



PIONEERING **EMERGING** MARKETS

# The Peterson Institute Private Capital and Development in Africa

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## Africa Today

**US\$1.6 trillion** Africa's GDP in 2008, similar to Brazil or Russia

**US\$860 billion** Africa's combined consumer spending in 2008

**316 million** Mobile phone subscribers signed up in Africa since 2000

**60%** Africa's share of the world's total uncultivated, arable land

**52** Number of African cities with more than 1 million people

**20** African companies with annual revenues over US\$3 billion

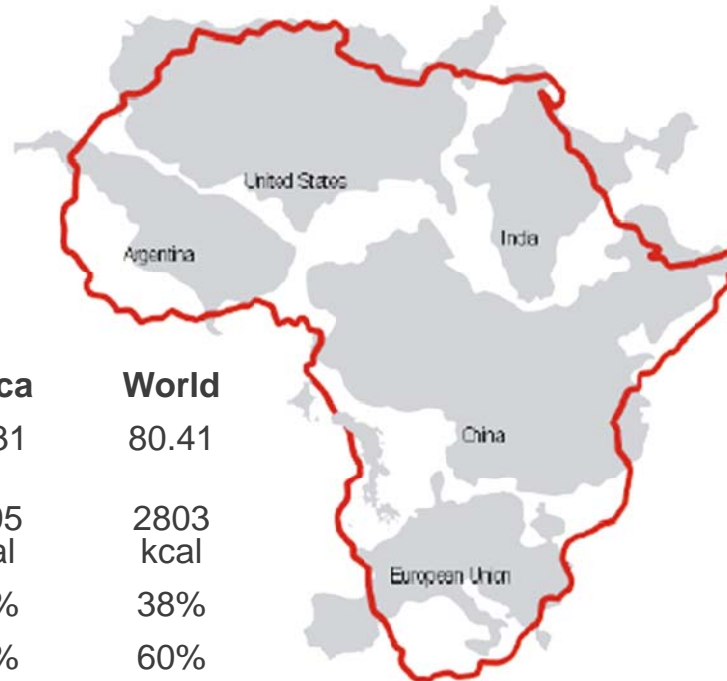
**Source:** McKinsey Global Institute

# Africa in perspective

*It's bigger and richer than you think*

Africa is gaining focus due to the **projected growth** and **fundamental change** occurring across the continent:

- **54 countries**
- **900+ million population**
- **US \$1.6 trillion GDP**
- Significant proportion of the world's **natural resources**



Africa's proportion of global resources:

Population	14%
Land Mass	20%
Diamonds	65%
Gold	50%
Phosphate	60%
Platinum	60%
Petroleum	8%
Natural Gas	12%

