



REVIEWING THE TRENDS DRIVING AFRICA'S ALLURE

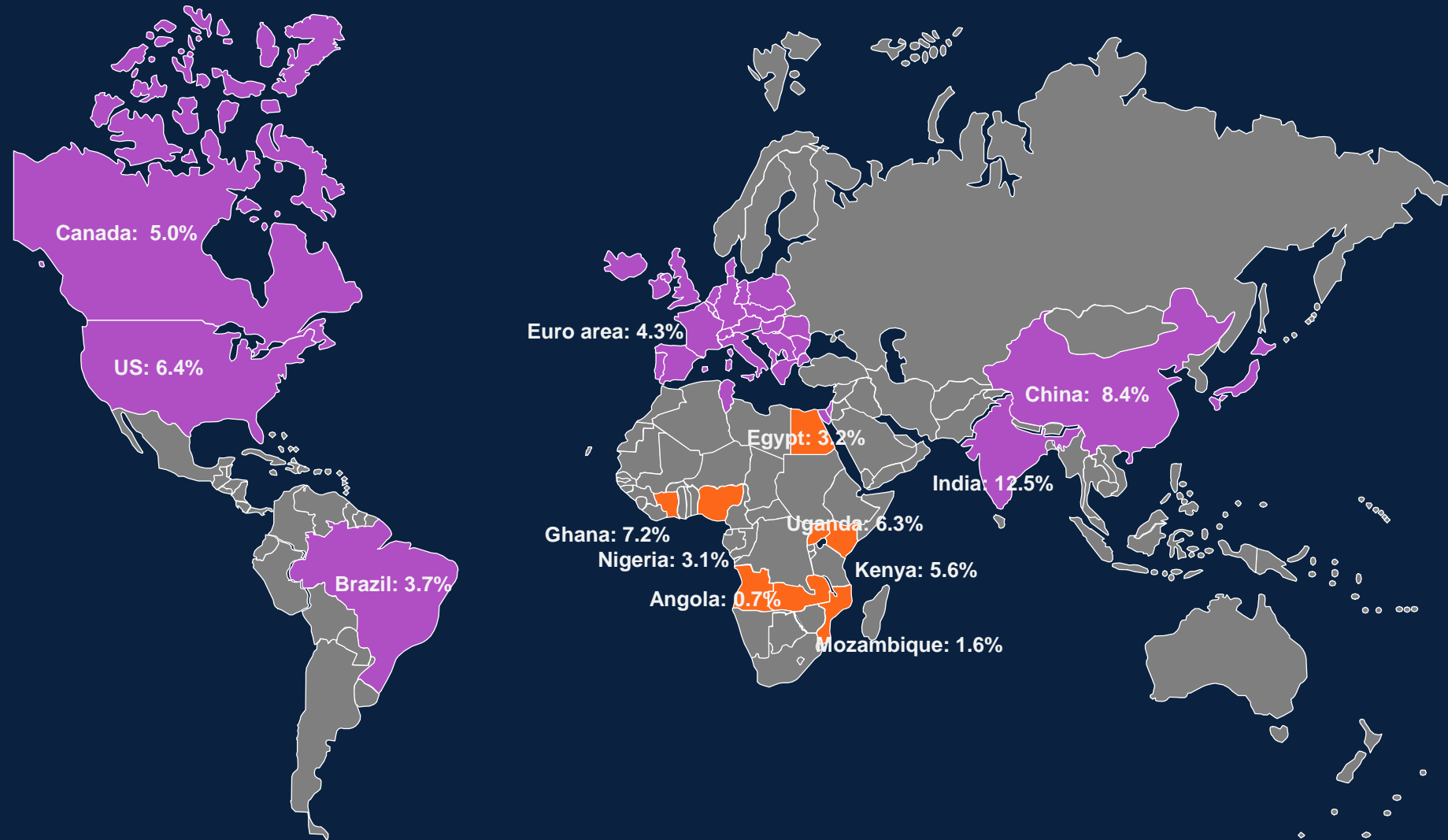
Aug/Sept 2021

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*This document is co-authored by an independent analyst denoted with a * and a non-independent analyst denoted with a #. Non-independent research is "marketing communication". It has not been prepared under the full legal requirements designed to promote the independence of research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research and vice versa. Please refer to the full disclosures and disclaimers at the end of this document.*

SUPPORTIVE GLOBAL TAILWINDS

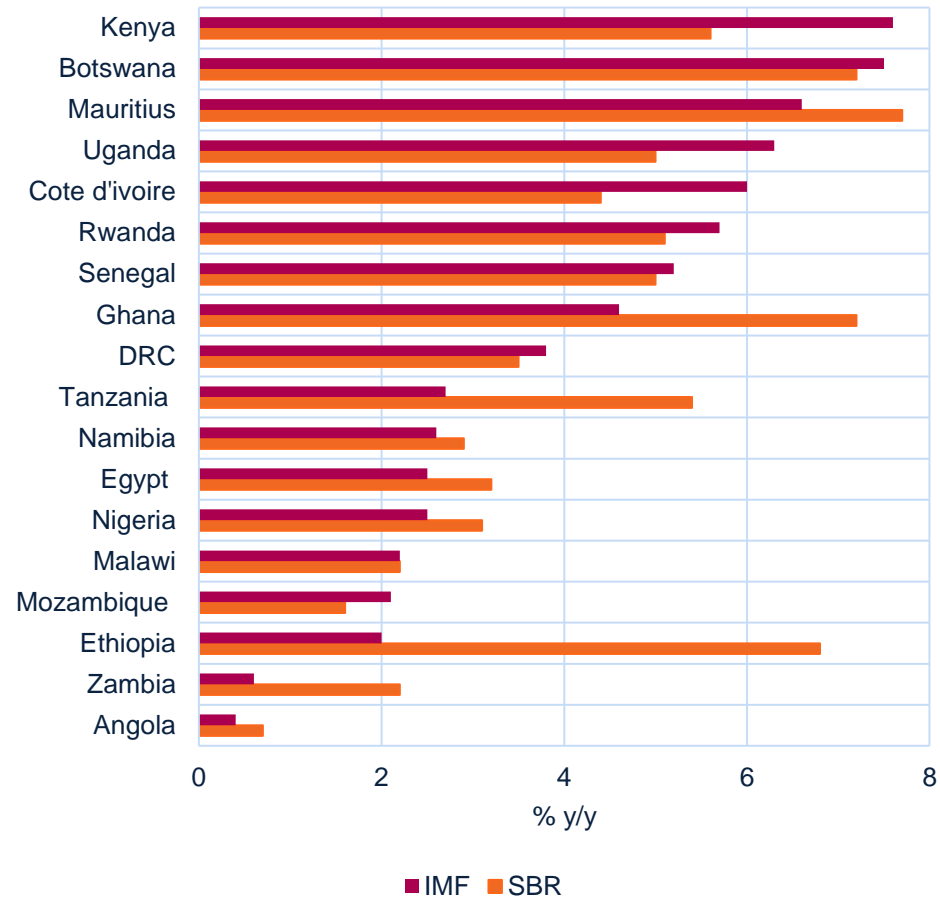


Sources: IMF; Standard Bank Research

MACRO OUTLOOK

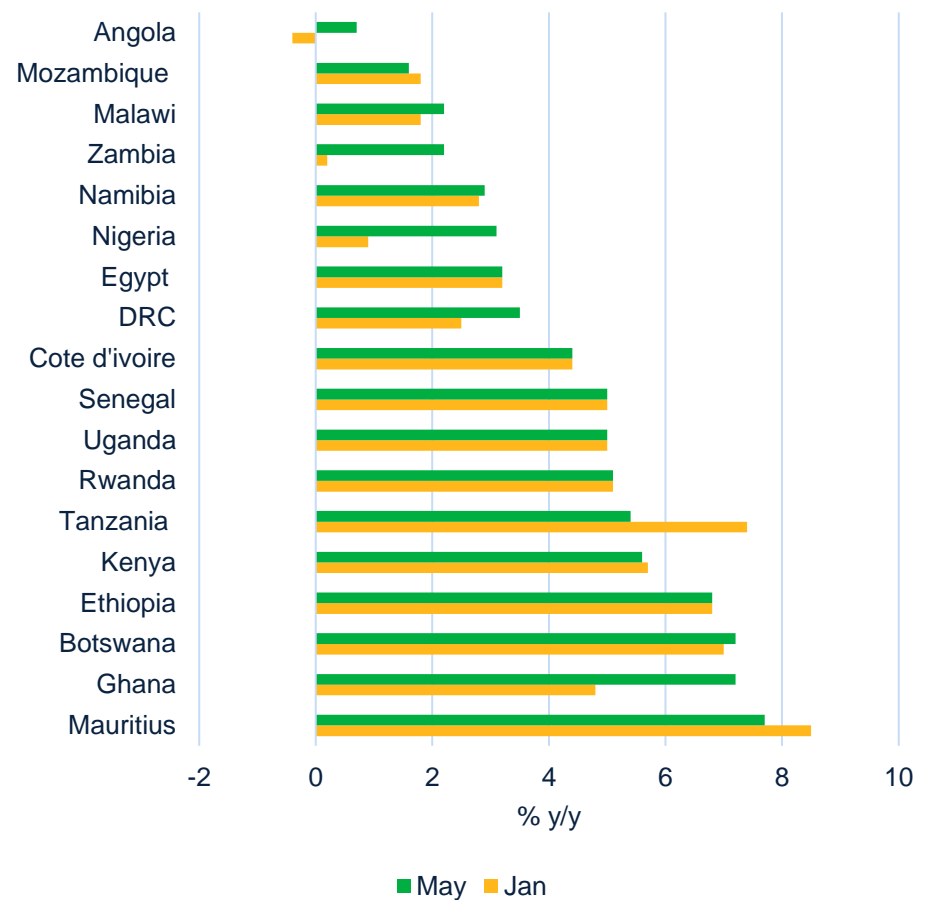


SBR v IMF: 2021 growth forecasts



Sources: IMF; Standard Bank Research

SBR's 2021 growth forecasts: Jan v May



Sources: IMF; Standard Bank Research

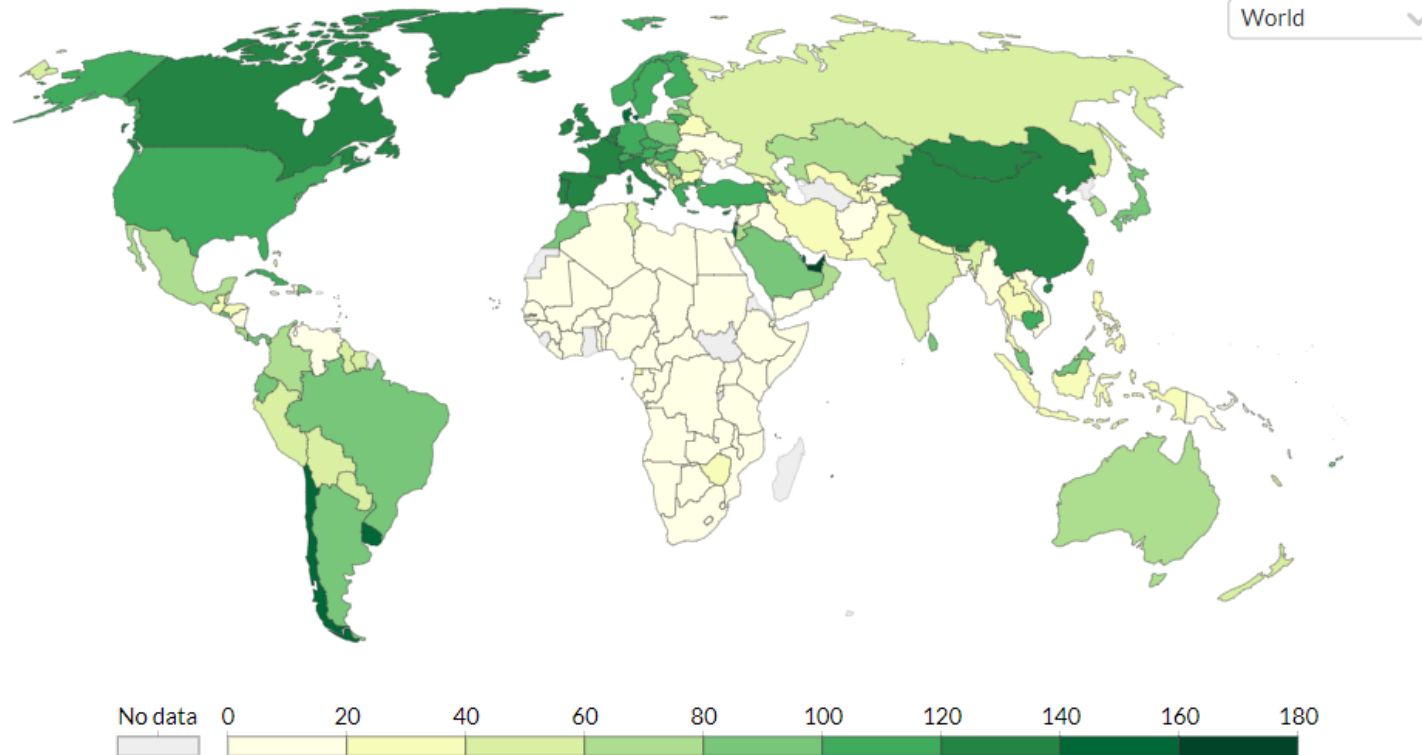
COVID-19: A LONG WAY TO GO



COVID-19 vaccine doses administered per 100 people, Aug 23, 2021

For vaccines that require multiple doses, each individual dose is counted. As the same person may receive more than one dose, the number of doses per 100 people can be higher than 100.

