PARTNERING TO BECKON THEM HOME: PUBLIC-SECTOR INNOVATION FOR DIASPORA FOREIGN INVESTMENT PROMOTION

LIESL RIDDLE1, JENNIFER M. BRINKERHOFF2* AND TJAI M. NIELSEN3

1School of Business, International Business and International Affairs, The George Washington University, Washington, DC
2The Elliott School of International Affairs, Trachtenberg School of Public Policy and Public Administration, The George Washington University, Washington, DC
3School of Business Management, The George Washington University, Washington, DC

SUMMARY

This article examines a little-studied component of public administration existing in most countries around the world and particularly important for developing countries: national investment promotion agencies (IPAs). Diasporas are an increasingly important and relatively untapped resource for development and many homeland governments view diaspora foreign investment as key to their economic development. In addition to being generally under-resourced, many IPAs struggle to identify ways to effectively target, cultivate and facilitate diaspora homeland investment (DHI). To accomplish these goals, these public-sector entities are beginning to identify and leverage key partnerships in the NGO sector. We describe the services IPAs offer and enumerate the challenges they face associated with DHI. Drawing on three illustrations of IPA–NGO partnerships, we develop preliminary tools for identifying and designing partnerships for the purpose of promoting DHI based on their scope, function and degree of formality. Copyright © 2007 John Wiley & Sons, Ltd.

KEY WORDS — partnership; diaspora; NGOs; foreign investment; investment promotion

INTRODUCTION

This article addresses two under-researched subjects in the consideration of how to promote development through public administration. Much of the development literature focuses on official development assistance and the industry it supports, and/or on the in-country actions of the public and NGO sectors. Less attention is paid to the role of the public sector in attracting and facilitating private investment for economic development. We examine a little-studied component of public administration existing in most countries around the world and particularly important for developing countries: investment promotion agencies (IPAs). In addition, Brinkerhoff (2004, 2007) has identified diasporas as an important yet, to date, relatively untapped resource for development. Diasporas are expatriate communities that: maintain ‘a memory, vision or myth’ about the homeland, are committed to ‘the maintenance or restoration’ of the homeland and their ‘consciousness and solidarity’ are defined by their relationship with the homeland (Safran, 1991: 83). The following brings these two subjects together to investigate how diaspora homeland investment (DHI) can be promoted through IPA partnerships with diaspora organisations and/or intermediary NGOs.

In more than 160 countries, a designated public-sector IPA exists to market the nation as an attractive investment destination to potential foreign investors (Morriset and Andrews-Johnson, 2004). Most IPAs are relatively new institutions; only a handful existed 20 years ago (Ibid). Yet IPAs now play a key role in economic development in many countries. IPA activities can improve national trade balances, foster technology spillovers from foreign firms to local enterprises, increase the depth and breadth of local human capital, and enlarge and invigorate the local competitive business environment (Wells and Wint, 2000; Loewendahl, 2001; Morisset, 2003). IPA spending is

*Correspondence to: J. Brinkerhoff, The Elliott School of International Affairs, The George Washington University, 805 21st Street, NW Washington, DC 20052, USA. E-mail: jbrink@gwu.edu

Copyright © 2007 John Wiley & Sons, Ltd.
positively associated with foreign direct investment (FDI) attraction (Morisset and Andrews-Johnson, 2004). To date, research on IPAs defines ‘potential investors’ either ambiguously or specifies them as large, multinational companies (Loewendahl, 2001).

In addition to selling environments frequently perceived to be inhospitable to investments, IPAs in developing countries face daunting resource challenges. The median budget for a developing country IPA is approximately $430,500 (USD) (Morriset and Andrews-Johnson, 2004), which is exceedingly lower than the over $9 million (USD) median budget found among IPAs in developed countries (Ibid.). Already faced with the challenge of attracting foreign investment to emerging markets, the shortage of resources and compelling marketing arguments further underscores the challenges facing IPAs in developing countries.

Research only recently has recognised the importance of DHI flows (Gillespie et al., 1999; Buckley et al., 2002; Huang and Khanna, 2003; Ramamurti, 2004). Gillespie et al. (1999) suggest that DHI may be particularly important for resource-strapped developing countries as their relatively weak institutions, political risks or lower incomes may discourage the typical, non-diaspora foreign investor. Perceptions of ethnic advantage and altruistic feelings of homeland duty and obligation may motivate diaspora members’ homeland investment interest even in the face of political and economic risk (Gillespie et al., 1999; Nielsen and Riddle, 2007). In other words, DHI is motivated by more than the desire to make a profit. Diaspora organisations may help encourage DHI by providing market and operational information about the homeland to potential diaspora investors and brokering relationships with buyers, suppliers, partners, government officials and lending institutions in the homeland (Nielsen and Riddle, 2007).