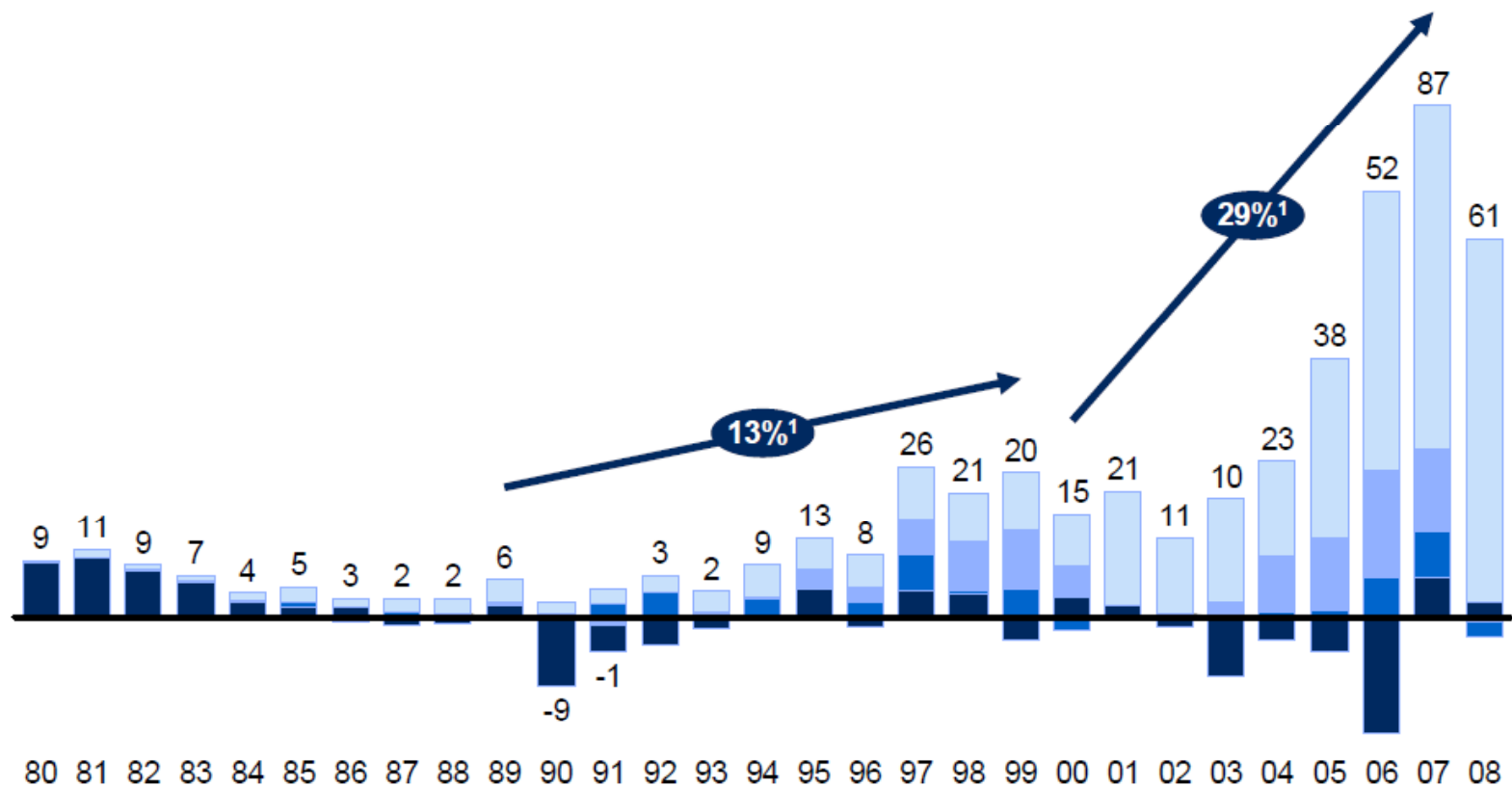
	<b>Africa</b>	<b>World</b>
Beer consumption (per capita)	10.31	80.41
Food consumption (per capita)	2195 kcal	2803 kcal
Banking penetration	25%	38%
Mobile penetration	32%	60%

*Sources: Africa Alliance, Euromonitor, World Bank and Standard Chartered Bank; Chayton Capital, April 2010*