Our World in Data



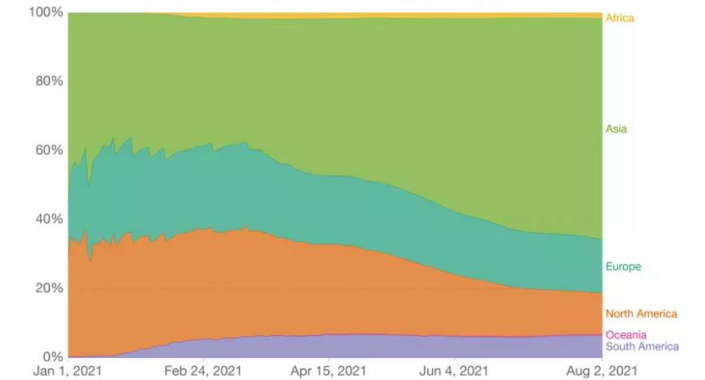
Source: Official data collated by Our World in Data – Last updated 24 August 2021, 08:40 (London time)

OurWorldInData.org/coronavirus • CC BY

COVID-19 vaccine doses administered by continent

For vaccines that require multiple doses, each individual dose is counted. As the same person may receive more than one dose, the number of doses can be higher than the number of people in the population.

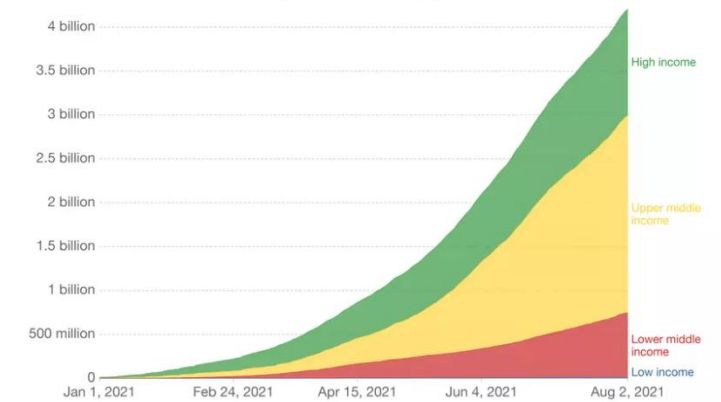
Our World in Data



COVID-19 vaccine doses administered by country income group

For vaccines that require multiple doses, each individual dose is counted. As the same person may receive more than one dose, the number of doses can be higher than the number of people in the population.

Our World in Data



Source: Official data collated by Our World in Data, World Bank

OurWorldInData.org/covid-vaccinations • CC BY



Finding #1: Africa's structural gains since 2010 have been robust

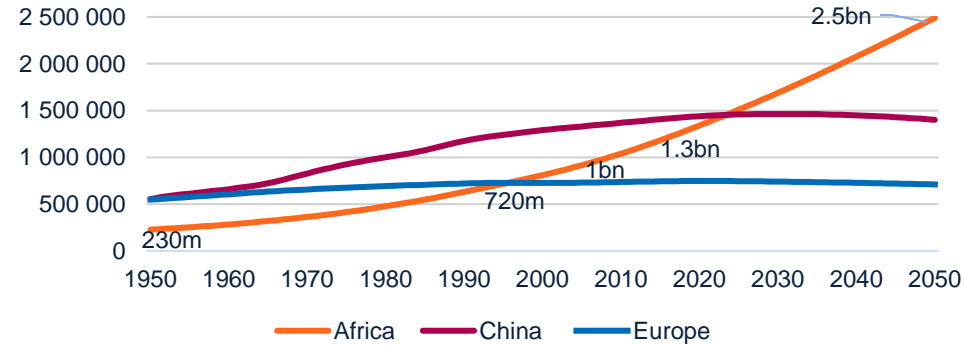
Nairobi skyline. Source: Wanderlust Travel Magazine