Increasingly, governments and their IPAs are searching for ways to effectively target, cultivate and coordinate DHI; yet little is known about best practices in DHI marketing (Riddle and Marano, 2007). Multilateral organisations seeking ways to catalyse economic development in developing countries also have begun to assess the ways in which they can facilitate DHI (Kuznetsov, 2006). Identifying effective institutional frameworks to develop the potential of diaspora entrepreneurs was a key theme explored at a recent United Nations’ conference on diaspora entrepreneurship. In conference discussions, IPAs were cited as a critical institutional link between diasporas and their home countries (United Nations, 2006).

Beyond direct investment, diasporas can support IPAs’ objectives in a variety of ways. Diaspora investors often play ‘catalytic roles in creating home-grown multinational enterprises (MNEs)’ (Ramamurti, 2004: 280). In addition, according to a recent World Bank study of US FDI abroad, diasporas’ ethnic networks may affect FDI by promoting information flows across international borders and serving as contract-enforcement mechanisms (Javorcik et al., 2006). The findings suggest that diasporas can play important intermediary roles between potential investors and homeland markets, either as interlocutors between cultures and/or as honest brokers who can facilitate trust. This is the case in India, where diaspora members played a significant role not only as direct investors (approximately 16% of FDI to the information technology sector) but as brokers of investment relationships, leading to the much-lauded success of India’s IT industry (Saxenian, 2002a; Margolis et al., 2004). Part of this success is attributed to the Indian diaspora’s role in proposing and promoting necessary changes to the legal framework in order to improve the investment climate (Saxenian, 2002b).

Thus, diasporas can be important investors in their own right, can fulfil an additive role to IPAs’ efforts to attract FDI by facilitating linkages and establishing trust, can identify and advocate for needed policy reforms and may, in turn, partially compensate for IPAs’ resource constraints. They can also be tapped for information on industrialised country market preferences in order to tailor homeland export products. These contributions can be secured through partnerships with organisations outside the homeland government. Such partnerships may help increase the capacity and effectiveness of IPA investment promotion to diaspora communities.

Here, we focus on IPA partnerships with NGOs. Specifically, these partnerships with diaspora organisations and other non-governmental intermediaries serve to increase the depth and breadth of IPAs’ DHI marketing. We develop preliminary tools for identifying and designing IPA–NGO partnerships for the purpose of promoting DHI based on their scope, function and degree of formality. First, we describe the types of marketing services that IPAs deliver and articulate the challenges that IPAs face when adjusting their marketing activities to diaspora communities. Next, we discuss the rationale and some design parameters for partnership. Three illustrations of IPA cross-sector partnership for DHI promotion lay the groundwork for proposing three guiding questions for identifying and designing IPA–DHI
partnerships. The answers to these suggest the scope, function, relationship and formality needed for effective partnership.

IPA SERVICES

Few studies have assessed the impact of specific IPA services on the investment decision-making process, though evidence suggests that their general role is important to foreign investment outcomes (see, for example, Wells and Wint, 2000; Morisset, 2003). In Brossard’s study (1998) of investors in Belgium, France, Ireland and Switzerland, a majority of investors claimed that IPA services played a significant role in the decision to invest. Specifically, IPA information and networking services about the investment were identified as significantly influential during the decision-making process. Controlling for a variety of factors, including investment climate and market size, Morisset and Andrews-Johnson (2004) conclude that ‘for each 10 per cent increase in the [investment] promotion effort, the level of FDI increases by 2.5 per cent’ (13). Investment-promotion activities are critical for developing countries that compete with more attractive, developed markets for foreign investment (Wint, 1993).

Successful investment entails securing three inputs from potential investors: interest, ability and action. IPAs potentially play an important role in each of these. IPAs encourage FDI through four sets of activities. Focusing on interest, they promote the country as an attractive investment destination to potential investors. Many IPAs produce focused advertising campaigns, host public relations events and investment missions, develop informative web sites and/or cultivate relationships with journalists to encourage strong publicity about their country (Wee et al., 1992; Young et al., 1994). Also addressing interest, investment generation is a second function of IPAs. Investment leads are generated via direct mail or telephone campaigns, investor forums or seminars and individual presentations to targeted companies (Wint, 1993; Loewendahl, 2001). Facilitating action, IPAs offer investor-facilitation services. IPAs often serve as ‘one-stop shops’ for investors, assisting them with expediting approvals, obtaining sites and brokering relationships with local firms, banks and government officials (Brossard, 1998). IPAs also engage in policy advocacy within their home countries, in order to improve the perceived climate for investment, which in turn impacts interest. Activities here include conducting business surveys, lobbying and offering policy and legal proposals (Wells and Wint, 2000; Morisset and Andrews-Johnson, 2004).