# African capital inflows have grown by over 400 percent since 2000

African capital inflows (change in net foreign liabilities)  
\$ billion

FDI Debt  
Equity Other

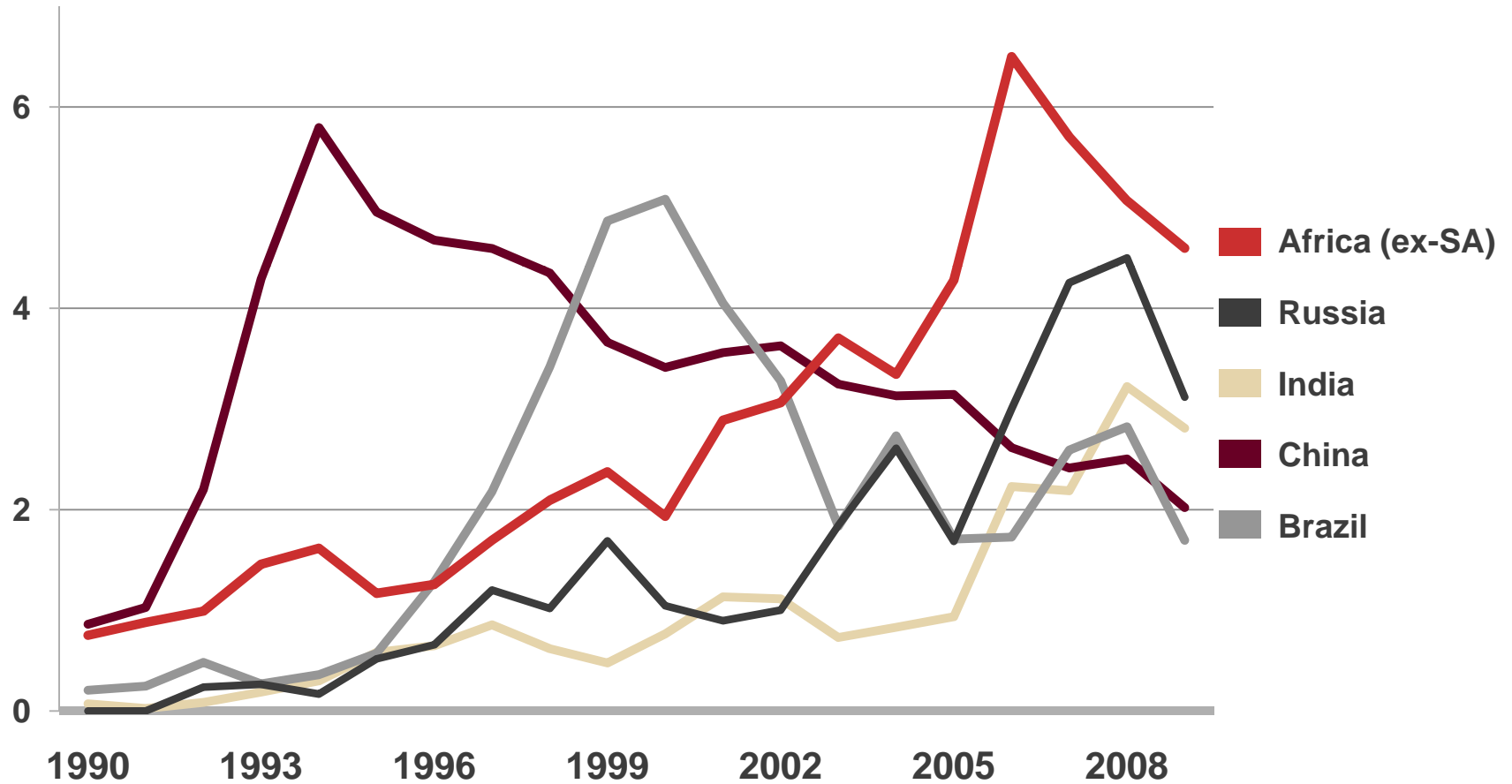


% of GDP	0.2	0.2	0.1	0.6	0.4	-1.8	0.5	1.9	1.4	3.3	2.5	2.1	2.8	4.9	4.1