TREND 1: A LARGER, YOUNGER AND MORE AFFLUENT POPULATION

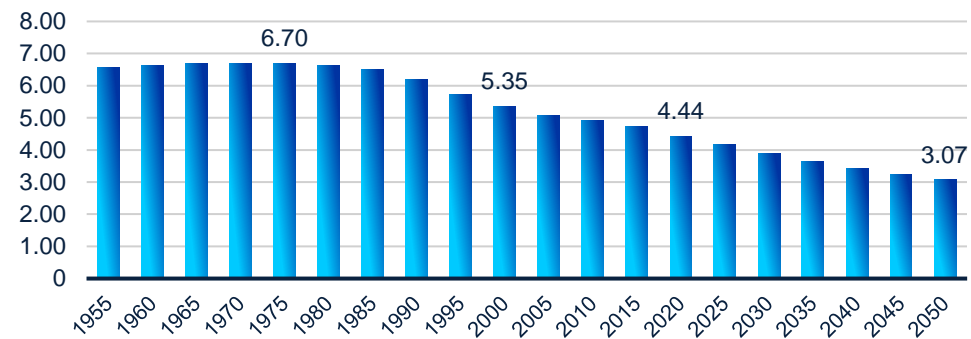
A rising, and youthful population

TOTAL POPULATION

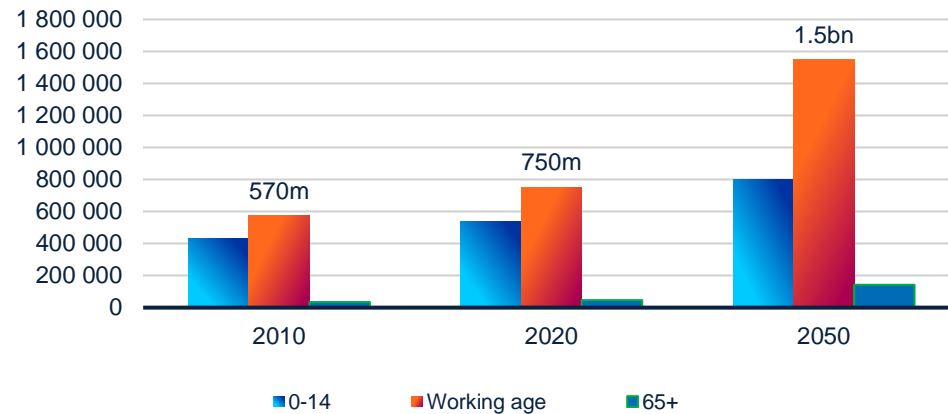


Important institutional gains

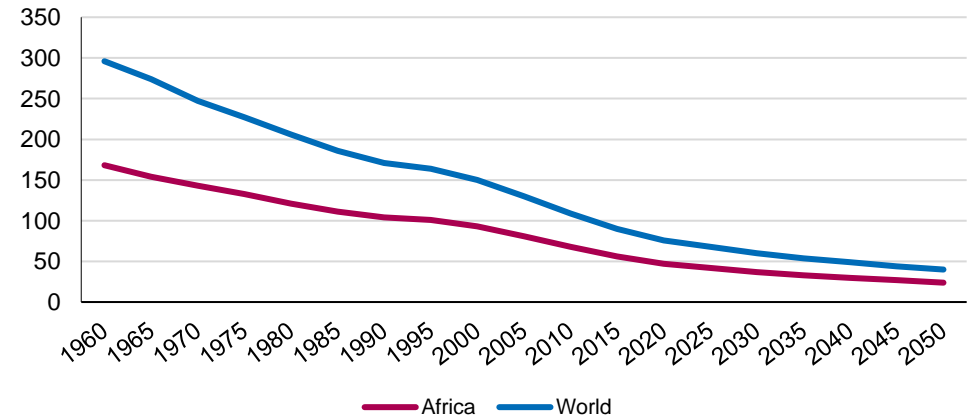
FERTILITY RATES CONTINUE TO DECLINE



AFRICA'S WORKING AGE BULGE



AS DO INFANT MORTALITY RATES



Sources: UN; Standard Bank Research

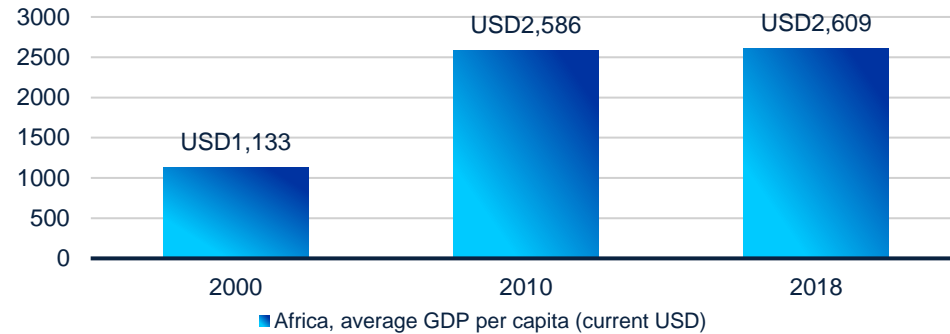
Sources: UN; Standard Bank Research



TREND 1 (CONTINUED): IMPORTANT INCOME GAINS

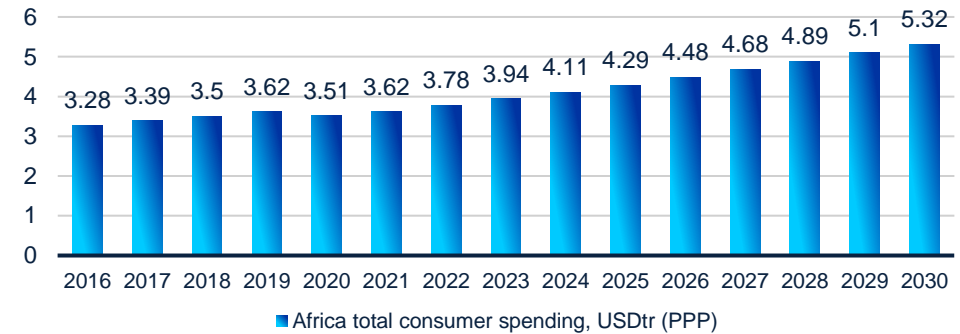
Growth has shifted to East Africa

A SLOWING IN OVERALL PER CAPITA GDP GROWTH

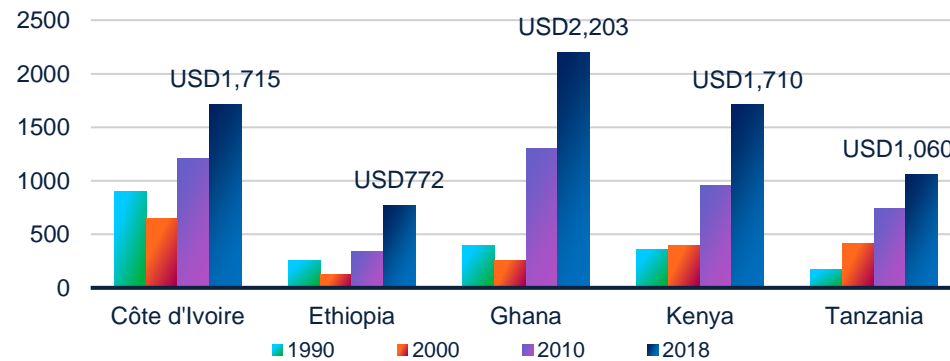


Africa's middle class is growing

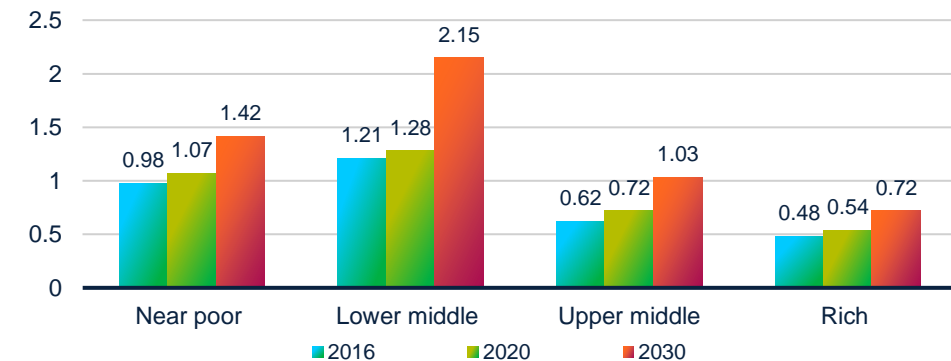
RISING CONSUMER SPENDING



BUT OFFSET BY MEANINGFUL GAINS IN KEY ECONOMIES SINCE 2010



SPENDING IN AFRICA BY INCOME BAND (PPP, USDTR)



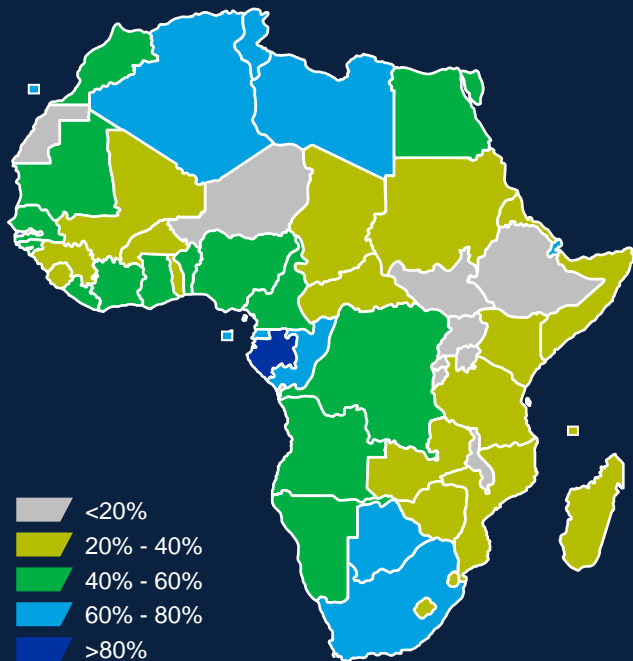
Sources: World Data Lab; Standard Bank Research

Sources: World Data Lab; Standard Bank Research

AFRICA'S URBANIZATION TRAJECTORY (% OF POPULATION RESIDING IN URBAN AREAS)



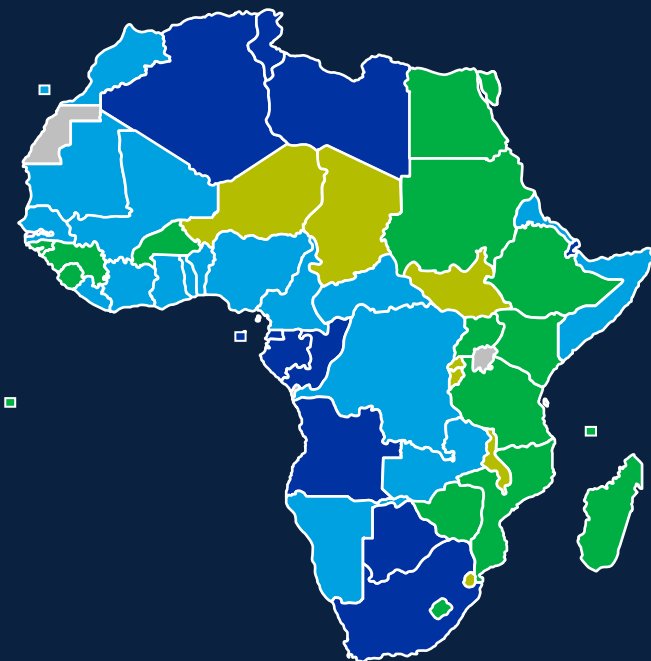
2010



2020



2030



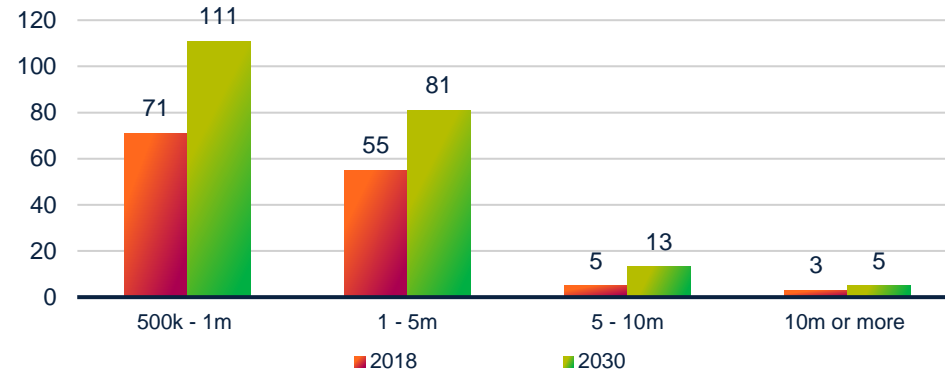
Sources: UN; Standard Bank Research



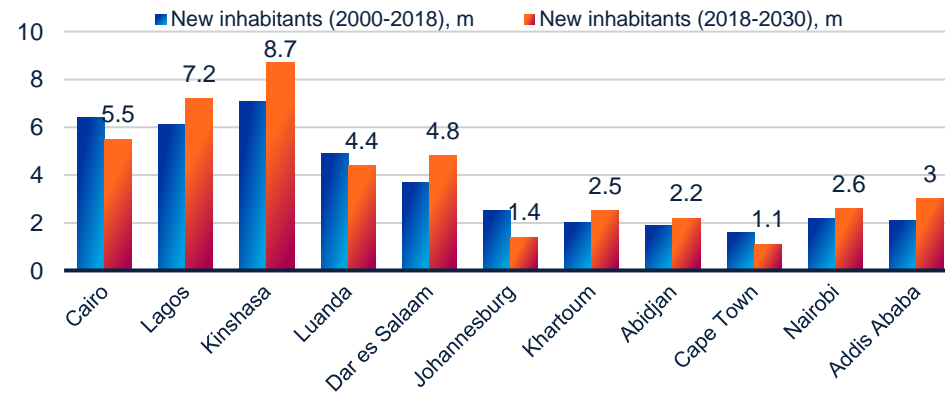
TREND 2 (CONTINUED): MUSHROOMING URBAN NODES

Today there are 63 1m-plus cities in Africa

NUMBER OF CITIES IN AFRICA BY POPULATION SIZE



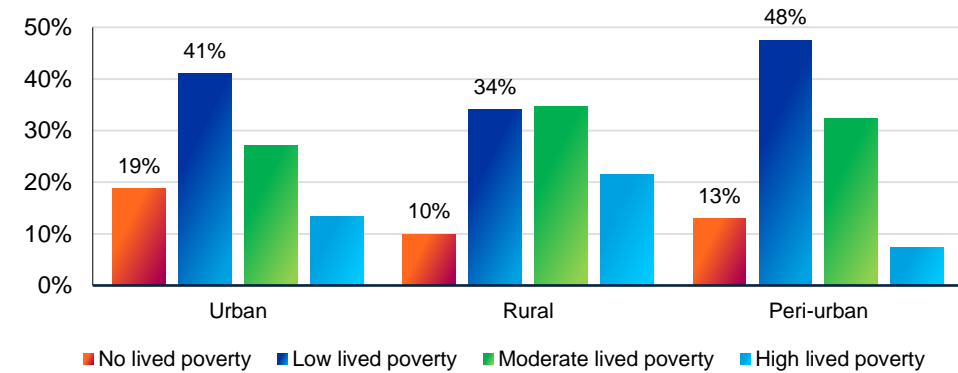
AFRICA'S TOP TEN CITIES CONTINUE TO EXPAND



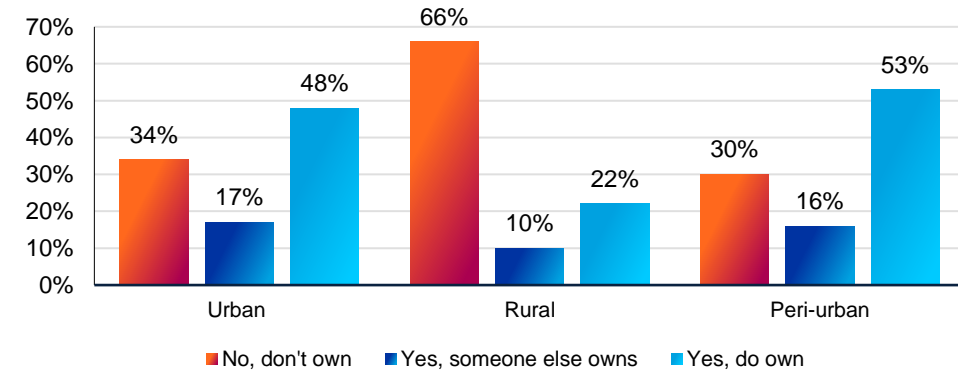
Sources: UN Habitat; Standard Bank Research

Urbanisation is critical for economic gain

LIVING POVERTY INDEX (2016/2018)



BANK ACCOUNT OWNERSHIP



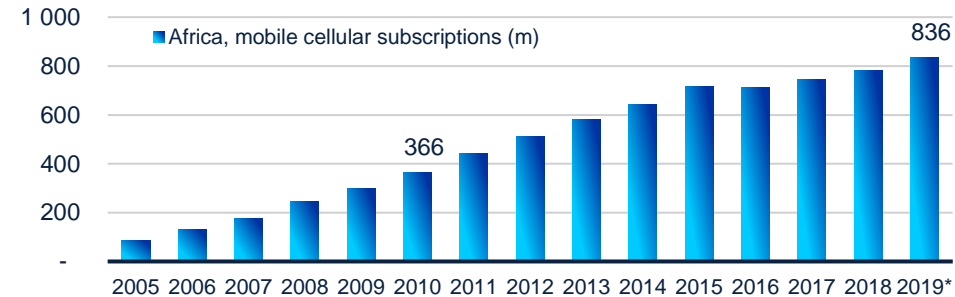
Sources: Afrobarometer; Standard Bank Research