What IPAs do not do, as it is beyond their means and comparative advantage, is to directly address the ability of investors. In order to strategically utilise their available resources, IPAs target capable investors. Many of these investors are unfamiliar with the country and often prefer to invest in countries that are culturally similar to their home country (Johanson and Vahlne, 1977). With such clients, IPAs’ interest-oriented activities focus on the business rationale for investments, and IPAs cannot always know or convincingly support necessary legal reform proposals for less capable investors. These limits to IPA capacity leave open a range of possible benefits that could be gained through partnerships.

DIASPORA-MARKETING CHALLENGES FOR IPAS

Diaspora-marketing activities require IPAs to develop new ways of thinking and behaving to capitalise on the foreign-investment potential of diasporas. Riddle and Marano (2007) outline four specific differences between typical IPA activities and diaspora-marketing activities: target marketing and the provision of knowledge, networking and advocacy services (see Table 1).

To effectively target the diaspora, IPAs must adapt their traditional business-to-business marketing efforts to a global consumer-marketing approach. This requires substantial resource-allocation as IPAs adjust their marketing channels to employ those more meaningful for their diaspora communities, such as the publications they read, web sites they frequent or the events they attend. These efforts may be costly, as a country’s diaspora community may be dispersed throughout the world. Since diaspora members are motivated by more than pecuniary interests, the value

---

1This section is largely based on Riddle and Marano (2007).
propositions underlying IPA diaspora-marketing efforts require adaptation. To be effective, the promotional messages IPAs develop may need to speak more to diaspora members’ emotional and social investment motivations and ethnic advantage perceptions (Nielsen and Riddle, 2007).

IPAs traditionally market themselves to clients who lack local market and operational knowledge or personal relationships in their countries. In some cases, diaspora members—especially those who are first-generation immigrants—are already armed with information and contacts. Instead of serving as one-stop shops for diaspora investment needs, IPAs instead may fill specific knowledge or contact gaps for diaspora foreign investors. IPAs could play a larger role in linking diaspora investors already engaged in economic activity in the homeland to diaspora members abroad who are interested in homeland investment by participating in ‘digital diaspora’ communities (Brinkerhoff, 2004) or sponsoring diaspora-specific investment missions. However, the costs associated with assessing the individual needs or resources of numerous diaspora investors might be significant, thereby draining resources from other organisational objectives.

The transnational nature of diaspora communities may also require adaptations to IPA advocacy activities. Diaspora investment is not always accompanied by the permanent repatriation of the diaspora investor. In many cases, the diaspora investor becomes a transnational migrant, spending a portion of his/her time managing the investment in the homeland (Portes et al., 2002). This may broaden the scope and costs of IPA advocacy responsibilities to include representing the interests of transnational entrepreneurs and firms to local and foreign governments and multilateral agencies.

Thus, DHI promotion may require substantial resource re-allocation to appropriately adapt IPA strategies and services to the diaspora target market. As these resources—both financial and organisational—may not be available, partnership may be an important option.

THE RATIONALE AND FORMS OF PARTNERSHIP

The most obvious motivation for establishing a partnership is the desire to enhance effectiveness and efficiency. Partnership affords a scale and integration of interests and services that are impossible for an individual actor. Partnership contributes to effectiveness by affording actors access to crucial resources—including expertise and

---

2This section draws from Brinkerhoff (2002).
relationships—that are otherwise inaccessible. Through partnership, actors identify and capitalise on comparative advantages. In other words partnership rationalises the use of resources and skills. These partnership advantages have long been understood in private-sector networks, where member organisations use their networks to access key technologies or other resources (Madhavan et al., 1998). In this context, an organisation’s power—and value—is determined not by its internal resources, but by the set of resources it can mobilise through its contacts. Effectiveness also is enhanced through the innovation that partnership can foster. Innovation might emerge solely from the combination of different perspectives and skills or less directly through trust building, which allows for more productive problem solving and positive sum solutions (Peters, 1998).

Multiplier effects can ensue once a partnership becomes operational, further supporting the continuation, growth and replication of partnerships. The most immediate of these effects concerns capacity. The capacity of any one actor is expanded when the resources of other actors can be leveraged for wider impact. A partner’s capacity can be enhanced through the experience of working with the other partners. Individual partners may also benefit from access to new domains, creation of new opportunities and improved effectiveness in achieving objectives beyond the partnership, or through positive public relations or new ways of promoting themselves to key stakeholders. Partnership entails an increasing development and specification of actors’ comparative advantages and a refinement of respective roles in order to maximise all available resources.