% of investment	10.1	10.4	5.2	3.2	2.1	-9.5	2.9	9.9	8.2	18.1	12.9	9.1	12.5	20.9	16.1

1 Compound annual growth rate.

# Foreign direct investment in emerging markets

*FDI as a percent of GDP*



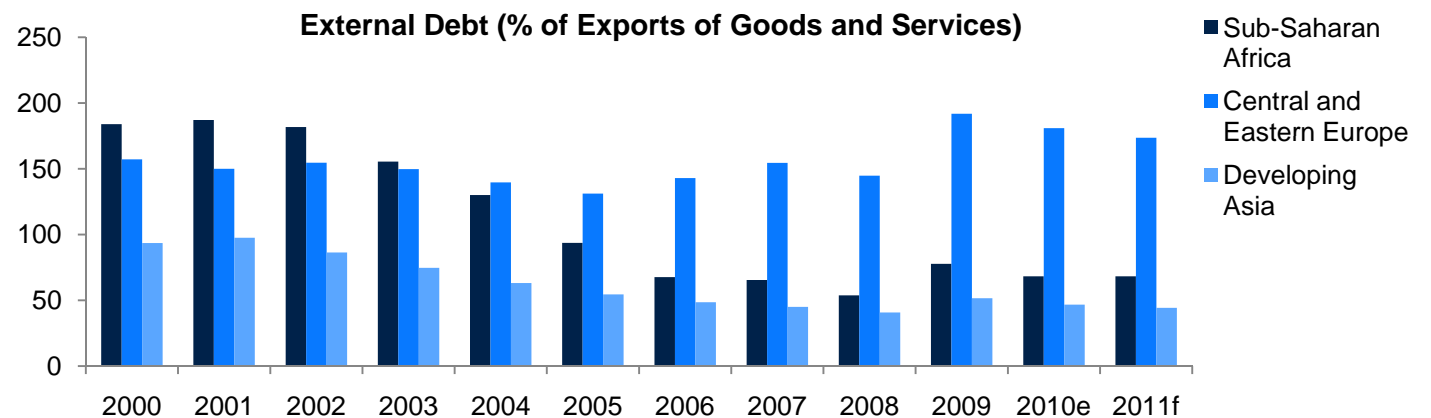
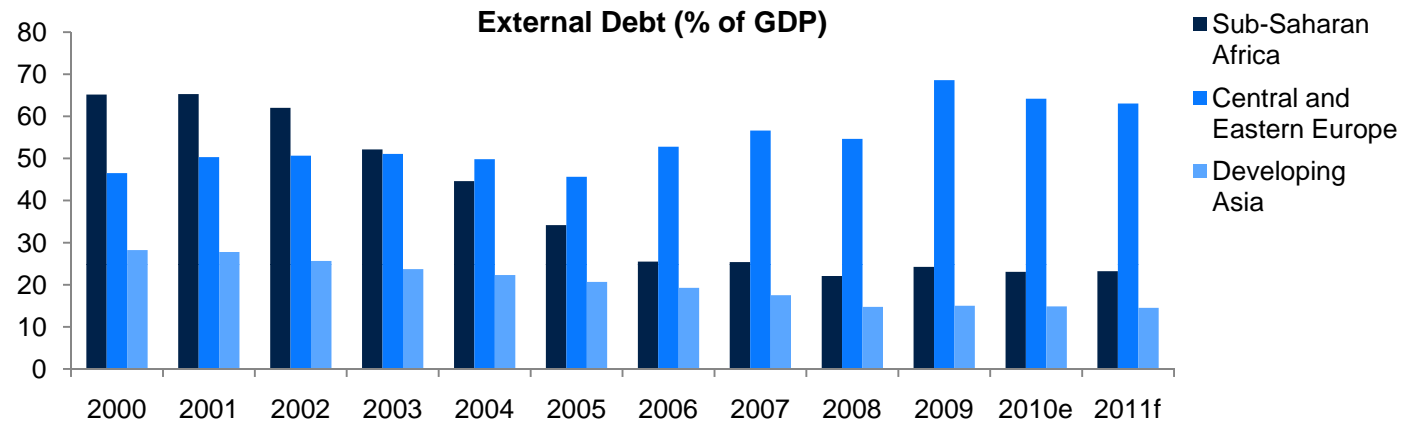
Source: UNCTAD as of September 2010

