

THE ROLE AND FUNCTIONING OF AN INVESTMENT PROMOTION AGENCY IN AFRICA

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In view of the importance of FDI for growth and development, most countries in the world have been complementing macro-economic policies and investment incentives with the creation of Inward Investment and Trade Promotion agencies (IPAs) to “market” their countries. It is estimated that there are more than 160 national and 250 sub-national IPAs in operation in the world today. Despite the extent of IPAs and the growing volumes of public resources invested in them, there has been little evaluation in the scientific literature of the role and functioning of IPAs. In this light the present paper investigates the following questions What is the potential role that investment promotion agencies in Africa play in attracting foreign direct investment, what is their current impact on FDI, and how can their effectiveness be improved?