Preferences for how to organise a partnership derive in part from perceived existence and needs for trust and confidence. Trust is voluntary, linked to shared values and may be incompatible with confidence (Tonkiss and Passey, 1999). Confidence is based on rational expectations, typically grounded in institutional arrangements, such as contracts, regulations that standard operating procedures (Luhmann, 1988). Trust may or may not develop over time, as parties gain understanding and accumulate experience through repeat interaction (see Ostrom, 1990). Effective partnerships require both trust and confidence. Confidence can substitute for trust to a point, but trust can be more efficient and effective as it is more flexible and has lower transaction costs. Confidence and trust do not conform to a linear model, though trust typically increases over time. Confidence mechanisms can serve as an initial substitute for trust but neglecting simultaneous trust-building measures or over relying on confidence mechanisms can potentially undermine and prevent trust building, raise transaction costs and weaken commitment. The tension between confidence and trust is reflected in trade-offs between formal and informal processes.

Effective partnerships require a careful combination of formal structures that facilitate coordination and informal processes that allow for responsiveness in the systems governing internal and external relations. If they choose explicitly to partner, distrust or inexperience among partners and dynamic internal environments may lead actors to prefer relatively more formality. The recommended degree of formalisation depends on the task or function at hand. Formalisation facilitates the pursuit of selected common goals—reducing transaction costs in responding to repeated tasks—and the control of anticipated consequences. A formalised structure reduces the need to develop ad hoc understandings and engage in constant negotiation and bargaining (Peters, 1998). Formalisation is required to ensure financial accounting. When significant resource commitments are introduced, even previously informal organisations tend to formalise.

On the other hand, formal requirements and procedures can lead to delays and implementation obstacles; and formalisation does not necessarily reduce complexity. One important response to coping with complexity is to rely on informal processes. Without the constraints of formal rules of assignment and responsibility, informal relations can provide for information exchange, communication and the exercise of influence. Furthermore, informal relations build trust by promoting mutual information exchange and reduce transaction costs by providing a basis of common knowledge, experience and normative orientation (Börzel, 1998). Informal processes provide for flexibility and opportunities for creativity not constrained by rigid bureaucratic requirements; they enable partners to respond to opportunities as they arise.

**CROSS-SECTOR COOPERATION IN DHI PROMOTION**

Our three illustrations, drawn from the Dominican Republic (DR), Afghanistan and Ghana, represent different types of partnership, for different purposes, with different actors, emphasising more or less trust versus confidence
and employing varying degrees of formality. These cases provide a foundation for proposing preliminary tools for identifying and organising IPA–NGO partnerships for DHI promotion.

**Dominican republic**

Deemed a low-middle income country by the World Bank, the DR continues to grapple with considerable poverty and unemployment with one fourth of the population living in poverty and a 17 per cent unemployment rate. The poorest half of the population receives just one-fifth of the country’s GNP, while the richest 10 per cent of the population enjoy nearly 40 per cent (Central Intelligence Agency, 2006). Although agricultural exports remain an important component of the DR’s economy, substantial growth has recently taken place in tourism and other service sectors. Manufacturing growth is attributed to the Central-American-Dominican-Republic Free Trade Agreement enacted in 2005. Between 1990 and 2000, annual average FDI inflows into the country were around $434 million (USD), approximately 14 per cent of gross, fixed-capital formation in the DR. In 2005, the inflow of FDI reached $899 million (USD), jumping to 19.4 per cent of gross, fixed-capital formation. Total FDI stocks in 2005 comprised almost 18 per cent (17.9) of the country’s GDP. Despite these improvements, the DR remains a challenging place for investment. The country is ranked 145th (out of 175) in terms of ease of opening a business and 94th in terms of doing business in general (World Bank, 2006).

The IPA in the DR is the Export and Investment Center (Centro de Exportación e Inversion) known by its Spanish acronym, CEI-RD. Cooperation between CEI-RD and diaspora NGOs in the United States has been characterised as a series of informal meetings and social gatherings (Lithgow, 2006). When high-level officials from CEI-RD make visits to the United States, they regularly call on the headquarters of various Dominican diaspora organisations. Moreover, diaspora organisations are always invited to play a key role in investment-promotion fairs the CEI-RD sponsors in the United States. The informal diaspora social contacts cultivated during these meetings have served as useful sources of information for CEI-RD beyond their diaspora-marketing efforts. Diaspora members working within large multinational organisations targeted by CEI-RD for investment-promotion activities have provided CEI-RD with insights about contacts within their organisations, thus helping increase the success rate of these sales calls (Lithgow, 2006).