# Debt Levels Are Becoming More Sustainable

External debt has declined significantly over the last ten years.

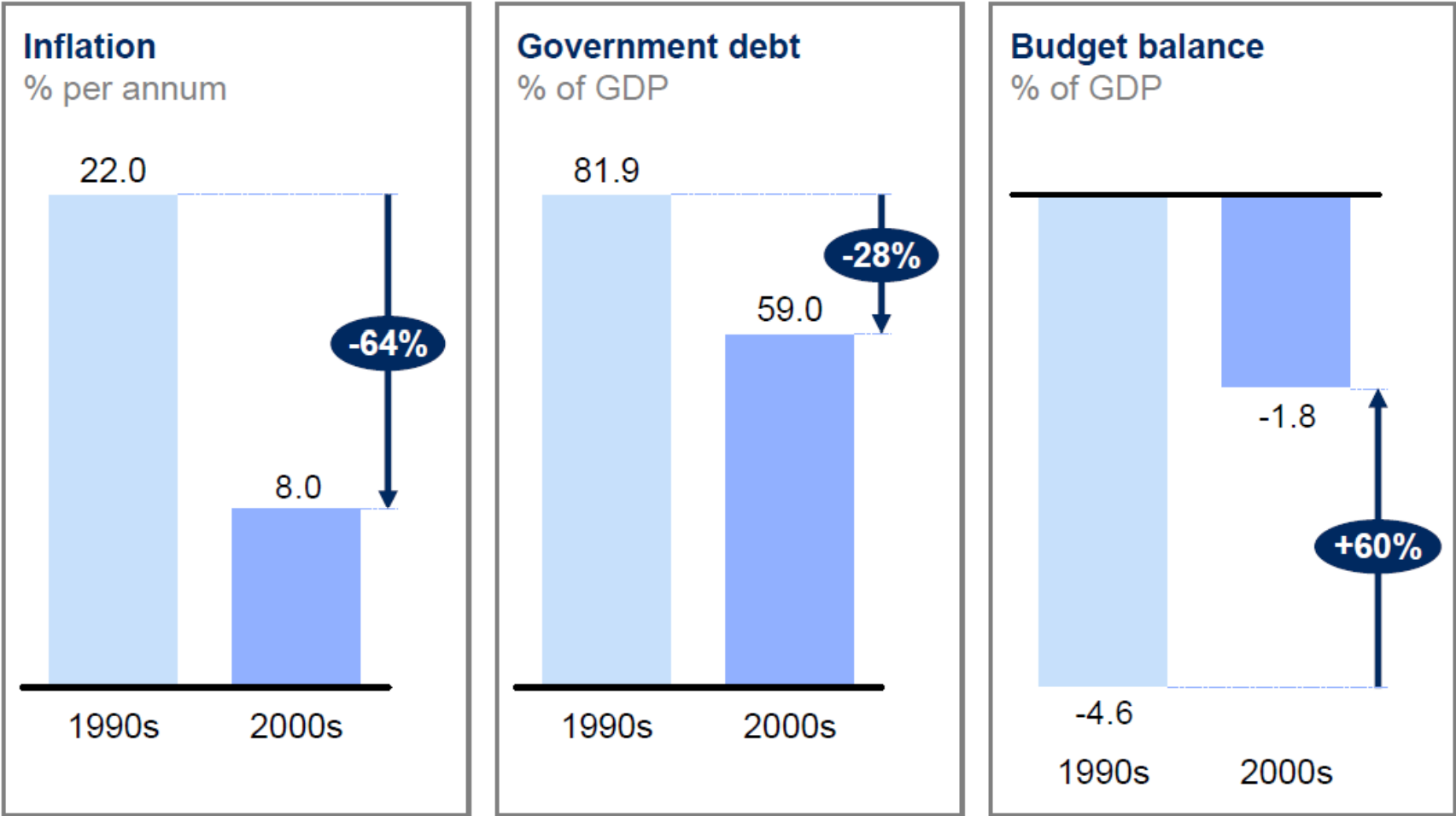
External debt is now lower than that of Central and Eastern Europe...