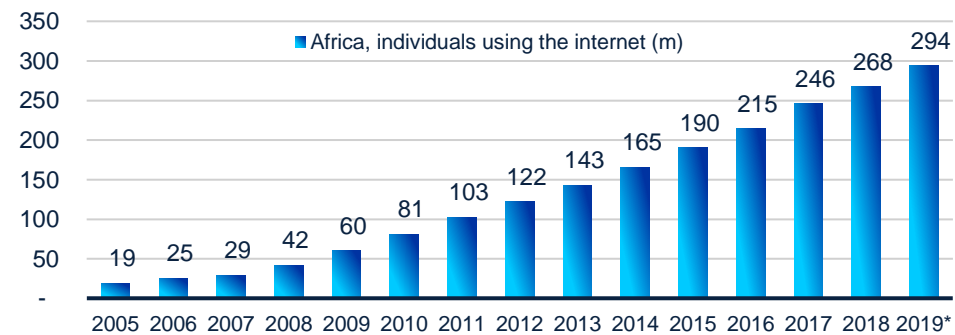
TREND 3: TECHNOLOGICAL LEAPFROGGING

Rapidly rising mobile/internet usage

400M NEW MOBILE SUBSCRIBERS IN A DECADE



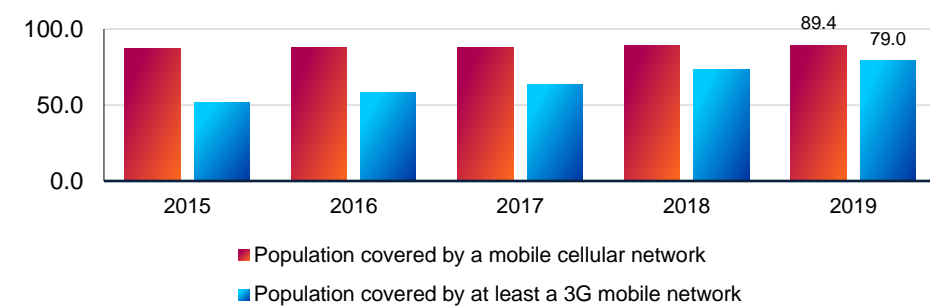
IMPROVING INTERNET ACCESS, THOUGH OFF A LOW BASE



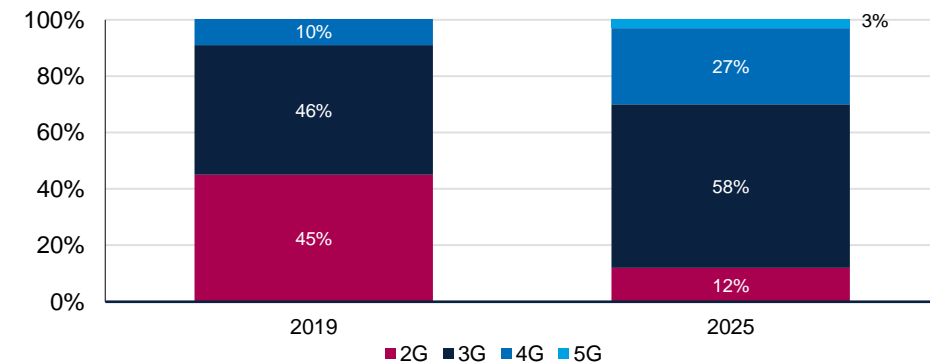
Sources: ITU; Standard Bank Research

Better coverage...

A PROFOUND RISE IN 3G COVERAGE



TECHNOLOGY MIX IN SSA*



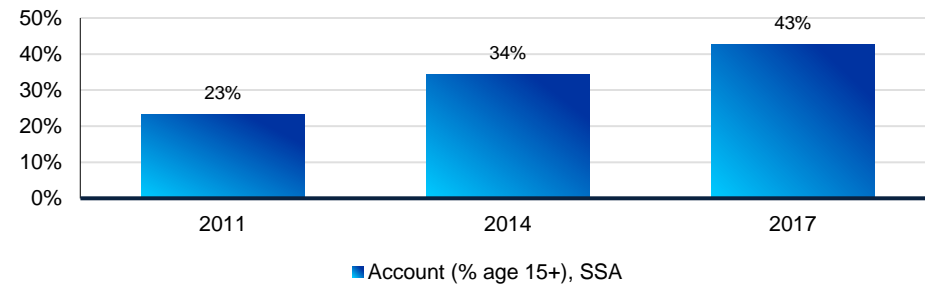
Share of mobile connections, excluding licensed cellular IoT. Sources: GSMA; SBR