CEI-RD has also leveraged their contacts with Dominicans living abroad to gain access to information about the US market to improve the quality and quantity of DR local production. For example, CEI-RD regularly meets with leaders of various Dominican grocer associations to learn first-hand from them about American product standards and marketing trends (Lithgow, 2006). Dominican labour in the United States is concentrated in the grocery retail sector; many Dominicans are owners of grocery retail stores (Itzigsohn and Cabral, 1999).

**Afghanistan**

Afghanistan’s economy has improved since 2001, but the post-conflict country still remains one of the poorest countries in the world. *Per capita* GDP is a mere $350 (USD), and over half of the country’s population lives in poverty. Unemployment is estimated to be at least 40 per cent. Licit trade is dominated by the agricultural sector; less than a quarter of GDP is generated by manufacturing, most of which is small-scale and sub-standard production of textiles, soap, furniture, shoes and fertiliser (Central Intelligence Agency, 2006). The country is the world’s largest producer of opium, and illicit trade is estimated to comprise one-third of total economic activity in Afghanistan (Blanchard, 2006). The country is listed 17th (out of 175) in the world in terms of ease of starting a business, but it is ranked 162 (out of 175) in terms of the overall ease of doing business (World Bank, 2006).

Although President Karzai declared Afghanistan ‘open for business’ as early as 2002, the country continues to struggle to lure investors into what Karzai himself refers to as Afghanistan’s ‘fresh, needy, greedy market’ (Morarjee, 2006: 2). In 2005, stocks of foreign investment accounted for only 0.3 per cent of GDP (UNCTAD, 2006). The country has begun to focus much of its investment-promotion attention towards the Afghan diaspora, located around the world, including Asia, Europe and North America, hoping that their altruism and psychological connection might override concerns about the daunting business environment.
Afghanistan’s IPA, the Afghanistan Investment Support Agency (AISA), was established in 2003 with financial support from the German Government. AISA is a ‘one-stop shop for investors’, whose mission is to ‘facilitate and promote investment and aid the development of competitive private enterprise and thereby generate robust and sustainable economic growth in Afghanistan’ (AISA, 2007). AISA assists potential investors with all the necessary permits, licenses and clearances. The reduction in the wait time for an investment license ‘from weeks or months to 5 to 6 days’ was one of ‘AISA’s greatest achievements’ (Burnett, 2004: 31). They also provide potential investors with general information on investment opportunities, market research and advice concerning the rapidly changing legal framework of the country. Investment conferences and trade missions are among their most visible services. Diaspora Afghans constitute ninety per cent of AISA’s management staff (Atta, 2006).

Much of AISA’s diaspora-marketing efforts have involved cooperation with the Afghan International Chamber of Commerce (AICC) and its US affiliate, the Afghan-American Chamber of Commerce (AACC). To date, AISA has worked with these organisations to host two types of events: business matchmaking conferences and advocacy roundtables. In October 2005, AISA, AICC and AACC jointly co-sponsored the first Business Matchmaking Conference in various cities across the United States to create the opportunity for networking between Afghan business people, government representatives and potential investors. The first tour ‘sparked great interest with over 200 representatives of both the Afghan-American expatriate communities as well as among prominent American investors’ (AISA, 2007). The Matchmaking Conference is now an annual event co-sponsored by the three organisations.

AISA has also worked with AACC to help increase the Afghan-American diaspora’s voice in advocacy efforts related to the business environment in their homeland. In 2006, AACC organised a delegation of more than 20 business people to participate in the Afghan International Trade and Investment Conference. AACC member companies active in a wide variety of sectors (for example, construction, import/export, business, management, consulting, food production, water sanitation and women’s issues) participated in the conference. In their presentations, the AACC members offered ideas about ways the government of Afghanistan could create a more business-enabling environment for foreign investment.

Only 2 years old, the relationship between AISA, AICC and AACC continues to grow and becomes more defined. Continued talks are underway between the three organisations to develop additional cooperative activities (Fatimie, 2006).

Ghana

Ghana faces many business environment challenges. While the total GDP is $54.86 billion (USD), GDP per capita income remains around $2500 (USD). Although the country is rich in natural resources, one-third of GDP is based on subsistence agriculture and 60 per cent of the workforce is engaged in subsistence farming activity (Central Intelligence Agency, 2006). Twenty per cent of the population is unemployed and almost one-third (31.4 per cent) live in poverty. The country is also heavily in debt ($7 billion) despite being recently granted some degree of debt relief under such plans as the Heavily Indebted Poor Countries Program. Foreign investment flows have somewhat declined in Ghana recently. They decreased from an average of eight per cent during the 1990–2000 period to six per cent in 2005. As a percentage of GDP, FDI stocks have decreased steadily since 2000, falling from 30 per cent that year to 19 per cent in 2005. The World Bank lists Ghana as one of the most challenging countries for business: Ghana ranks 119th (out of 175) for starting a business and 117th overall in terms of ease of business activity (World Bank, 2006).

