Why Africa Now?
From Turmoil to Triumph

@AdrianSaville
CIO & Founder, Cannon Asset Managers
Chief Strategist, Citadel
Visiting Professor, GIBS
So geographers, in Afric maps,
With savage pictures fill their gaps,
And o'er uninhabitable downs
Place elephants for want of towns.

Jonathan Swift (1667-1745)
On Poetry: A Rhapsody
IMF data (2015); African Statistical Yearbook (2014)
Drivers of Socio-Economic Success

<table>
<thead>
<tr>
<th>Savings &amp; Investment</th>
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Contribution to World GDP (%, PPP)

Advanced Economies

Rest of the World

Cannon Asset Managers (2013); IMF: Selected Country Groups Data (2013); http://www.worldometers.info/world-population/ estimated growth per annum 2013 to 2050
## Drivers of Socio-Economic Success in Sub-Saharan Africa

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Commodity Demand, But not Commodity Led

Debt Relief & Sustained Debt Improvement

Economic Management & Policy Platforms

Africa’s Demographic Dividend

Saville and White (2013)
Forces In Place

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Forces In Place

% change GDP (annual average)

<table>
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<tr>
<th>Debt-to-GDP Ratio</th>
<th>&lt;30%</th>
<th>30%-60%</th>
<th>60%-90%</th>
<th>&gt;90%</th>
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<tr>
<td></td>
<td>3.9</td>
<td>3.2</td>
<td>2.7</td>
<td>1.8</td>
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Saville and White (2013) based on Reinhart and Rogoff (2010 and 2013)

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<tr>
<th>Year</th>
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<td>1990</td>
<td>57.1</td>
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<tr>
<td>1995</td>
<td>66.7</td>
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<td>2000</td>
<td>50.7</td>
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<tr>
<td>2005</td>
<td>30.4</td>
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<tr>
<td>2010</td>
<td>32.6</td>
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Sub-Saharan Africa Competitiveness Score (2006/07 = 100)

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Africa’s Demographic Dividend

- Population growth & labour force participation rate
- Productivity gains

Forces In Place

Size of working population (million)

- Africa
- China
- India
- Europe
- North America

[Graph showing population growth and labor force participation rates for different regions over the years 1950 to 2040.]
Commodity Demand, But Not Commodity Led

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Africa’s Demographic Dividend

Forces In Place

Urban Population --- Rural Population

India: 30% Urban, 70% Rural
Africa: 40% Urban, 60% Rural
China: 45% Urban, 55% Rural
Europe: 73% Urban, 27% Rural
Latin America: 79% Urban, 21% Rural
North America: 82% Urban, 18% Rural

Structural Adjustment: A Process, Not A Programme

Africa's Structural Shift

Then

- Governance (/100)
- Life Expectancy (Years)
- Primary School Enrolment (%)
- Economic Growth (%)

Now

- Governance (/100)
- Life Expectancy (Years)
- Primary School Enrolment (%)
- Economic Growth (%)

Structural Adjustment: A Process, Not A Programme

Having grown up under Moi, Kenyan photographer Boniface Mwangi now speaks out against corruption, electoral fraud and violence against women; he does not stand alone.

There are two most powerful days in your life: the day you're born, and the day you discover why. That day standing up in that stadium shouting at the President, I discovered why I was truly born, that I would no longer be silent in the face of injustice.

Boniface Mwangi
Where I used to stand up alone seven years ago, now I belong to a community of many people who stand up with me ... I belong to a group of young people who are ... no longer afraid, and they're no longer smart cowards.

Boniface Mwangi

Having grown up under Moi, Kenyan photographer Boniface Mwangi now speaks out against corruption, electoral fraud and violence against women; he does not stand alone.
This will not stop. I'm going to carry on with this kind of journalism, because I know that when evil men destroy, good men must build and bind.

Anas Aremeyaw Anas
What Anas says is not something which is unknown to many of us … those of you who are agents, leading customs officers into temptation, I'm telling you, Ghana is not going to say any good things to you about this.

John Evans Atta Mills
## Factor Six: Sub-Saharan Africa’s Next Driver

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Just How Flat?

– Side by side material fits more naturally.
– Widescreen adds drama to graphics and images.
World Bank (2009) reported in Saville and White (forthcoming 2014); results show effect of a 10 percent improvement in telecommunications on economic growth.
A Framework For Modelling Mobility

Adrian Saville (2012; 2013)
A Framework For Modelling Mobility

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<th>Microeconomic Mobility (IP)</th>
<th>Macroeconomic Mobility (TC)</th>
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<td>High-Low</td>
<td>High-High</td>
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<tr>
<td>“Flight Risk”</td>
<td>“Trail Blazers”</td>
</tr>
<tr>
<td>Low-Low</td>
<td>Low-High</td>
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<tr>
<td>“Poverty Trapped”</td>
<td>“Lost Opportunity”</td>
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TC = Internal & external trade, investment & financial mobility
IP = Ease of doing business, labour mobility & ability to connect