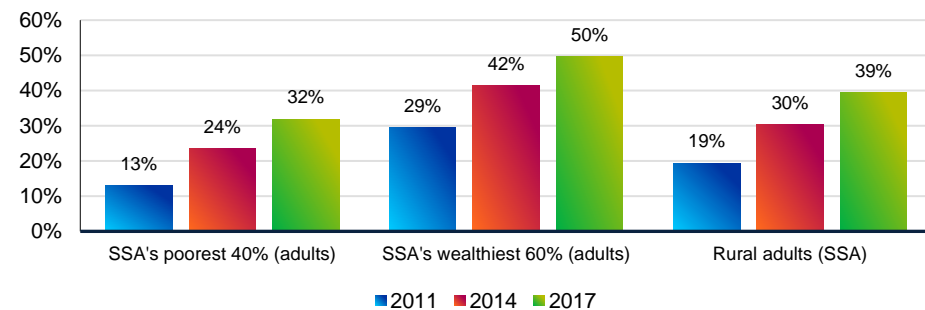
TREND 4: DEEPENING FINANCIAL INCLUSION

Steadily banking the unbanked

A DOUBLING OF ACCOUNT PENETRATION IN JUST 6YRS



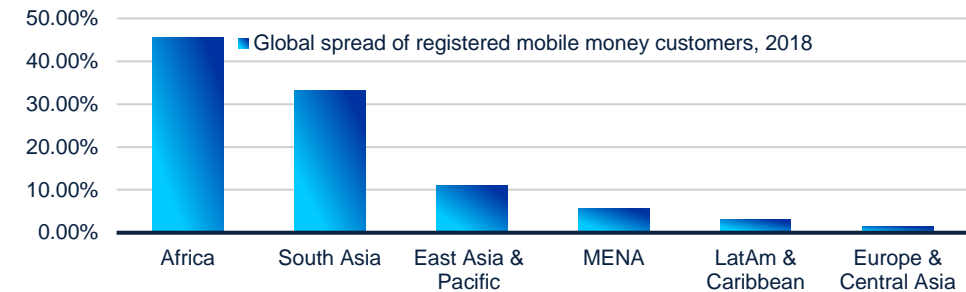
ACCOUNT PENETRATION BY INCOME GROUP



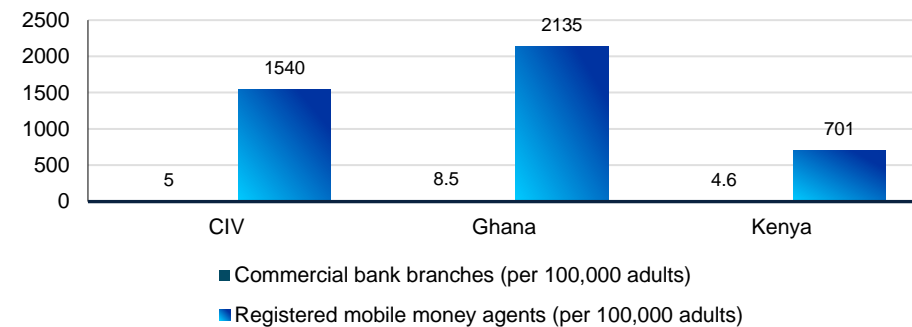
Sources: ITU; Standard Bank Research

Driven by mobile money systems

AFRICA ACCOUNTS FOR HALF OF ALL GLOBAL MOBILE MONEY ACCOUNTS



CREATIVE DESTRUCTION

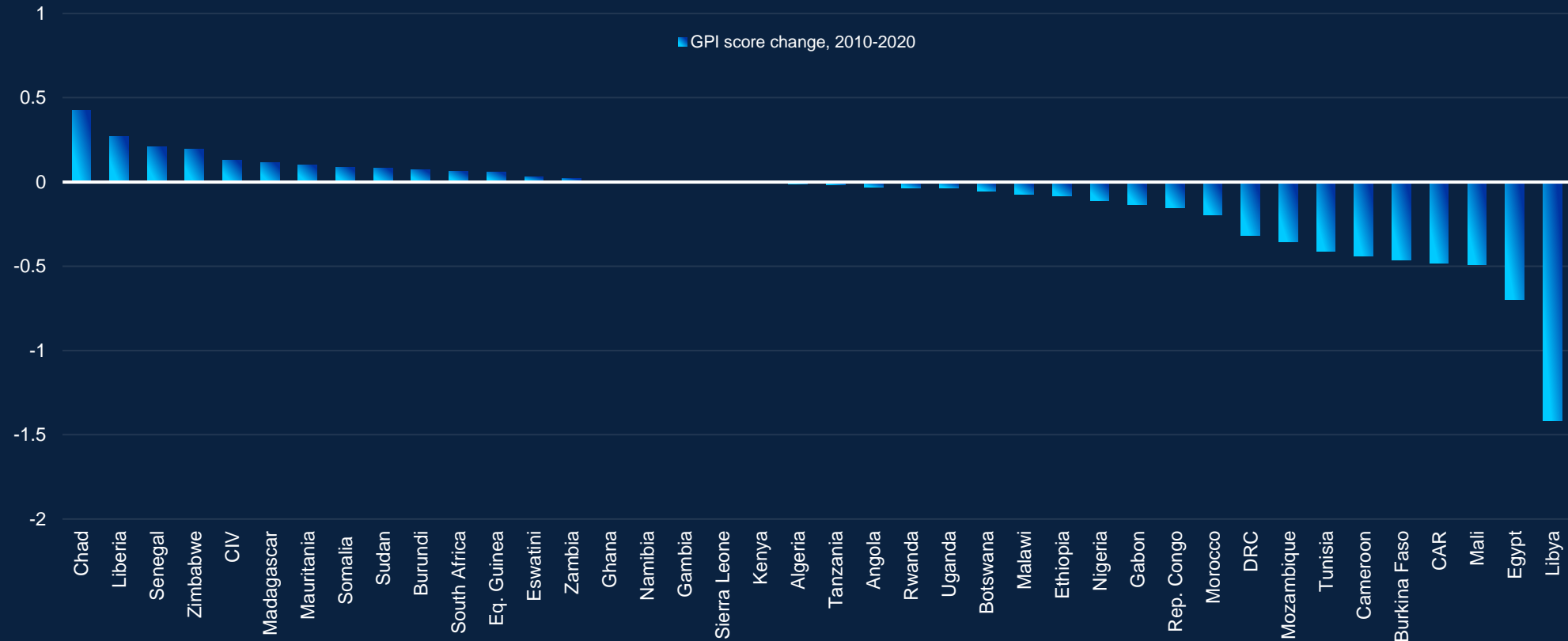


Share of mobile connections, excluding licensed cellular IoT. Sources: GSMA; SBR



TREND 5: POLITICAL AND INSTITUTIONAL CHANGE

CHANGES IN GLOBAL PEACE INDEX SCORES: SOME MODEST GAINS, AND SOME MARKED RETREATS

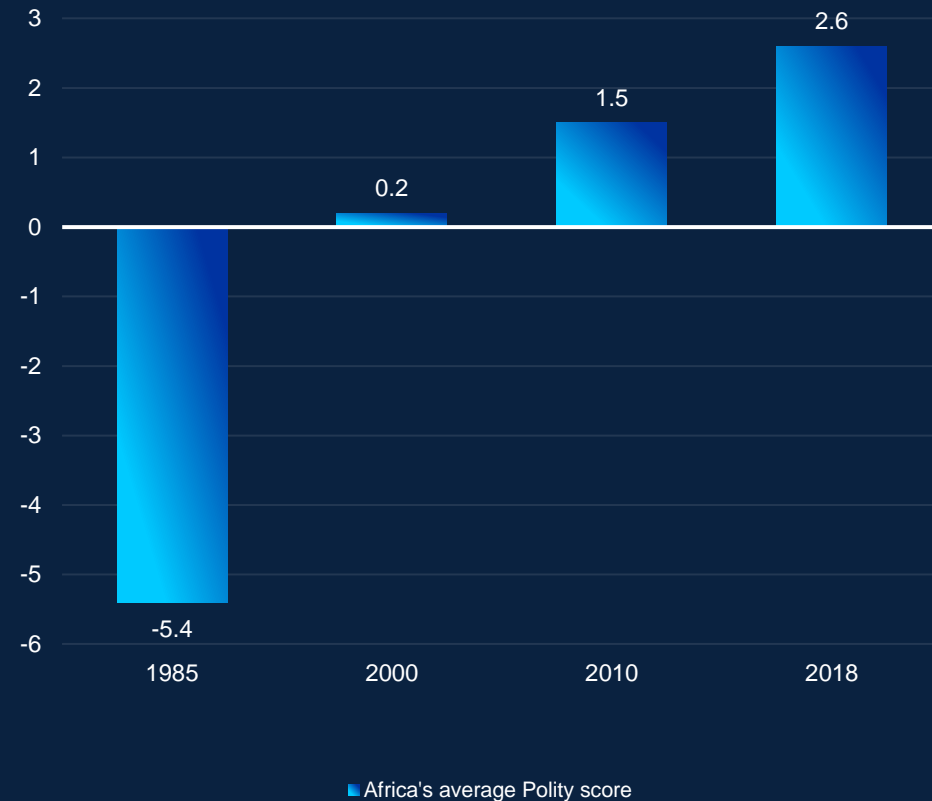


Sources: Accenture; Google/IFC; Standard Bank Research



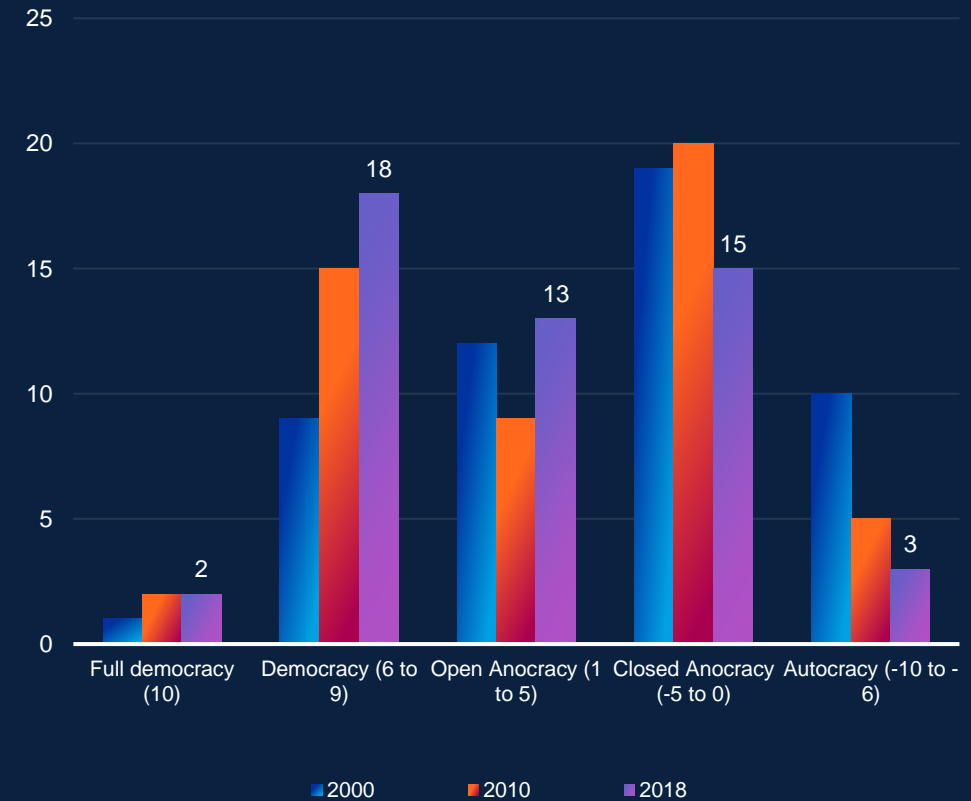
TREND 5 (CONT.): STRONG DEMOCRATIC GAINS

REMARKABLE OVERALL DEMOCRATIC GAINS



Sources: Centre for Systemic Peace; Standard Bank Research

TWICE AS MANY DEMOCRACIES SINCE 2000

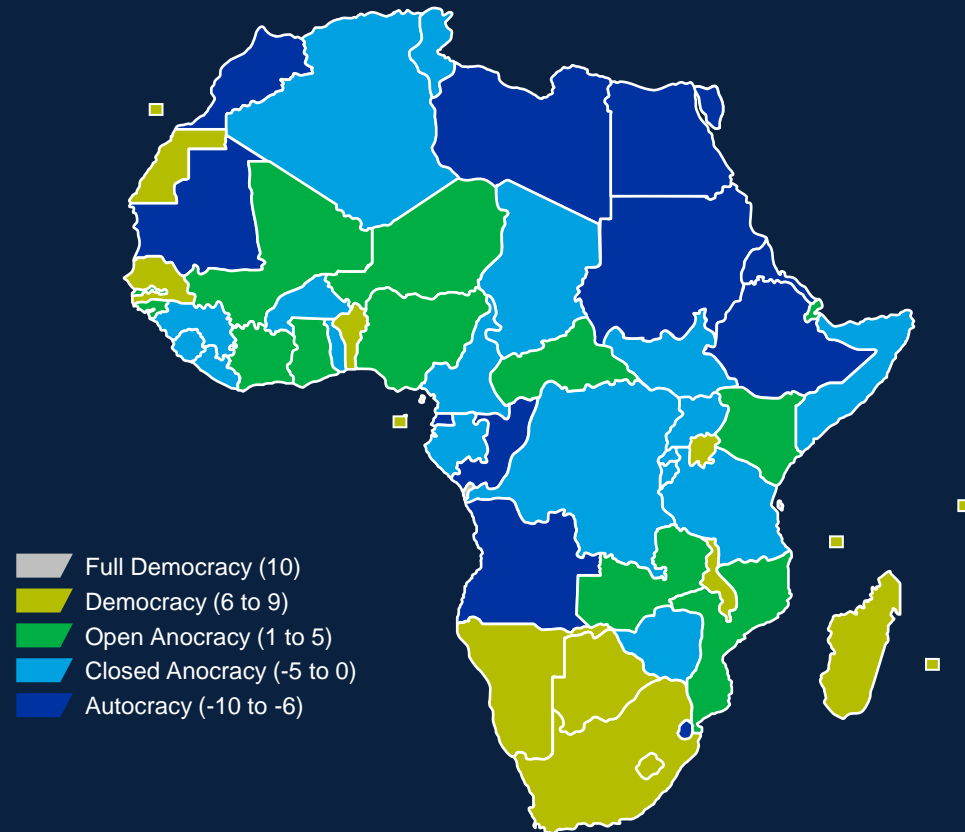


Sources: Centre for Systemic Peace; Standard Bank Research

TREND 5 (CONT.): STRONG DEMOCRATIC GAINS

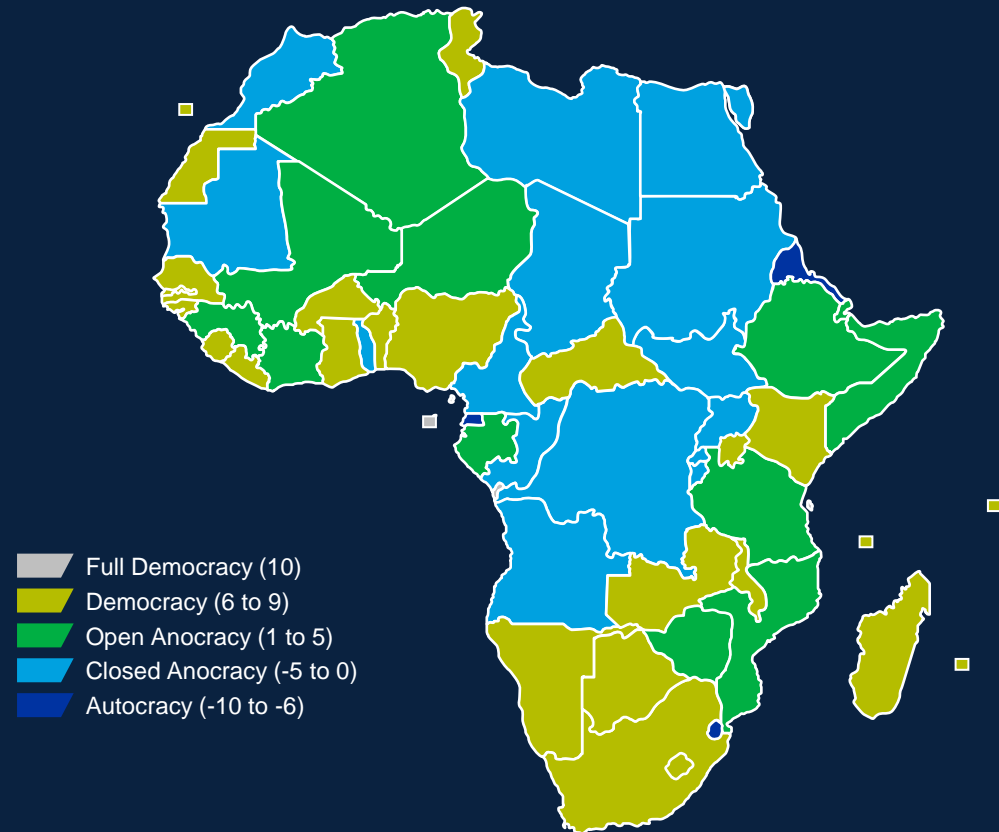


Africa's 2000 Polity map




Sources: Centre for Systemic Peace; Standard Bank Research

Africa's 2018 Polity map



Sources: Centre for Systemic Peace; Standard Bank Research

A photograph of a busy street scene in a developing country. In the foreground, a man wearing glasses, a blue shirt, and a grey blazer is walking towards the camera. He is wearing a red and black patterned face mask and has white earbuds in his ears. Behind him, a man in a blue and white striped shirt is carrying a large cardboard box on his back and wearing a pink face mask. To the right, a person is carrying a large green plastic bucket on their head. In the background, there are other people, a white car, and buildings. The scene suggests a busy, everyday life in an urban area.