Ghana’s IPA, the Ghanaian Investment Promotion Center (GIPC), has taken dramatic steps to more effectively attract DHI. In 2004, GIPC established a separate division within their organisation to deal with diaspora affairs, called the Non-Resident Ghanaian Secretariat. The Secretariat has not only assumed responsibility for diaspora investment promotion activities for the Ghanaian government but it also serves as the main point of contact between Ghana and its expatriates abroad.

GIPC encourages foreign investment, in part, through sponsoring award events, where investors are recognised for their economic and social contributions to Ghana. GIPC publishes the Ghana Club 100, an annual ranking of the
country’s top 100 companies in terms of their contribution to Ghanaian employment and corporate social responsibility performance. The theme for the Ghana Club 100 award ceremony in 2006 was ‘strengthening linkages with the diaspora’. At this ceremony 20 diaspora members that had set up business units in Ghana were given ‘Planters of the Seed’ awards for their homeland contributions (Stam, 2006).

GIPC partners with an international NGO, AfricaRecruit, for its diaspora-convocation expertise and abilities. AfricaRecruit was formally launched in 2002 as an offshoot of the digital diaspora community, www.findajobinafrica.com. AfricaRecruit describes itself as a ‘mobilisation program’ aimed at building skill and investment capacities in African nations. Among AfricaRecruit’s goals is to:

formulate and implement practical programmes that help to reverse Africa’s brain drain or capitalize on the African Diaspora’s social and financial capital and provide technical assistance to individuals and organizations involved in Africa’s human resource development (Africa Recruit, 2007).

GIPC participated in AfricaRecruit’s ‘Africa Diaspora Investment Forum’ in 2005. According to AfricaRecruit, GIPC’s participation in this conference ‘helped introduce GIPC to them [potential diaspora investors]’ (Ako, 2006; personal interview). AfricaRecruit also arranged for a closed-door meeting between potential Ghanaian diaspora homeland investors and GIPC officials. In this closed-door session, ‘the diaspora were able to table their fears and the GIPC was able to respond to them and encourage them’ (Ako, 2006).

However, GIPC recognises when it comes to homeland investment interest, there is often a knowledge and capital gap that prevents DHI interest from turning into actual investment. Business incubators, organisations that provide business development services to entrepreneurs and their ventures, can help diaspora entrepreneurs overcome many of these investment obstacles (Gillespie et al., 2001). GIPC partners with IntEnt, a Dutch non-profit business incubator. IntEnt attends AfricaRecruit’s investment conferences and makes personal contacts in the Ghanaian community in the Netherlands to identify potential diaspora homeland entrepreneurs. In some cases, these entrepreneurs are interested in starting a new company in their homeland. IntEnt works with diaspora entrepreneurs who have already started a business in the Netherlands but want to open up a production facility, retail store or some other form of direct investment back in their home country (Stam, 2006).

Once IntEnt identifies a potential diaspora homeland investor, they conduct an ‘in-take interview’, during which the diaspora entrepreneur explains his/her business idea. Then, a training curriculum is established, custom-tailored for the specific knowledge and skill needs of the diaspora entrepreneur. After the completion of the training program, the entrepreneur is matched with an IntEnt business advisor who helps the entrepreneur compose an actionable business plan. With the business plan in hand, the diaspora entrepreneur is sent to Ghana, where GIPC links the diaspora entrepreneur to a local business advisor. This advisor assists the entrepreneur with local market research, connects her/him with local contacts and even helps the entrepreneur approach local banks for funding assistance. GIPC also provides the entrepreneur with information about market and investment opportunities while advising him/her on the procedures for starting a business, taxes and other issues pertinent to the venture. IntEnt has a guarantee arrangement with three banks in the Netherlands, who may also provide some funding to the diaspora entrepreneur. Once the homeland business venture begins, the entrepreneur can make use of IntEnt’s services for up to 1 year. In the 3 years that the program has been in existence, 732 Ghanaian diaspora members have conducted in-take interviews with IntEnt, 287 were admitted into their program, 254 completed the training, 67 completed the investment mission trip to Ghana and conducted market research and 54 (20% of admitted) actually invested (Stam, 2006).

