



OMB Control Number: XXXX-XXXX
Expiration Date: 05-30-2017

U.S. Pakistani Diaspora’s Potential for Impact Investment in Pakistan

Focus Group Protocol for Diaspora Investors: Diaspora Social and Economic / Commercial Impact Investors

Introduction and Consent

Thank you for agreeing to participate in this focus group, which will help provide insight regarding the financial and social impact activities of the U.S. Pakistani diaspora community. USAID/Washington’s Office of Pakistan and Afghanistan Affairs (OAPA) and USAID/Pakistan seek to conduct a study to better understand the capacity and interest of the U.S. Pakistani diaspora to engage in and impact the current and future development agenda of Pakistan through social impact investment, economic impact investment, commercial return investment, mentorship and knowledge transfer, advocacy, and volunteerism. Based on the results of this study, USAID/Pakistan will consider designing and implementing a multi-year activity to engage the Pakistani diaspora community in supporting their demonstrated investment and development interests.

Toward this end, the questions focus on the U.S. Pakistani Diaspora’s views and attitudes regarding various financial activities and issues. Your responses will help us to:

- Learn more on the views and attitudes the U.S. Pakistani Diaspora community on risk and return, opportunities and innovation, development sector investment preferences, and views on the types of organizations and implementing mechanisms through which investment and other related activities might be implemented;
- Learn more on the capacity and interest of the U.S. Pakistani diaspora to engage in and impact the current and future development agenda of Pakistan through social impact investment, economic impact investment, commercial return investment, mentorship and knowledge transfer, advocacy, and volunteerism;
- And identify individuals who could be considered “leaders” and “connectors” within the Pakistani Diaspora community that have both funds to invest and/or have robust connections to other potential diaspora investors.

This discussion should last about 90 minutes. People may express views that are very different from your own. All opinions are important here, and so we ask that we all respect each other’s opinions. There are no “right” or “wrong” answers. Your participation in this focus group is completely voluntary, and you can choose to stop participating at any time and leave without penalty. We are taking notes of this discussion so that we can summarize what you and the group

are saying. This is for purpose of analysis only and your name will not be linked to your responses.

We would also like to inform you that USAID would like to create a network of funders, donors and/or investors in order to conduct outreach on needs and preferences. USAID would thus like to contact respondents who are interested in being part of their network of funders/donors/investors and experts. The network will also be used to help USAID develop strategies to encourage different types of investment and financing.

If you are interested in becoming part of that network and being contacted by USAID, you may provide your name and contact information at the end of this focus group discussion by filling out a form. If you do not want to USAID to contact you, your identity and answers will simply remain anonymous.

If you have questions about your rights as a research participant, you may call the NORC Institutional Review Board Manager toll-free at 1-866-309-0542, or contact Project Manager Audra Grant at 301-634-9383 or Grant-Audra@norc.org.

**Focus Group Protocol for:
Diaspora Social and Economic / Commercial Impact Investors**

1. First, tell us about the kinds of investments you are currently have or are considering.
2. I can see that with respect to impact, some of you are involved in financing and investments that are more commercial and economic in nature and other that are more social. Why have you chosen to be engaged in this particular kind of investment?
 - Probe: For reasons related to corporate social responsibility/corporate philanthropy
 - Probe: Prestige
 - Probe: Personal fulfillment
 - Probe: Advocacy. What kind of advocacy?
 - Probe: Poverty alleviation?
 - Probe: Capacity building of people/institutions
 - Probe: Return on Investment
 - Probe: Creation of business alliances
 - Probe: To transition into commercial business
 - Probe: To transition into social impact investment
 - Probe: Starting a new business.
 - Probe: Mentoring and coaching entrepreneurs
3. [For economic and commercial and social impact investors] How do family ties, social and religious obligation, social-economic status, education level, and regional affiliation or identity affect your investment decisions
4. [For social impact investors] Please tell us the name of the organization / institution you are investing and what kind of requirements you have for investing?
 - Probe: Were you looking for a particular sector?
 - Probe: Were you interested in a particular group of beneficiaries?
 - Probe: Were you looking for investment in a particular region in Pakistan? Why?
 - Probe: Are you willing to accept below-market returns for impact investments?
 - Probe: If you are, have you considered Pakistan?
 - Probe: Which of these factors is/are the most important in all of your financing and investment decisions?
5. [For social impact investors] Describe to us the way in which you are investing or would like to consider as possible investments?
 - Probe: Women-only funds
 - Probe: Mutual funds
 - Probe: Diaspora bond / Notes
 - Probe: Bonds or bond-like funds paying interest rates
 - Probe: Sector-oriented fund initiatives that offer equity participations.
 - Probe; Direct investment/financing to social enterprises

6. [For commercial and economic investors] Please tell us the name of the organization / institution you are investing
 - Probe: Were you looking for investment in a particular sector? Why?
 - Probe: Were you looking for investment in a particular region in Pakistan? Why?
 - Probe: Were you interested in a particular group/market? Why?
 - Probe: Were you expecting a certain level of return?