...and is approaching the levels found in Developing Asia.



Source: IMF, African Alliance estimates

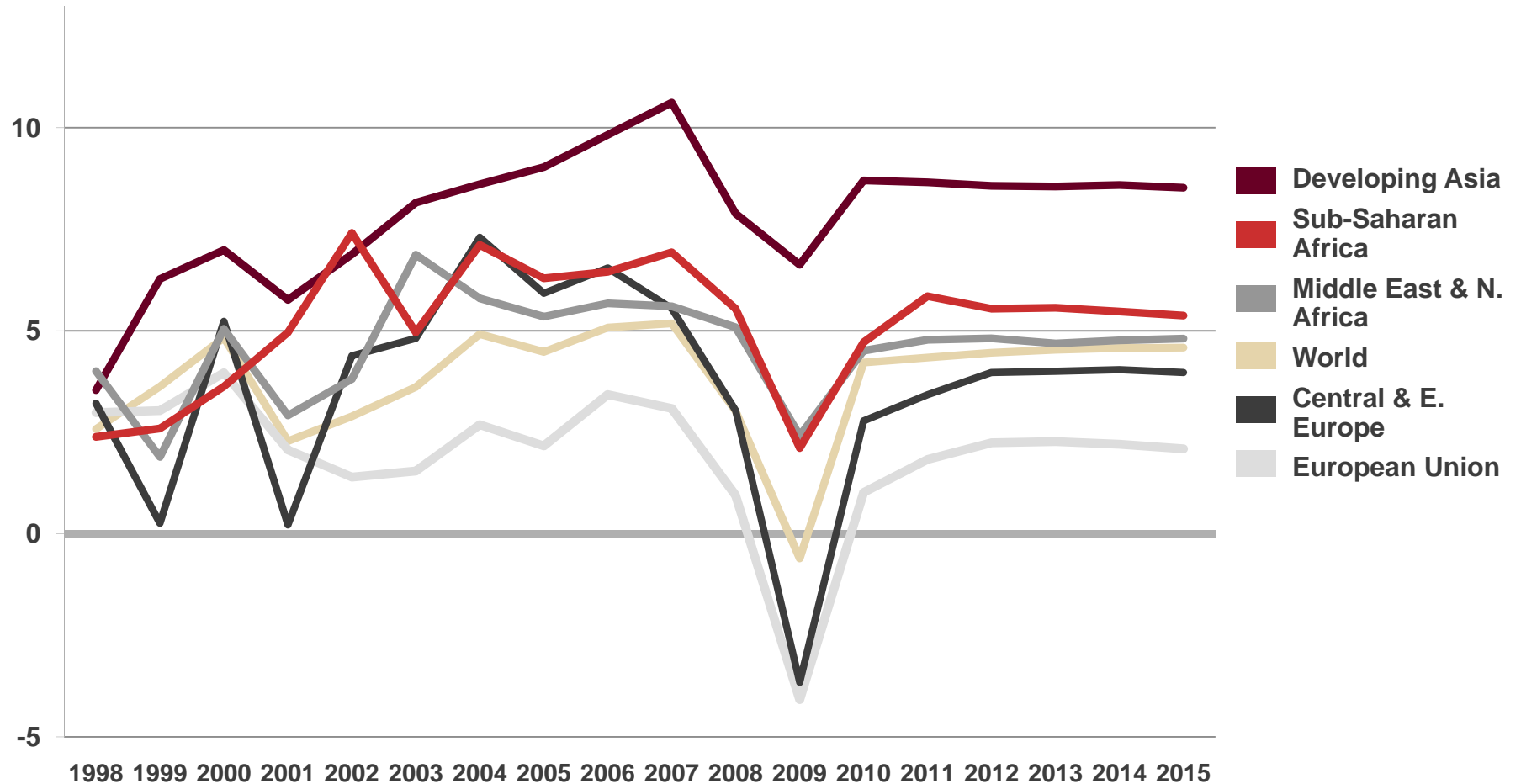
# African governments have significantly improved macroeconomic stability