Finding #2: Challenges remain deep, and divergence has accelerated

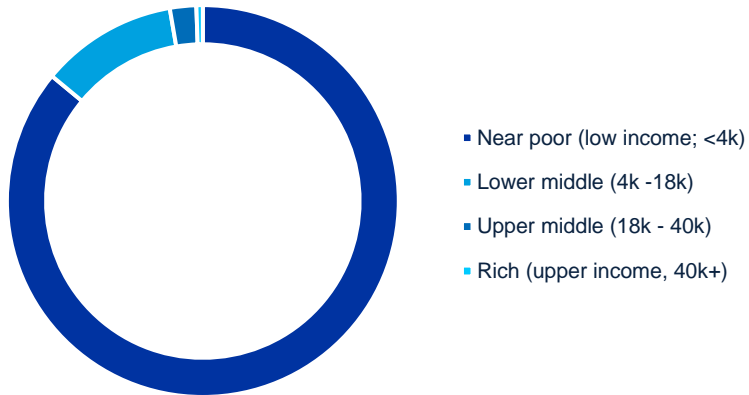
Source: Anadolu News Agency



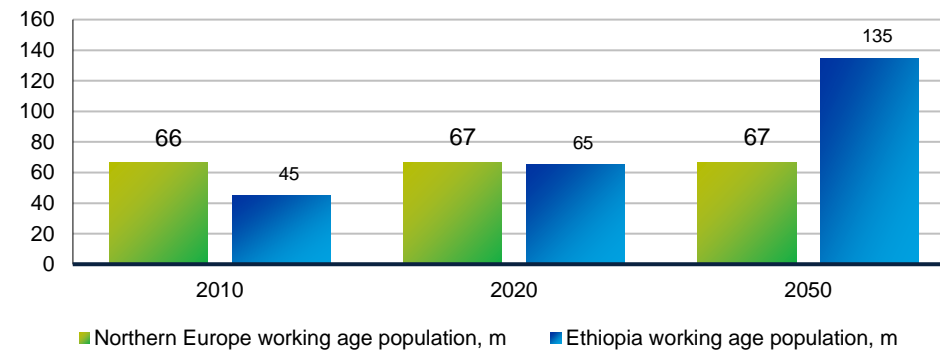
DEMOGRAPHIC CHALLENGES

Africa's low-income base

MOST HOUSEHOLDS ARE STILL LOW INCOME



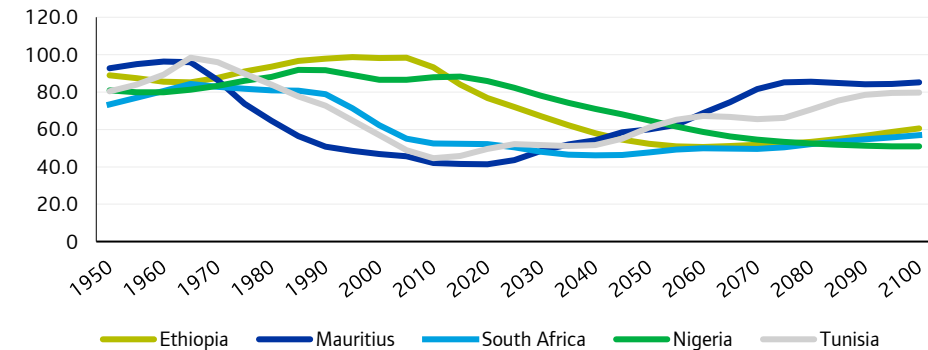
ETHIOPIA'S WORKING AGE = THAT OF EUROPE



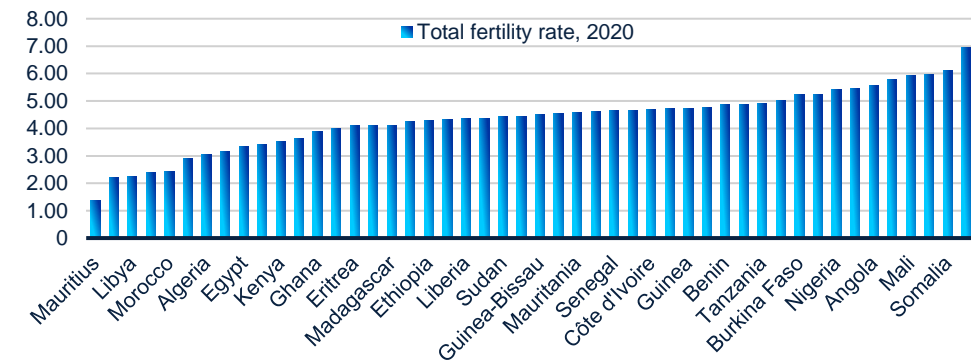
Sources: World Data Lab; UN; Standard Bank Research

Divergent institutional gains

FOR SOME COUNTRIES POPULATIONS WILL ONLY STABILIZE IN 50 YEARS



IN MANY COUNTRIES, FERTILITY RATES REMAIN EXCEPTIONALLY HIGH



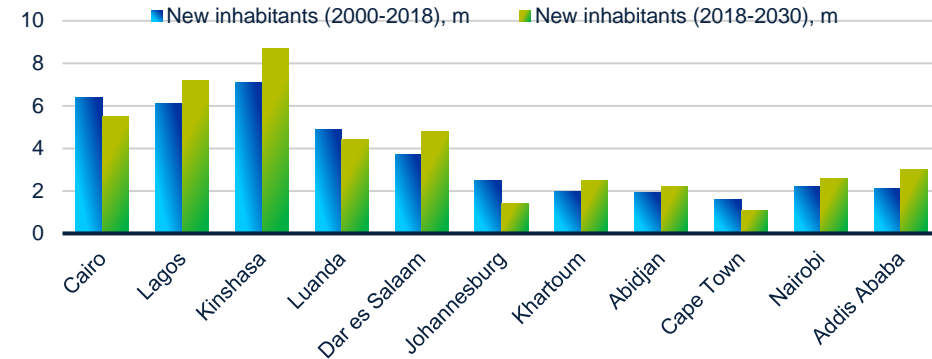
Sources: UN; Standard Bank Research



ACUTE INFRASTRUCTURE DEFICITS IMPEDE URBAN GAINS

Mushrooming urban slums

BIG CITIES ARE EXPANDING RAPIDLY

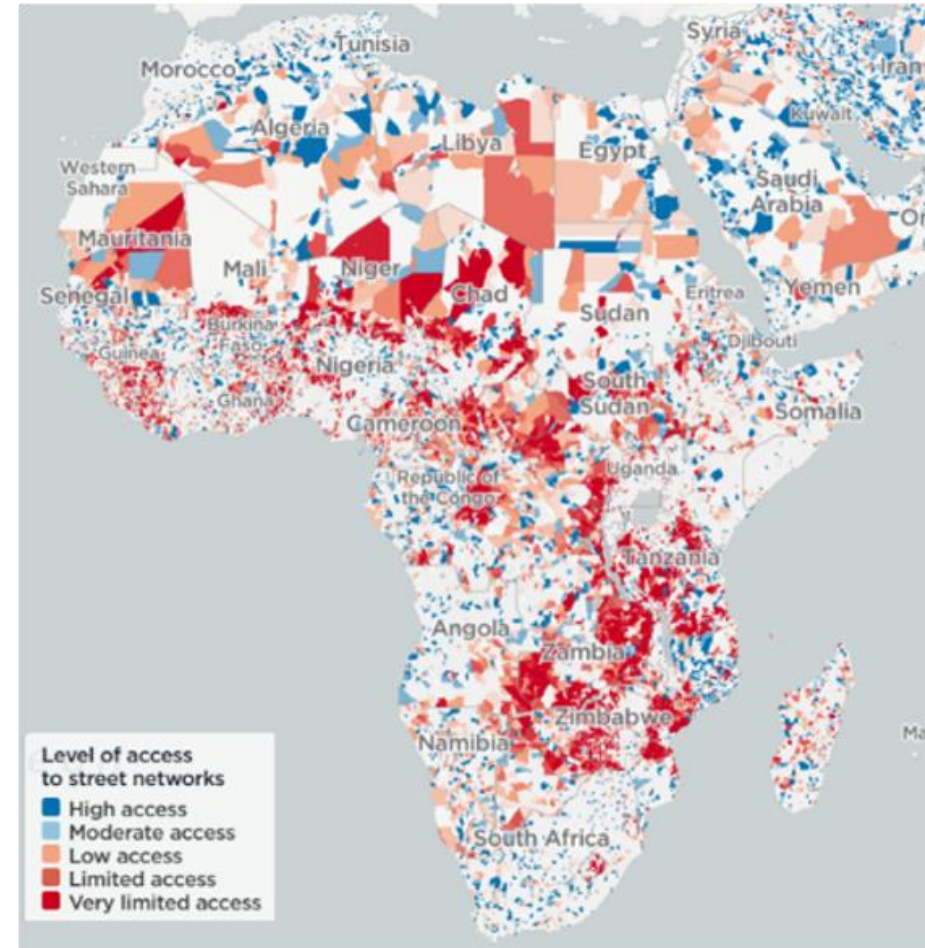


URBAN POPULATION LIVING IN SLUMS, 2018



Sources: UN; Standard Bank Research

Poor street access across much of Africa



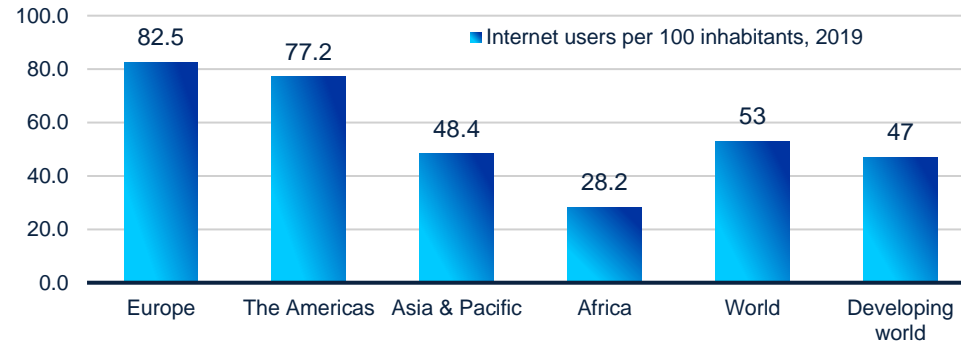
Source: University of Chicago



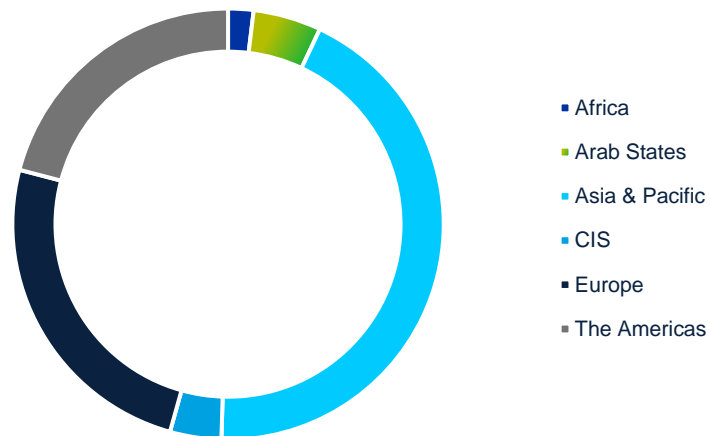
AFRICA STILL LAGS GLOBAL ICT/TECH NORMS

Most African HHs are low income

WAY BEHIND IN INTERNET USAGE



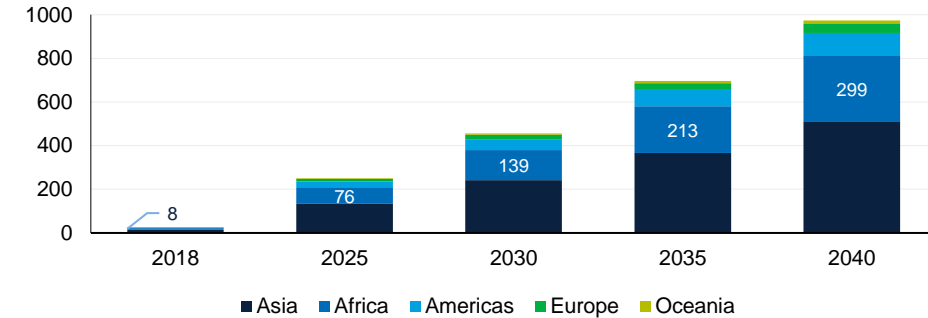
SHARE OF GLOBAL BANDWIDTH, 2019



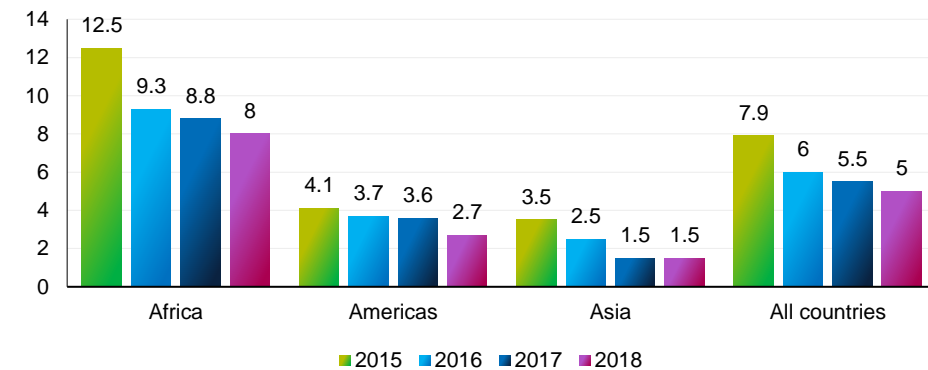
Sources: ITU; Standard Bank Research

Important institutional gains

ICT INFRASTRUCTURE GAP BY REGION, USDBN



COST OF 1GB OF MOBILE DATA AS % OF AVE. INCOME (GNI PER CAPITA)

