Origin and Destination) which is based on lessons learned from previous pilots and aims at developing feasible, implementation-ready and partner-endorsed skills partnership models in targeted digital and green industries in African, Western Balkan countries and the [Eastern Partnership](#) region.

Brain drain was raised and acknowledged as an important issue to consider in the implementation of Talent Partnerships by panellists including *Mr. Henrik Nielsen of DG HOME*, and the concepts of brain gain and brain waste were also brought up. In certain country contexts, it can be a challenge when a large part of the young population remains in the country of origin with limited access to quality training. "We [Nigeria] don't lack people. We only lack talent" explained *Mr. Obioha*, emphasizing the need to align education and training to international standards through mobility schemes so that the potential of the population can be fully realised. While acknowledging the difficulty of fully addressing the issue of brain drain through Talent Partnerships, *Mr. Serhani* explained that the return of migrants to the country of origin based on the win-win approach of the Talent Partnerships can benefit local communities by transferring knowledge and experience (brain gain).

*Michael Spindelegger, Director General of ICMPD*, discussed the benefit that European SMEs can derive from cooperating with the public sector in providing solutions to labour migration and mobility issues. He remarked that "a starting point is looking at investment opportunities for the private sector in countries that are partners with the EU on migration management. He went on to state that "from what we have learned these last several years is that robust dialogue with the European private sector is desirable – and this is also where an organisation such as ICMPD can serve as a bridge-builder between the public and private sectors to identify opportunities for the future linked to job creation and migration issues."

## **CONCLUSION**

The working paper and the webinar contributed to increased awareness of possibilities for collaboration between public and private sector on increasing investment in countries of origin through the Talent Partnerships framework. It was determined that the private sector can fill in some of the key gaps in the areas of skills development, labour migration and mobility, among others, if the right incentives are provided and the appropriate partnership framework is elaborated with the public sector. The private sector can provide shared solutions to labour migration and skills development issues, as long as they are encouraged and seen as primary actors in these areas. Talent Partnerships could support the European private sector to invest in African countries of origin or partner with African SMEs as opportunities emerge. Such investment would in turn support African partner countries to improve growth in different sectors of the economy, creating and expanding business opportunities, leading to job creation and skills improvement, which can result in a virtuous circle of greater foreign direct investment.

ICMPD will continue to strengthen its engagement with the private sector by providing information, advisory services, opportunities for dialogue, incubation of initiatives and innovative approaches aligned to EU migration priorities, including the upcoming Talent Partnerships.