7. [For commercial and economic investors] What about the more specific requirements related to return requirements?
 - Probe: Do you have a liquidity requirement?
 - Probe: Do tax considerations have a large influence on your decisions?
 - Probe: Do you require investments that throw off cash flow such as high dividend payers (typically found in the consumer staples and discretionary investment spaces)?
 - Probe: What requirements are most important for making investment decisions?
 - Probe: Are you doing/interested in joint ventures?

8. [For commercial and economic investors] In terms of how you approach investments, do you consider yourself risk acceptant or risk averse?
 - Probe: If your risk tolerance is high do you consider high yield bonds?
 - Probe: Have you bought emerging market bonds/notes with higher yields?
 - Probe: Have low interest rates influenced any decisions to go further out on the yield curve where the risk and return equation is more volatile?

9. [For commercial and economic investors] Have you ever considered any of the following investment types? What factors might induce you to consider an investment in one or more of them?
 - Probe: Women-only funds
 - Probe: Mutual funds
 - Probe: Diaspora bond / Notes
 - Probe: Mechanisms with interest rates
 - Probe: Sector-oriented fund initiatives
 - Probe: Joint ventures

10. [For both commercial and economic investors and social impact investors] Why have you chosen these particular types of engagement?
 - Probe: Is this your *preferred* form of investment? If so, why is it preferred?
 - Probe: Do you have other ways to invest based on your business, family, or other connections?
 - Probe: Would you be interested in learning about other forms of investment that would include some allocation to Pakistan?

11. [For both commercial and economic investors and social impact investors] To what extent are you satisfied with the outcomes of your investments? Why or why not?

12. [For both commercial and economic investors and social impact investors] Based on your experiences thus far, what would you say are the most significant obstacles for commercial and economic investment in Pakistan?
- Probe: Social norms and expectations
 - Probe: Presence of family support. Please explain
 - Probe: The regulatory environment in Pakistan. Tell me more about this
 - Probe: The political environment in Pakistan. Please explain. What are examples?
 - Probe: Lack of liquidity.
 - Probe: High bid-ask spreads
 - Probe: High investing costs
 - Probe: High volatility of returns
 - Probe: Inability to hedge positions in volatile markets
 - Probe: Lack of broker knowledge of emerging market and frontier investing factors.
 - Probe: Lack of knowledge about Pakistan's capital markets?
13. [For commercial and economic investors] What conditions have contributed most to your ability to invest in the firm in which you have chosen to invest?
- Probe: Availability of funds.
 - Probe: Liquidity of markets.
 - Probe: Education and experience
 - Probe: Support and encouragement from peers and family
 - Probe: Access to information
 - Probe: Access to individuals or networks that have: provided funding / been informative / provided guidance / provided information / access to other networks or people
 - Which individuals or networks in particular have helpful to you?
14. [For social impact investors] What conditions have contributed most to your ability to invest the organization in which you have chosen to invest?
- Probe: Availability of funds
 - Probe: Education and experience
 - Probe: Support and encouragement from peers and family
 - Probe: Access to information
 - Probe: Access to individuals or networks that have: provided funding / been informative / provided guidance / provided information / access to other networks or people
 - Probe: Which individuals or networks in particular have helpful to you?
15. [For both commercial and economic investors and social impact investors] What would you say are the most significant obstacles for economic and commercial and social impact investment in Pakistan?
- Probe: Probe: The regulatory environment in Pakistan. Tell me more about this
 - Probe: The political environment in Pakistan. Please explain. What are examples?
 - Probe: The economic environment in Pakistan. High volatility? Lack of liquidity?
 - Probe: Insufficient return expectations that don't cover the country risk premium?

- Probe: Social norms and expectations
- Probe: Presence of family support. What form has this taken?
- Probe: Can you elaborate on these or other factors you perceive as obstacles that reduce incentives to invest in Pakistan?

16. [For both commercial and economic investors and social impact investors] I would now like for you to take 10 minutes to review a list of potential investment vehicles. When you are done, I would like to discuss them briefly. [MODERATOR, PROVIDE THE GROUP WITH THE WRITTEN LIST OF OPTIONS. WAIT 10 MINUTES, THEN PROCEED WITH QUESTIONS]

Regardless, of the kinds of vehicles in which you are currently investing, which of the vehicles listed would you be interested in, and why?

- Probe: Women-only funds
- Probe: Side car funds attached to private equity investment funds
- Probe: Mutual funds
- Probe: Diaspora bond / Notes
- Probe: NGO-operated Challenge Grant funds
- Probe: Donor-created loan funds (the USAID DCA Guarantee program is the concept)
- Probe: Debt investment
- Probe: Semi-private or private institutions
- Probe: Custom designed structured financed vehicles
- Probe: Donor advised investment funds
- Probe: Creation of a new bond such as the Calvert Fund India Bond initiative
- Probe: Mechanisms paying fixed rates of return
- Probe: Bond or bond-like investments that pay fixed coupons.
- Probe: Sector-oriented fund initiatives
- Probe: Impact fund

Thank you for taking the time to talk to us today!