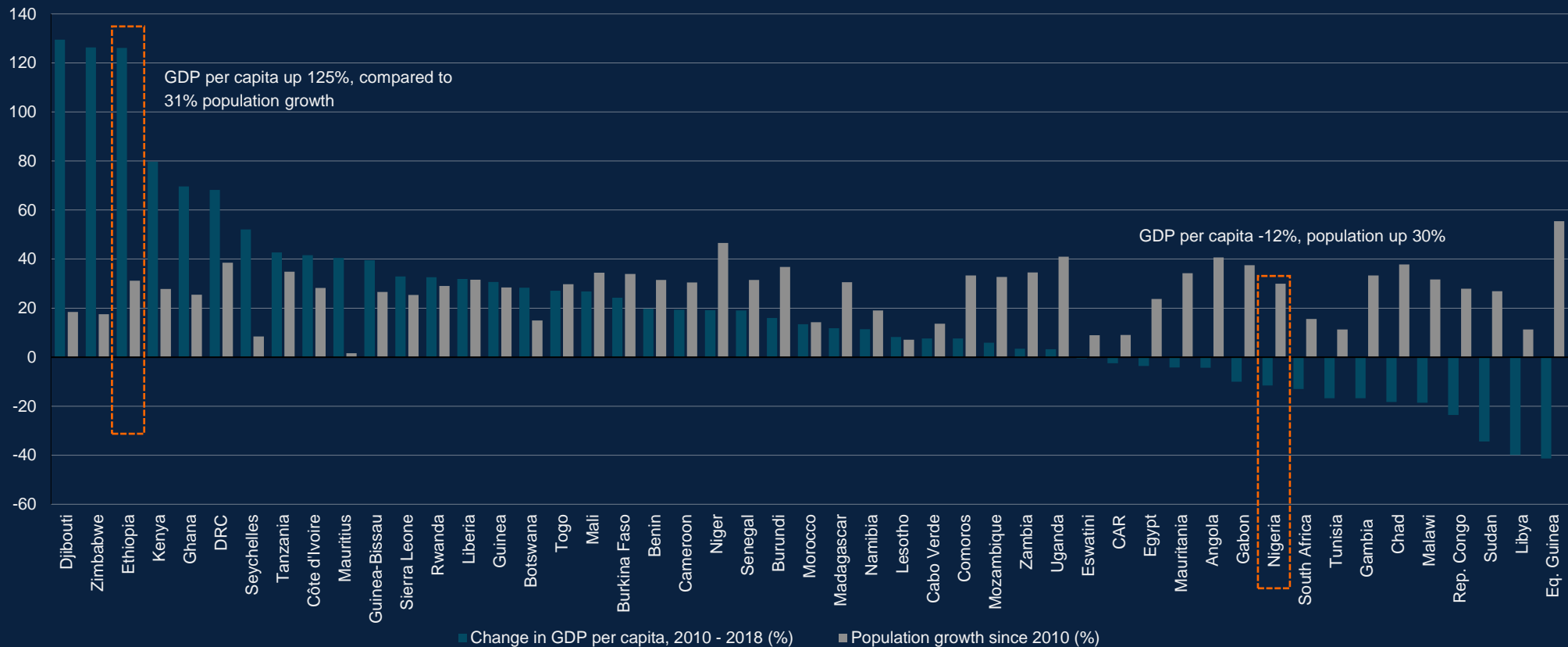


Share of mobile connections, excluding licensed cellular IoT. Sources: GSMA; SBR



PER CAPITA GDP AND POPULATION GROWTH MISMATCHES

In many economies, economic growth is inferior to population swell



Sources: World Data Lab; Standard Bank Research

Sources: UN; Standard Bank Research



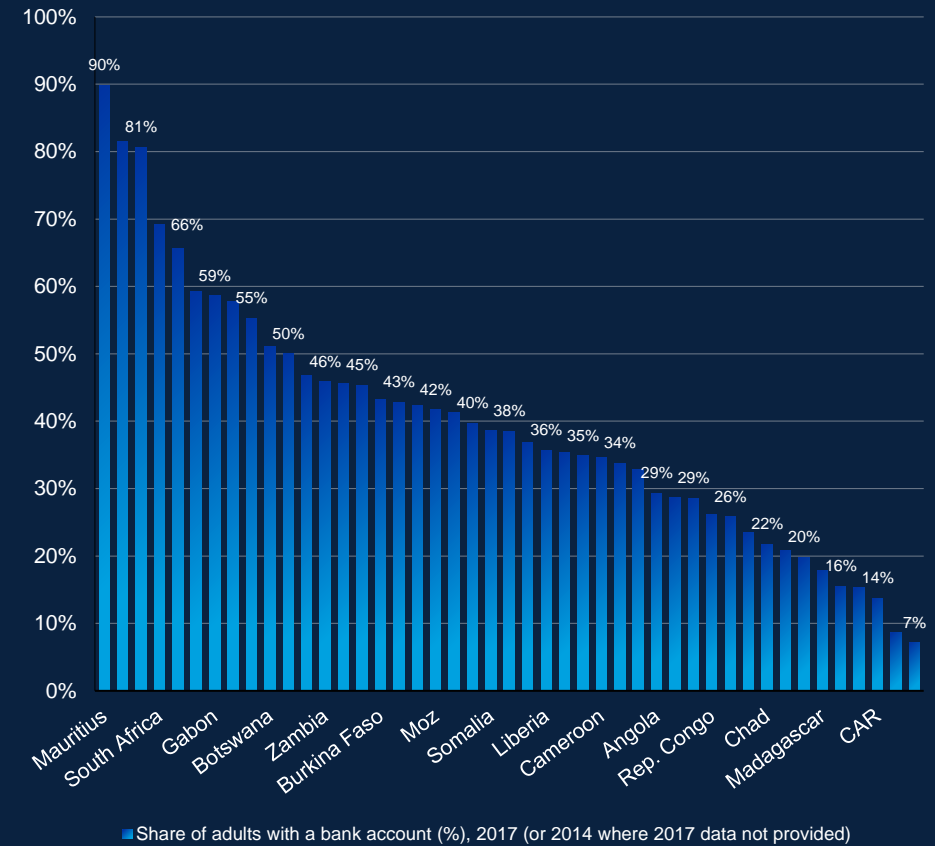
LEADING TO MAJOR DIVERGENCES

Profound gaps in consumer scale



Sources: World Data Lab; Standard Bank Research

Wide gulfs in financial access

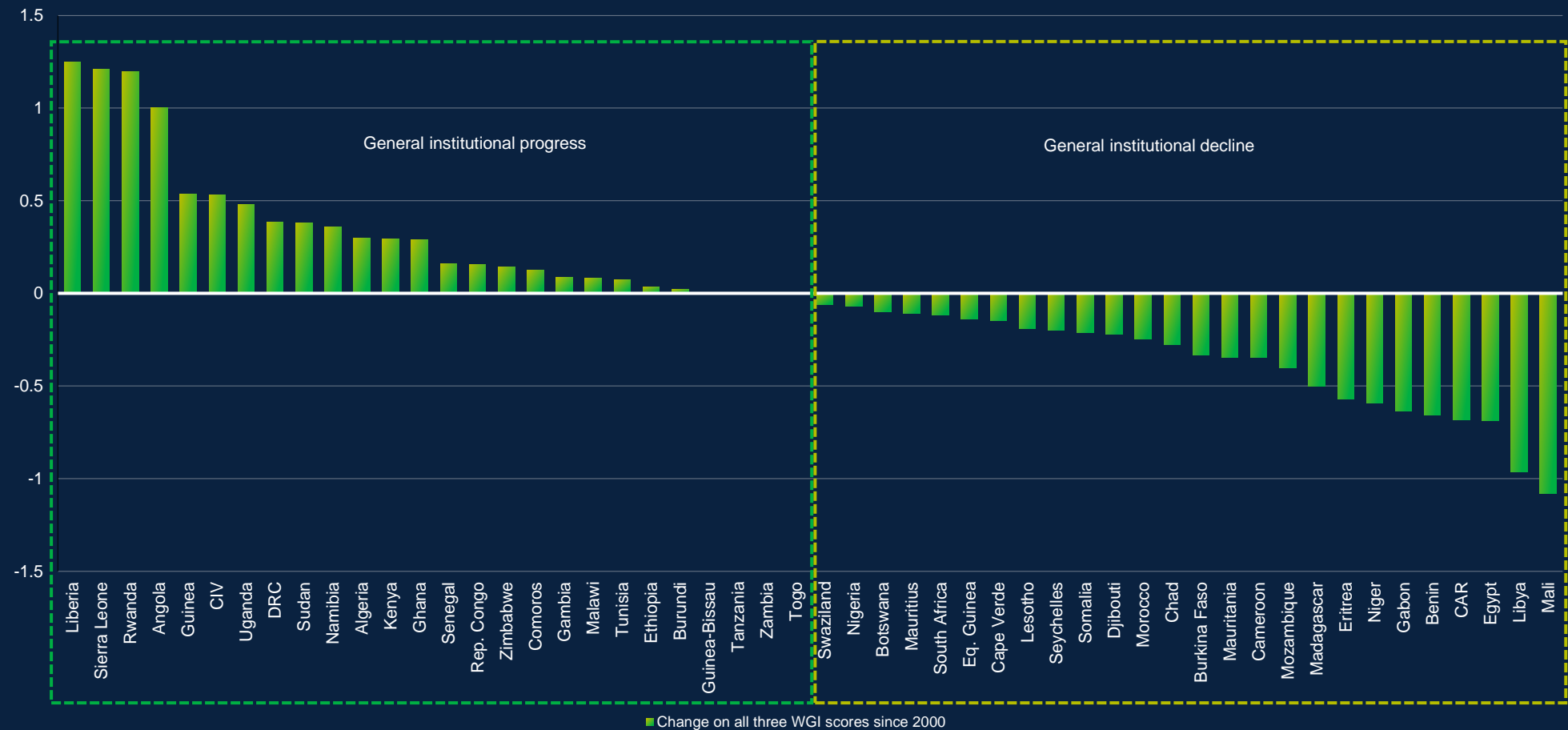


Sources: UN; Standard Bank Research



POLITICAL AND INSTITUTIONAL PERFORMANCES VARY WIDELY

Since 2000, half of the continent has progressed across all three WGI scores



Sources: Accenture; Google/IFC; Standard Bank Research



Finding #3: Of all the trends, ICT and tech developments have been most promising

