

THE ROLE OF THE PRESS IN ENABLING INVESTMENTS IN AFRICA

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Many thanks for inviting me here to speak today.

I would like to start with a basic statement: that the opposite of poverty is prosperity. I do not mean prosperity for the few, as has been so often the outcome in the past, but for the many. If we accept that as a starting point, then it is the responsibility of all of us interested in seeing an end to poverty to better understand wealth creation and economic growth in ways that benefit the poor, and it could also be argued, for a responsible press to identify a role in encouraging or enabling that to happen.

So if what we are seeking to encourage is increased investment into and within Africa, that has a positive impact on the lives of some of the world's poorest people, it is not just the quantity of the investment that matters (although clearly it does as well), but critically importantly, the quality.

I'm wearing a UN hat today. Unsurprisingly, the United Nations system recognises the fundamental importance of healthy, growing economies if national development plans and the global Millennium Development Goals are to be achieved. The UN Global Compact defined a working relationship between the UN and the private sector by establishing a set of initially 9, and now 10 principles which reflect the fact that companies wanting to make a contribution to development through their corporate involvement and investments in emerging economies should respect social and environmental standards. They should be congratulated when they succeed, and held accountable when they fail.

One of the roles that I undertake for UNDP is to work with an initiative called 'Growing Sustainable Business' which seeks to encourage potential investors to consider investing in economies where they might otherwise hesitate to go without support. Over the past couple of years, this has brought me into contact with a wide range of companies, NGOs and government officials interested in promoting

inward investment both in Africa and other low or middle income economies around the world.

Why do companies invest at all let alone in such economies? They invest to make a return, and they pitch that rate of return to balance their understanding of risk and reward. Its not rocket science. The World Bank's league table on the costs of doing business around the world clearly identifies a list of 'enabling' factors such as: the rule of law, the ability to register a company quickly and without undue cost, the presence of a capable and trained workforce, the extent of corruption, reliable infrastructure such as water, electricity, road and rail links, and laws and regulations conducive to doing business as vital ingredients. On the whole, many Africa countries do not do well in that survey. Is that correct? If it's not the case, then let the Press find ways of saying so. If it is the case, what might a responsible media do about provoking and promoting the debate that will help to bring about change and improvement?

I have to say that one of the greatest incentives to reassure a potential investor is the presence of an independent, competent and responsible media, both print and broadcast. We heard some excellent examples at a conference here in London at the end of last year. I particularly recall Sunrise Radio in Ghana, using mobile phones and volunteers to report from polling stations in an open, and extremely effective way of covering the election.

Let's face it, people and companies have choices about where to invest their money or their shareholders' assets. A typical businessman might think: 'Shall I invest in Malawi, or Zambia, or Somalia....or China? I think China'.

Tied up is all of this is the mixture of people's perception of doing business in Africa and the reality. Who is telling the story and what sort of story are they telling? When businessmen and women get back from their travels they talk about the problems of getting between the two airports in Lagos, about inefficiency, delays and 'facilitation' fees. That's the kind of story that sticks in people's minds when they think about where to invest, and its effect is insidious.

So, what sort of investment should we be enabling and encouraging? At the Growing Sustainable Business initiative, we are clear about that. If investment is to have a sustainable, long term developmental impact is if it is commercially viable and not philanthropic. Africa needs hard headed investment and not pity.

Increasingly we are seeing the rise of what we are starting to call hybrid investments. Genuine commercial opportunities involving a collaborative mix of pure commercial funds with ethical or official donor funds, supported by government and the donor community and implemented in close working relationships with local organisations. This sharing, and therefore lowering, of risk is leading to some innovative partnerships which are starting to encourage investors to go where they might previously have hesitated. Such partnerships can take time to establish, and require an enhanced level of mutual understanding on the part of the partners and will probably need increased public awareness of the mixture of private and public. A role for a thoughtful press? I know that there are some incredibly interesting experiments happening across the continent. They need identifying and celebrating. We all know that bad news travels fast, but good news can be infectious too!

The growth of new funding streams and techniques, of carbon credits, ethical funds and fair trade initiatives are all likely to be part of the solution.

However, there are still significant sections of the development community which are fundamentally uneasy about the possibility that by opening fragile economies up to foreign investment, there is a risk that Africa will be seen simply as a new market to exploit. This risk is undoubtedly there, and a responsible press needs to be alert to it. Equally there are still significant parts of the investment community that simply takes one look at Africa and moves on.

Water privatisation is a good example of a 'hot' topic at present. There is a swirl of information and misinformation around on the subject driven by a wide range of motives. Who should people believe? With over a billion people globally with no access to clean water and sanitation we clearly need to do something better.

There is considerable work being done to develop new business models that will be relevant to the needs of the poorest. Business models that deliver a realistic rate of return whilst being developmentally sound. Mobile phones for less than a dollar a month per user, cement available in 1 kilogramme bags so that it is affordable by the poorest.

That most pressing of public health issues, HIV/AIDS has the most profound impact on economic development and acts as a real

disincentive to external investors. A responsible media has a central role to play in ensuring that information and understanding are universally available in a sympathetic and understandable form.

These are incredibly important matters. Who will tell the story in a credible, open and honest way? Who will highlight the success stories and the opportunities, and not just as unbelievable propaganda. How many times have you seen investment promotion materials promising road, rail, labour, etc when the reality is different? Investors want to know the real situation; if they feel they are being misled, they will go elsewhere.

I am not a journalist, so feel that I lack the necessary credentials to be up here on this platform. But some years ago I spent some time as a producer at the BBC World Service for Africa, and as one of the most enjoyable aspects to that was that occasionally I would be asked to review the African Press. I often learnt a great deal about what was going on at street level, but, and I know that things have changed since then, they rarely covered the big issues.

If I was reviewing the African Press in the context of this workshop, what questions would I be looking for?

- Is my government interested in economic growth?
- What is the role of the private sector in my country?
- Where are the gaps in basic human development that may be appropriate for different approaches?
- Where are the success stories, both locally and elsewhere in Africa? What made them work?
- What is preventing investment into my country? Can it be changed?
- Will the latest government budget address my country's social and economic situation, and help achieve the MDGs?

Who is it that we are trying to reach as we seek to enable investment? Who is our audience? Is it investors? Fund managers? Shareholders? Do we need to get the attention of the FT, Economist, Daily Telegraph and Radio 4? If diaspora investors are our target, where do they get their information from? Or is it smallholders? Entrepreneurs? Local businessmen and politicians? Again, where do they get their information from?

Its worth remembering that something like 70% of Nigeria's wealth is held outside Nigeria. When your business does well in East Africa, on

the whole you don't re-invest in your own economy, you take the money out. That sends a powerful message to potential foreign investors. 'If even those who understand the local market won't invest there, why should we, who don't really understand it?'

If the outcome of the recent G8 and forthcoming UN Summit are not blown off track by the current political horse trading, then Africa might expect a dramatic increase on the level of official investment. Much will depend on the ability of individual countries, and the continent, to manage and maximise the developmental value of such flows in an open, effective and transparent way. Good governance is much talked about, and there have been significant improvements in many countries, but there is much that needs to be done to hold political and business leaders accountable if we are to help build the confidence it will take to encourage and maintain meaningful flows of investment.

It will take brave editors and journalists (and Africa has plenty of them) at national, regional and continental levels, to keep this on the agenda, and to keep it there when the answers get uncomfortable. I hope that your deliberations today, and for the rest of the workshops in this series that have been outlined for the weeks ahead, can start to identify ways in which the press can make the greatest impact on an issue that we all now is of critical importance for Africa.

Thank you.