PRELIMINARY TOOLS FOR IDENTIFYING AND DESIGNING IPA–DHI PARTNERSHIPS

Each of the illustrated countries face daunting challenges (some more than others) to convince potential investors of the merits of investing and the likelihood of profits. Each of them, therefore, recognises the need to reach out to diaspora communities and tap broader incentives and rationales for investment, including non-financial, ‘not just
for profit’ motives and perceived ethnic advantage. Diaspora communities are dispersed and difficult to identify and reach. Still more difficult is targeting the most likely investors or those who may invest large resources. Even when these target groups and individuals can be identified, they still may not move to action, and may be few in number. A much larger investment base can be fostered by considering larger numbers of smaller investors, yet these are likely to lack the ability to move from interest to action.

The examples described above identify a range of functions that partnership can provide for pursuing DHI. These include:

- Outreach to dispersed populations (Afghanistan, DR, Ghana-Africa Recruit);
- brokering trust between potential diaspora investors and the homeland (AACC, Ghana-Africa Recruit);
- delivering a diversified marketing strategy that considers ‘not just for profit’ investment motives (AACC, DR, Ghana);
- facilitating contacts with non-diaspora potential investors (DR);
- gathering information on desired (or necessary) policy reforms and legal frameworks (AACC, Ghana-Africa Recruit);
- supporting advocacy for said policy reforms (Afghanistan);
- collecting information on how best to tailor country products to US markets (DR) and
- addressing potential investors’ ability to move from interest to action (Ghana, IntEnt).

Some of these functions are supplementary to IPAs’ traditional roles; some of them represent tailored improvements to traditional roles; still others are functions beyond IPAs’ standard roles but are essential to addressing the full range of the investor supply chain (interest, ability and action). For example, in each case the IPAs are implementing outreach activities to cultivate interest on the part of potential investors, a traditional IPA role. The partnerships are assisting the IPAs to do this and are also contributing additional support for assembling dispersed investors and tailoring not-just-for-profit messages. Partnerships are also supplementing IPAs’ traditional roles by further brokering trust among potential investors and homeland governments, facilitating outreach to other (non-diaspora) potential investors, providing information for and supporting advocacy on desired and potentially necessary policy reforms and providing information on how best to tailor export products to American markets. These functions support the recommendations set forth by Riddle and Marano (2007) for tailoring IPA efforts to diaspora investors. One new aspect of investment promotion, supporting the ability of investors as IntEnt does, goes well beyond typical IPA capacity and comparative advantages. As the functions of the partnership extend from supplementary to enhanced functions, and again to new functions, the degree of interdependence among the partners increases as does the need for trust, confidence and formality.

Viewed another way, the purpose of each partnership varies in its emphasis on information sharing, joint action and interdependence. These represent increasing degrees of coordination (see Honadle and Cooper, 1989), and therefore, correspond to increasing degrees of formalisation in the structure of the relationship. Similarly, information sharing does not typically require institutional arrangements for confidence, but can be based on slowly growing trust. As actors move to act jointly, confidence is needed in the way of arrangements that specify divisions of labour and resource sharing. Interdependence requires the highest degrees of both trust and confidence, as by definition, the success of each actor’s investment is dependent on the success of other actors in fulfilling their roles. While these three degrees of coordination need not progress linearly, some actors may wish to begin by building trust through information sharing alone. This may be particularly true when partnering with potential investor representative organisations (for example, diaspora organisations). For example, DR diaspora organisations have begun an information sharing process with CEI-RD. With accumulated experience and demonstrated benefits, the relationship could evolve into one of joint action.

Figure 1 summarises these relationship parameters. As partnerships move from information sharing toward interdependence, the need for both trust and confidence increases. However, because of transaction costs there are diminishing returns to confidence mechanisms; hence, this parameter is mapped as a curve rather than a line extending to infinity. The degree of formalisation can be mapped relatively more simply as a continuum. Increasing interdependence requires increasing formalisation.
Table 2 summarises the parameters of the illustrations described. Taken together, these tools suggest the following strategic questions for IPAs seeking partnerships to promote DHI.

Supply chain emphasis
Which part of the supply chain will the partnership target: interest, ability and/or action? The supply chain emphasis determines which comparative advantages the IPA seeks through a partnership. Based on the answer to this question, an IPA can, for example, develop some selection criteria for potential partners based on these comparative advantages. IPAs can also assess the demands on their own capacity and learning for the various options. Some of

<table>
<thead>
<tr>
<th>Relationship functions</th>
<th>Dominican diaspora orgs</th>
<th>AAIC/AACC</th>
<th>Ghana-Africa recruit</th>
<th>Ghana-IntEnt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor supply chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Ability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>IPA role</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Enhanced</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Degree of coordination</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Information sharing</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Joint action</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Interdependence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design parameters</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust emphasis</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Confidence emphasis</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Relatively informal</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Relatively formal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

the interest- and action-related activities fall into IPAs’ traditional roles. In these cases, the partnership may be supplementary or at least not as demanding on the capacity of IPAs as will be new roles and functions.