Adrian Saville (2012; 2013)
Macroeconomic Mobility (TC)

Microeconomic Mobility (IP)

- High-Low: "Flight Risk"
- Low-Low: "Poverty Trapped"
- Low-High: "Lost Opportunity"
- High-High: "Trail Blazers"

Global Average

Adrian Saville (2012; 2013)
A Framework For Modelling Mobility

Adrian Saville (2012; 2013)
Modeling Mobility & Connectedness

Per Capita GDP = 31*TC + 275*IP

R² 0.64

\[ t = 0.35 \]
\[ t = 3.02 \]

Saville (2013): Citrix Connectedness and Mobility Study
Measuring Mobility & Connectedness

Intra-Regional Trade % GDP (2013)

South-East Asia
Europe
Sub-Saharan Africa
Measuring Mobility & Connectedness

Per Capita GDP = 31*TC + 275*IP

R² = 0.64

\( t = 0.35 \)

\( t = 3.02 \)

Saville (2013): Citrix Connectedness and Mobility Study
“316 million new mobile phone subscribers signed up in Africa since 2000”

“In a 112 day road trip from Dakar to Cape Town only 9 had no smartphone signal”
Africa’s Rising Connectedness

- Trade with BRICS 10x & FDI 10x over decade
- Not just quantum, also nature: Zambian FDI

Ernst and Young (2012, 6); Saville and White (2014)
Africa’s Rising Connectedness

Intra-Africa Bilateral Trade (US$'bn)

US$ (billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Trade (US$'bn)</th>
</tr>
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<tbody>
<tr>
<td>2002</td>
<td>30.8</td>
</tr>
<tr>
<td>2003</td>
<td>36.6</td>
</tr>
<tr>
<td>2004</td>
<td>44.6</td>
</tr>
<tr>
<td>2005</td>
<td>55.1</td>
</tr>
<tr>
<td>2006</td>
<td>67.3</td>
</tr>
<tr>
<td>2007</td>
<td>76.9</td>
</tr>
<tr>
<td>2008</td>
<td>99.3</td>
</tr>
<tr>
<td>2009</td>
<td>87.2</td>
</tr>
<tr>
<td>2010</td>
<td>103.9</td>
</tr>
<tr>
<td>2011</td>
<td>110.0</td>
</tr>
<tr>
<td>2012</td>
<td>123.0</td>
</tr>
<tr>
<td>2013</td>
<td>138.0</td>
</tr>
<tr>
<td>2014</td>
<td>146.3</td>
</tr>
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World Bank data (2014); Saville and White (2014)
“Angola’s Banco BIC acquired Portugal’s BPN for $58m, one-fifth the original asking price.”

_The Economist, September 2011_
Africa’s Growth Picture: 2014, 2015 & Beyond

<table>
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<tr>
<th>Region</th>
<th>Growth Rate</th>
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<tr>
<td>Global</td>
<td>3.1%</td>
</tr>
<tr>
<td>G3</td>
<td>1.4%</td>
</tr>
<tr>
<td>Eurozone</td>
<td>0.7%</td>
</tr>
<tr>
<td>BRIC</td>
<td>5.6%</td>
</tr>
<tr>
<td>EM-8</td>
<td>5.5%</td>
</tr>
<tr>
<td>GCC</td>
<td>4.2%</td>
</tr>
<tr>
<td>Non-Japan Asia</td>
<td>6.0%</td>
</tr>
<tr>
<td>CEE &amp; Russia</td>
<td>1.2%</td>
</tr>
<tr>
<td>Latin America</td>
<td>1.3%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>3.8%</td>
</tr>
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Credit Suisse/Global Research (2014)
DONATE YOUR RADIATOR!

Africans united to save Norwegians from dying of frostbite. You too can donate your radiator and spread some warmth!

Yes I Can!

WHY RADI-AID

Imagine if every person in Africa saw the "Africa for Norway" video, and this was the only information they ever got about Norway. What would they think about Norway?

www.africafornorway.no/
Two Caveats

No Ascent Is Uninterrupted Or Unambiguous

Africa Is Not “A Place”
Interrupted, Ambiguous, Complex & Tragic

Inclusive microfinance becomes predatory microlending; income inequality; poverty traps and immobility; the tragedy of Garissa, Kenya (April 2015)
Two Caveats

No Ascent Is Uninterrupted Or Unambiguous

Africa Is Not “A Place”
The Greatest Risk Isn’t Africa, It’s Seeing Africa As One Place

Michael?

How many countries are there in Africa?

A: One
B: Two
C: Five
D: Fifty-Four
When Bottom Up Is Missing

Thank You

@AdrianSaville
• Lifting mobility score 5% adds 40% to GDP
• Heavy lifting done by IP
• Facilitators, Enablers & Enhancers
I’ve met & studied hundreds of entrepreneurs in India, China, Africa & South America. They keep amazing me. Many did not go to school. They don't invent stuff in big R&D labs. The street is the lab.

Navi Radjou