

Promoting Investment In Developing Countries (with special reference to Africa):

Challenges, Opportunities, Experiences

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A Global Player

- Global player in Confectionery and Beverages
 - 133 factories and 55,000 employees
 - Growth through
 - Targeted acquisitions and disposals
 - Managing for Value
- Strong 200-year heritage
 - Portfolio of market leading local and regional brands
 - Corporate Governance and CSR
- EMEA is one of 5 regions (also 5 Functions)
 - Supply Chain separated from commercial management



Africa, Middle East within EMEA

- AME is 16% of world population but 3.5% of world's money
- 22% CAGR over four years, projecting 30% to 2006
- 12% contribution to EMEA sales, but 15% of profit
 - 17 factories, 7362 employees
- Leverage first mover advantage and C'wealth heritage

Investment Mantra

- Investment accelerates free enterprise which drives growth and raises **quality of life**

- Activate domestic investment to create momentum on the growth flywheel
 - Systemic change to facilitate economic activity
- Targeted marketing for FDI
- Attain a measurable improvement in HDI

Investment for What?

- Link national economies into global trade streams
- Growth stimulant
 - GDP of Africa (\$460b) only 1.5% of global GDP of \$31,500b
 - Every % point incr. in FDI/GDP raises GDP by 0.04%
 - Africa's share of FDI only 0.07% (UNIDO 2000 survey)
- Leverage for Corporate Governance standards
 - Stock market leverage for standards and enforcement
 - Market capitalization as % of GDP
 - SA 145%, Mauritius 30%, Egypt & Nigeria 25%,

Key Issues

- ❑ Structure of the economy
 - Based on exploitation of natural resources
 - Weak baseline economic sector
- ❑ Shallow markets, unable to withstand the shocks in the international arena
 - Very low savings/GNP ratio
- ❑ Weak institutions and infrastructure
- ❑ Large informal economy (unknown size)
 - Fuelled by corruption (**W**eapon of **M**ass **D**iversion)
 - Imperative to create counter force

What Needs to Be Done & How

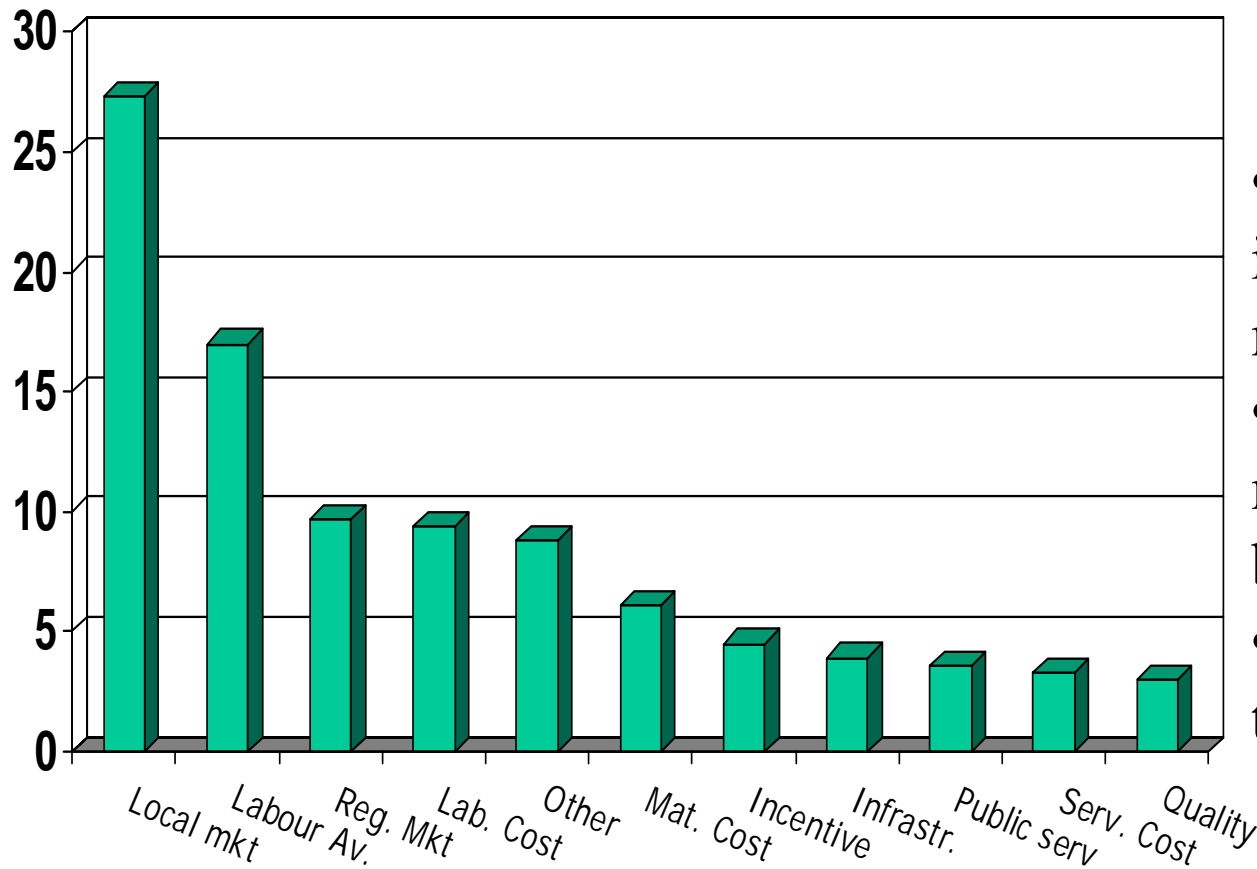
□ Empowerment

- Promoting private investment (in prioritized sectors)
 - Privatization: The imperative of a baton change from public to private sector