Role identification
Relative to IPAs’ traditional roles, will the partnership be: supplementary, enhancing or entirely new? Similar to the supply chain emphasis, the answer to this question will suggest the degree of complexity in the partnership and requirements for engagement with the partner. As IPAs move from supplementary objectives to new ones, they will require greater capacity for relationship management and flexibility.

Relationship emphasis
Will the relationship emphasise: information sharing only, information sharing and joint action or these, as well as more explicit interdependence? The answers to these questions should prepare IPAs for the degree of formality that may be required in defining and implementing the partnership as well as absolute and relative needs for trust and confidence mechanisms. More formal contracts or memoranda of understanding will be required for joint action and interdependence.3

CONCLUSION
The traditional role of IPAs, as reviewed above, is to focus on interest and, to some extent, to facilitate action or actual investment. Especially in countries with relatively poor investment climates, it may not be possible for IPAs to target the most preferable investors—those with existing ability, such as MNEs. These investors typically do not require as much attention from IPAs in terms of facilitating action, as country actors quickly recognise the payoff and are inclined to be responsive to these potentially large investors. If the investment climate is not readily recognised as favourable, IPAs still have an opportunity to focus on ‘not just for profit’ investment motives. But to do so, IPAs may need to invest more resources and for smaller pay offs, possibly working with more risky clients. These clients require support for all three components of the investor supply chain: interest, ability and action. Given IPAs’ limited capacity and resources, partnership is a rational response. Through different types of partnerships, perhaps with different actors, IPAs can address the comprehensive needs of potential diaspora investors and seek to capture the range of potential contributions diasporas can make to FDI.

We have provided three illustrations of how IPAs cooperate with different types of NGOs to more effectively target potential diaspora homeland investors, provide them with the knowledge and social network contacts they need to execute the investment idea and petition the homeland government for business-environment policy changes. In two of these illustrations, IPAs chose to partner with membership-based international NGOs, the International Afghan Chamber of Commerce and AfricaRecruit, which enable the IPAs to efficiently reach geographically dispersed diaspora communities. The DR IPA, which targets a more geographically concentrated diaspora community, cooperates with multiple smaller national and regional membership-based diaspora organisations in the United States. The Ghanaian IPA also partners with a non-membership-based intermediary NGO, IntEnt.

The three illustrations of IPA–DHI partnerships are quite varied and demonstrate increasing degrees of formality and intensity. The range demonstrates that IPAs have many options in considering potential partners. Decisions will depend on the organisation population available and the performance gaps and objectives the IPA seeks to fulfil. The proposed preliminary tools for identifying and designing partnerships for the purpose of promoting DHI suggest important starting places. IPAs can first determine which elements of the investor supply chain are of the highest priority given their investment needs and the characteristics of their diasporas. These, in turn, will determine the extent to which the IPA will be adapting, extending or taking on new functions and the corresponding relationship emphasis and required formality, trust and confidence.

3For a guide on developing partnership MOUs and contracts, see Evans et al. (2004).
The study of development management ideally focuses on the effectiveness and efficiency of development interventions, as well as the identification and capitalisation of new and/or under-utilised resources for development. The emphasis within publication administration on public–private partnerships is well established. This article has sought both to contribute to our understanding of how to maximise the effectiveness of a particular type of public–private partnership—IPA–NGO, as well as to direct such partnerships to tap an important but under-developed development resource: diasporas and their interest in supporting their homelands. Both the proposed tools as well as the illustrations are preliminary in nature. With the growing emphasis on diasporas and development and increasing pressure on developing country governments to engage with their diasporas (see, for example, King Baudouin Foundation, 2007), we are likely to witness a fast growing repertoire of IPA DHI efforts and increasing examples of IPA–DHI partnerships. With this evolving practice, the proposed preliminary tools can be tested, refined and expanded.

REFERENCES

Ako O. 2006. Staff Member, Africa Recruit. Interview by Alexis Gaul, Research Assistant, Washington, DC, 1 December.
Burnett V. 2004. Seeking the most hardy investors: a Coke bottling plant is the biggest investment yet by a member of the Afghan diaspora. Financial Times, 30 September. 31.
PARTNERING TO BECKON THEM HOME


Stam N. Program Assistant, IntEnt. 2006. Interview by Alexis Gaul, Research Assistant, Washington, DC, 22 December.