SOURCE: World Bank World Development Indicators; Political Risk Services; McKinsey Global Institute

# Africa in context

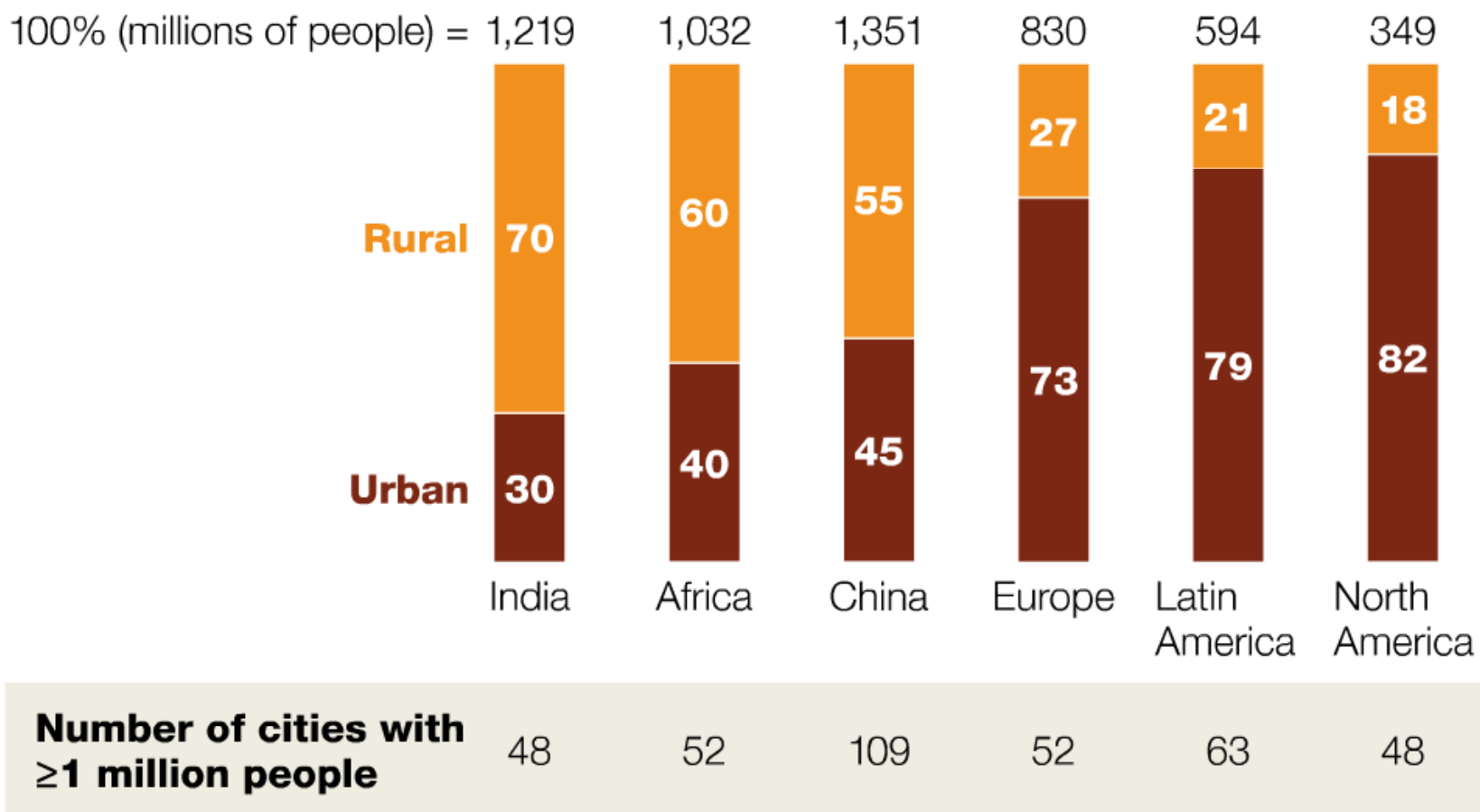
*Healthy and sustainable GDP growth*



Source: IMF as of September 2010



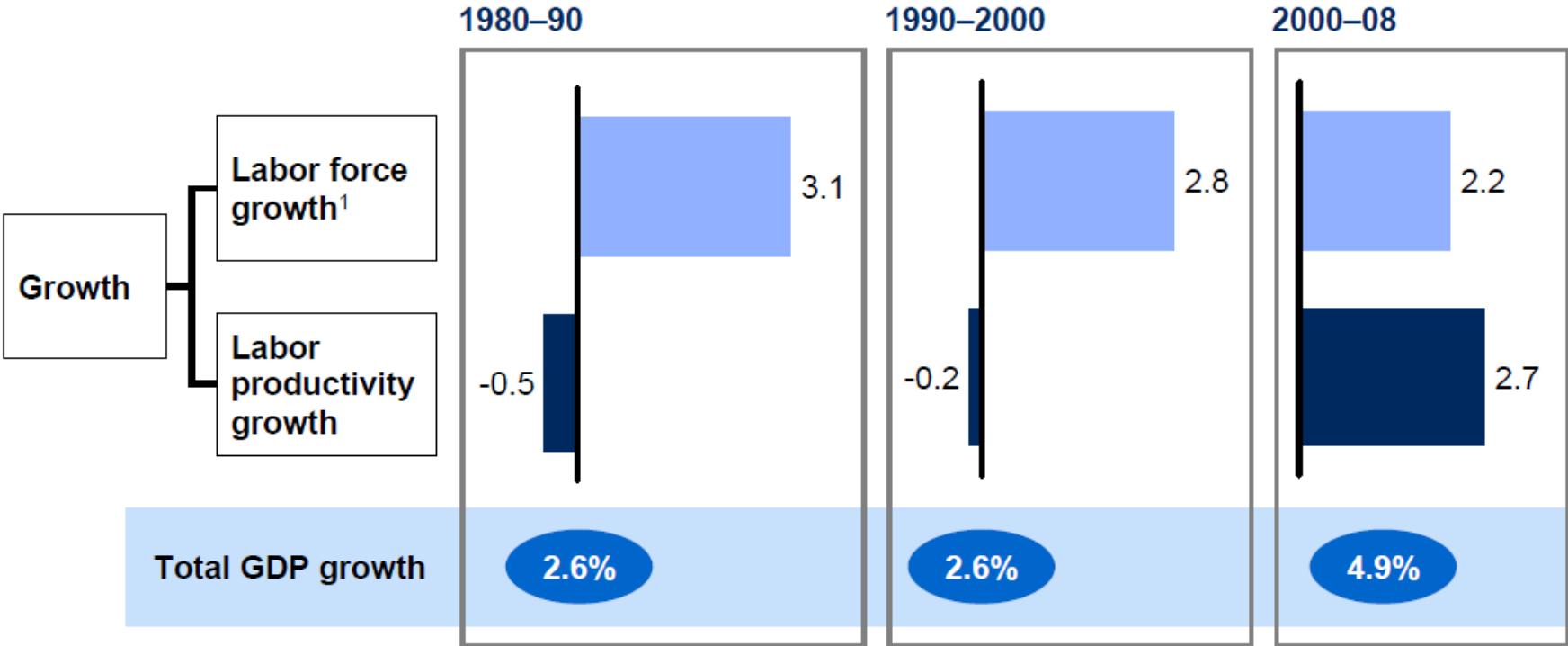
Share of population by region, 2010, %



Source: United Nations; McKinsey Global Institute analysis

# Africa's labor productivity grew for the first time in decades

Real GDP growth, Africa  
%



1 Used working-age population (15-64) as a proxy for labor force.

SOURCE: Conference Board World Economy database; McKinsey Global Institute

# Risks have shifted

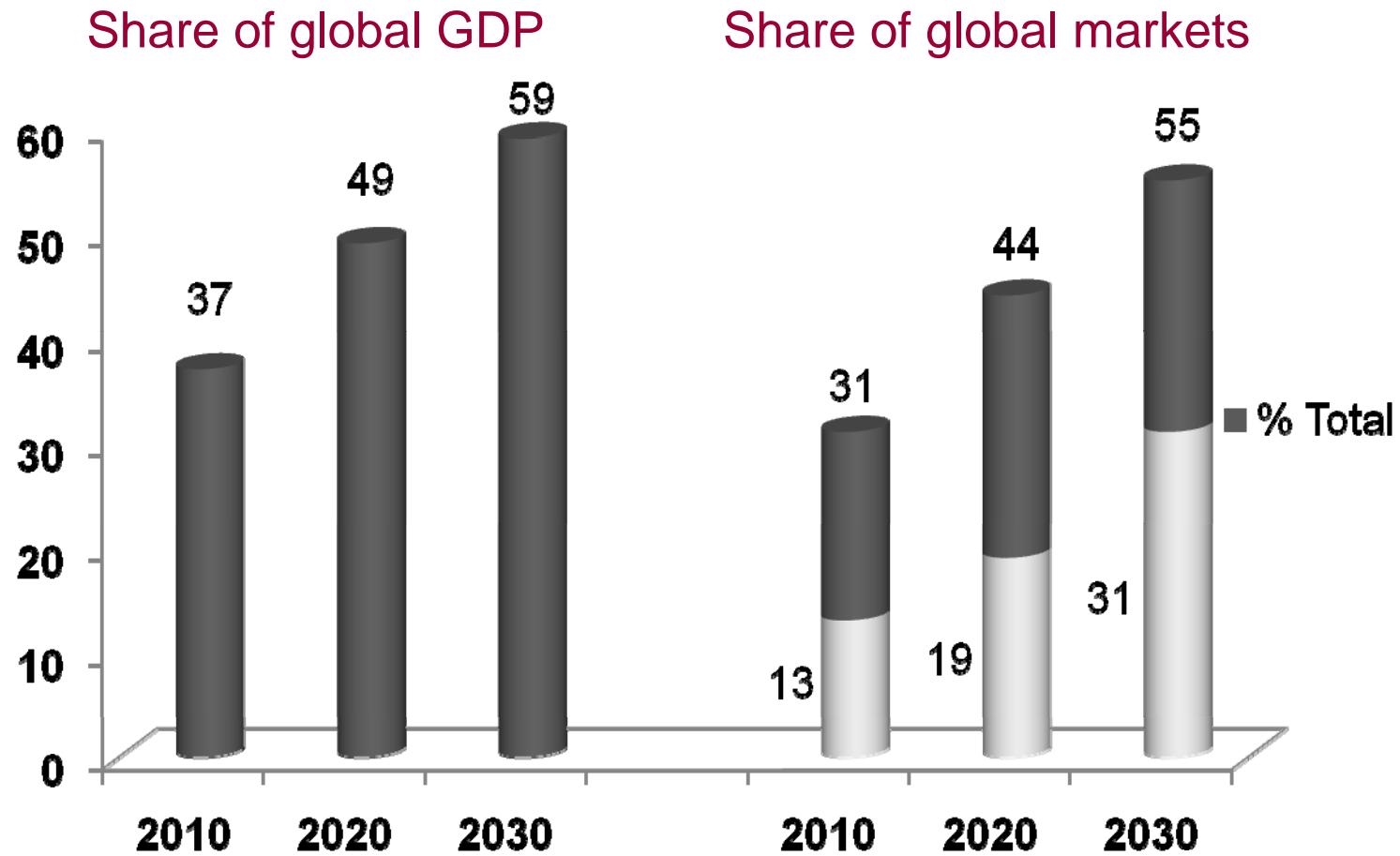
## BRICs (Brazil, Russia, India and China)

Data in US\$ billion

	1990	2000	2010E
<b>GDP</b>	<b>2,255</b>	<b>2,557</b>	<b>11,055</b>
<b>Inflation (%)</b>	<b>594%</b>	<b>8.0%</b>	<b>5.8%</b>
<b>FX Reserves</b>	<b>45</b>	<b>265</b>	<b>3,827</b>
<b>Foreign Debt</b>	<b>359</b>	<b>675</b>	<b>1,464</b>
<b>Reserves/Debt</b>	<b>0.1x</b>	<b>0.4x</b>	<b>2.6x</b>
<b>Current Account</b>	<b>-2</b>	<b>+40</b>	<b>+245</b>
<b>Budget Deficit</b>	<b>-221</b>	<b>-57</b>	<b>n/a</b>
<b>Exports</b>	<b>182</b>	<b>455</b>	<b>2,262</b>
<b>as % of world</b>	<b>6%</b>	<b>7%</b>	<b>20%</b>

Source: JP Morgan, EMM calculations as of 04/29/2010

*Investors' allocation remains way below today's and tomorrow's reality*



**...shares keep growing all the time**

Source: Goldman Sachs