□ Migrating the informal economy to the formal

- Property ownership and land reform
 - Converting assets into capital (liberating dead capital)
- Savings and long term funds
- Building an SME force

Investor Perception: Motivation



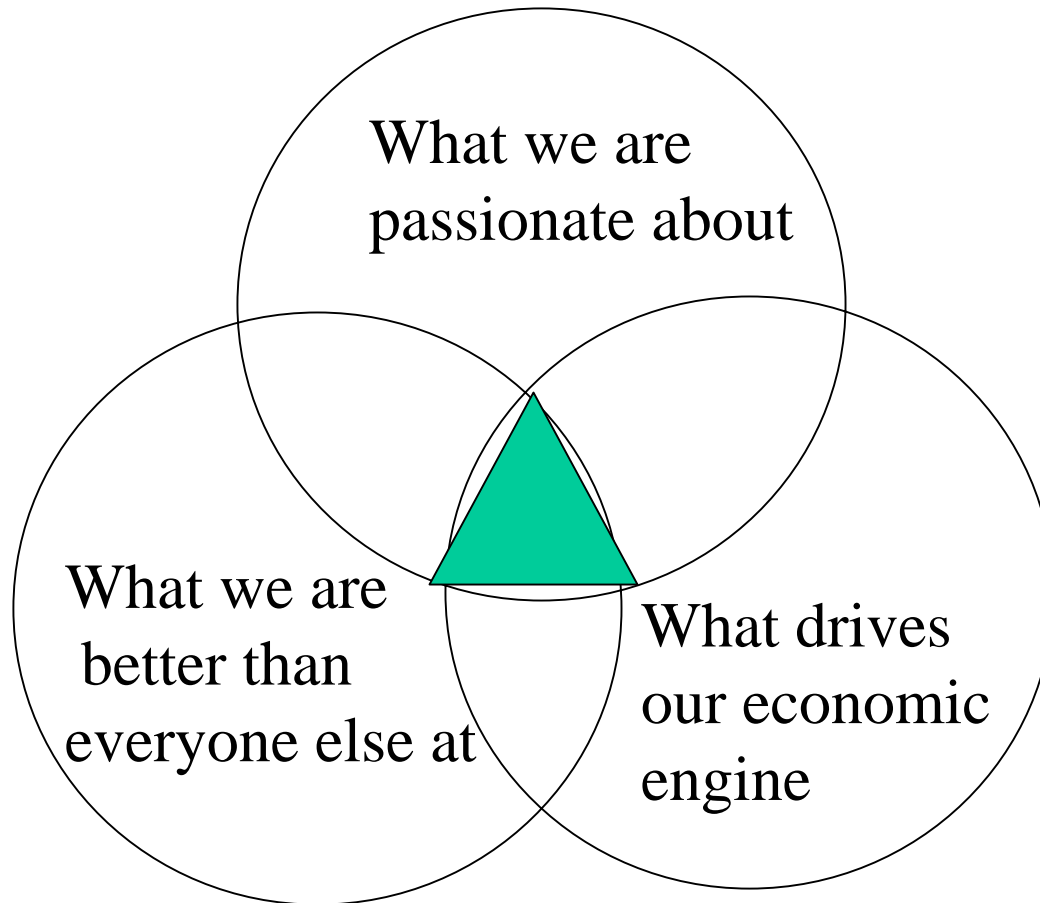
Comments

- Africa can have adv. in 4 top factors motivating investors
- Some of that adv may be short-lived as boundaries disappear
- Three-year window to strike

Managing the Turbulence

- PPP to smoothen change of baton
- Sector reforms & regulatory framework to determine play
- Focused IPA agenda
 - 7% of investors made aware of opportunities by IPA activity

The Power of Focus



The hedgehog concept

The Opportunity

- Low base in every sector
 - Large and growing market
 - Demographic profile
 - Characteristically young populations
- Growth engine of the future
 - Huge local market, integrating to global supply chain
 - Labour availability & mobility (but need to raise quality)
 - Vibrant regional market
- Value opportunity in baseline economic sectors
 - Agric., Mining, Tourism

Promoting Investment

- Focused IPA agenda
 - Strategic vision of the market place
 - Its about Product, Price & Promotion
- Levers
 - Partner with existing investors
 - Drive domestic AND DIASPORA investment
 - Strong FDI drive for priority sectors
 - Not just portfolio flows
- Mind the gap
 - Managing intangibles (image)

Nigerian Investment Climate

- Democracy
 - Governance structures and due process being upgraded
 - New Economic Team
- Economic reforms
 - Privatization and deregulation of key sectors
- Competition legislation (draft bill done)
- Anti-corruption crusade
 - Independent Corrupt Practices Commission
 - Economic & Financial Crime Commission
 - Budget Monitoring & Project Implementation Unit

What Role for UNIDO

- Capacity building among IPA's
- Platform for sharing best practice
 - Peer review mechanism
- Clarity of objectives, and alignment of agenda
 - Policy advocacy
 - Catalyst for public-private sector partnership, PPP
 - Showcase successes and provide window to the investing world