Source: Juro

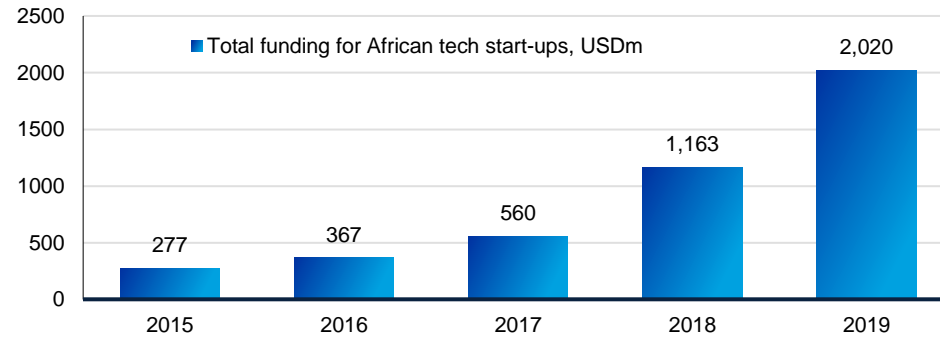




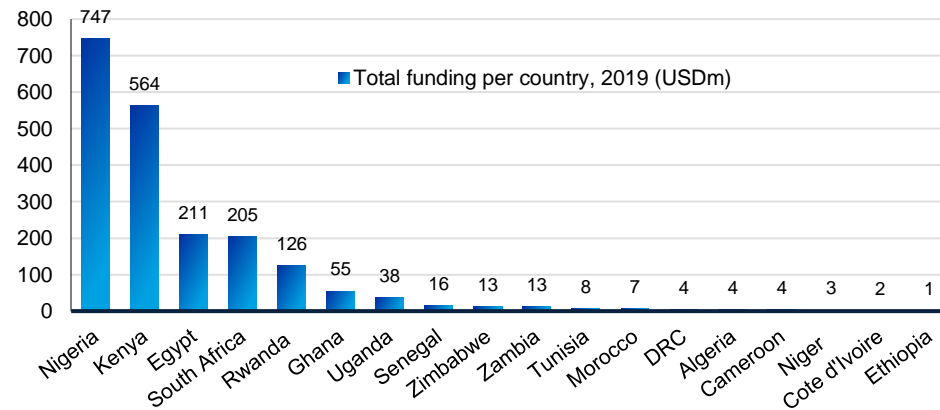
TREND 3 (CONTINUED): A TECH REVOLUTION

Tech start-up funding has been resilient

CONSISTENT GROWTH IN VC TECH START-UP FUNDING



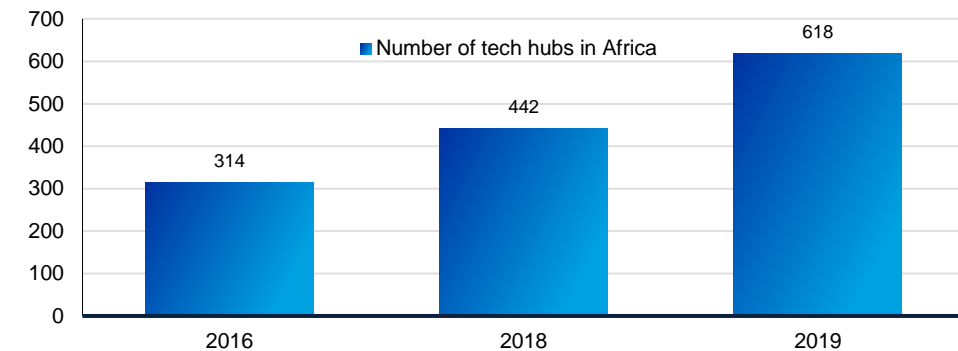
NIGERIA, KENYA, EGYPT AND SA AT THE FOREFRONT



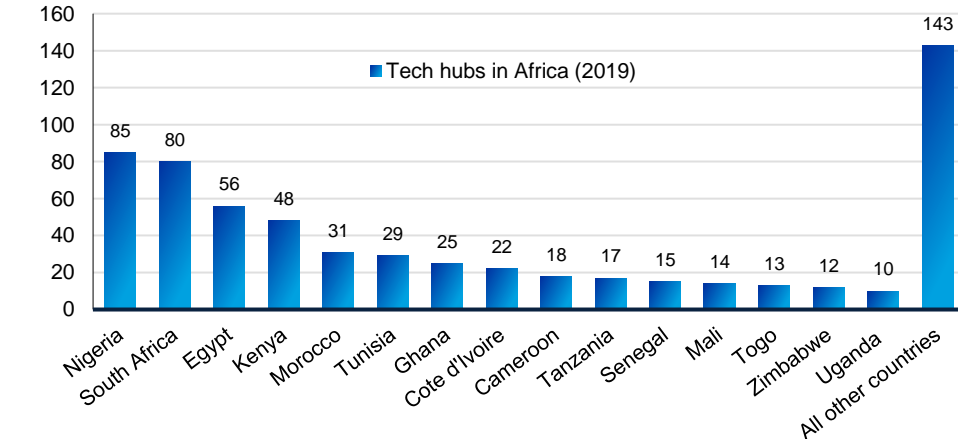
Sources: Partech Partners; Standard Bank Research

Tech hubs are driving innovation

TWICE AS MANY TECH HUBS IN 2019 AS IN 2016



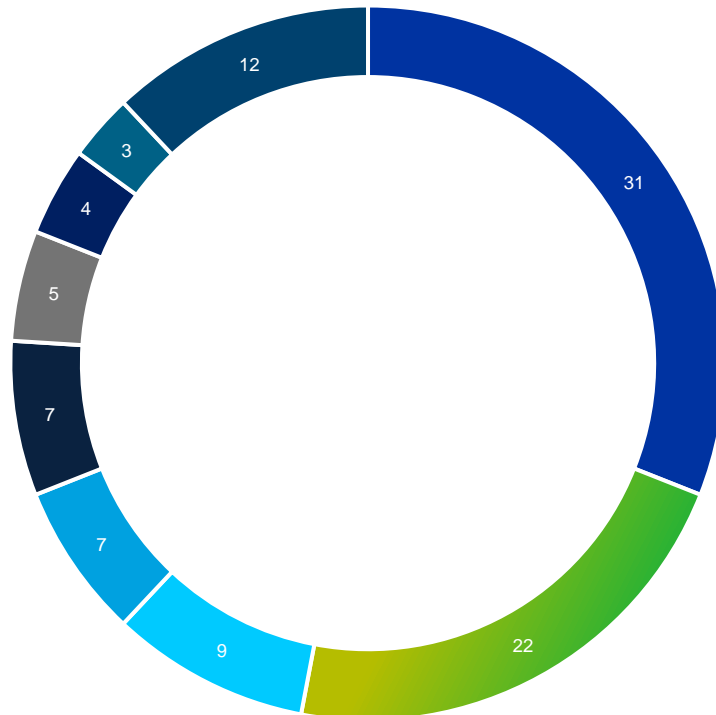
WIDE DISPERSION OF HUBS ACROSS AFRICA



Sources: GSMA; Briler Bridges; Standard Bank Research



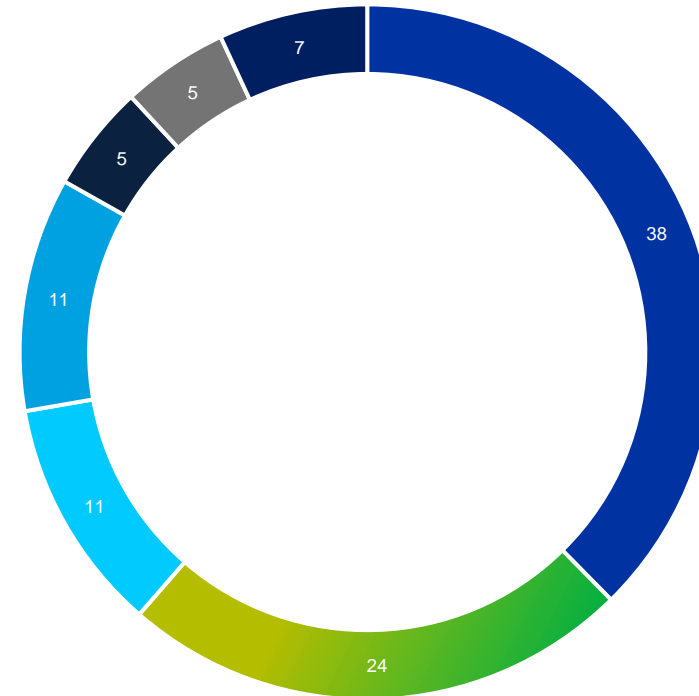
Tech funding into Africa by sub-sector, 2020



- Fintech
- CleanTech
- Health
- Agriculture
- Data & Analytics
- E-commerce
- Logistics
- Mobility
- All others

Sources: Partech Partners; Standard Bank Research

African fintech product offering mix



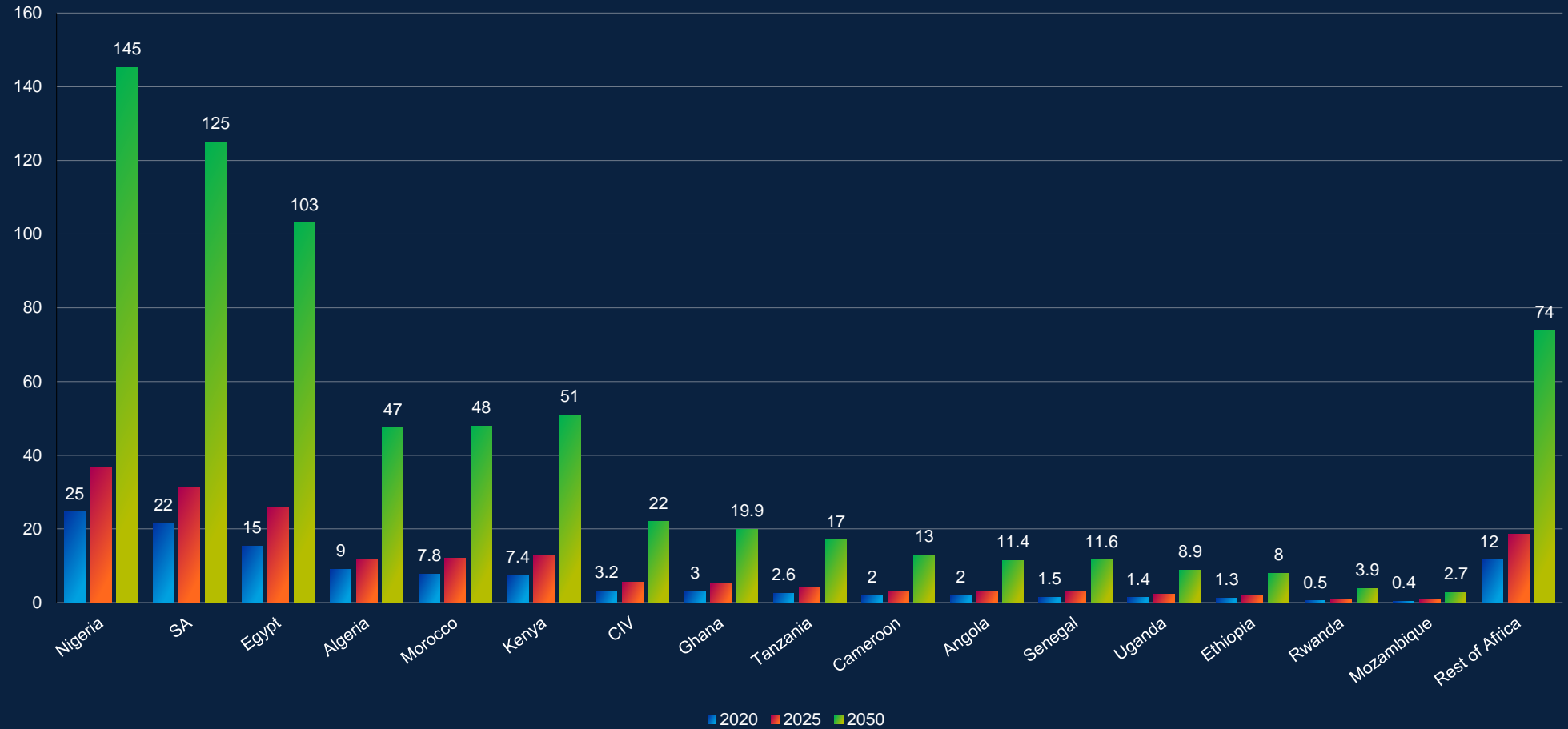
- Payments
- Lending
- Insurtech
- Investech
- Remittance
- Blockchain
- Specialised

Sources: Tellimer Research; Standard Bank Research

AFRICA'S iGDP POTENTIAL



Strong concentration in Africa's top six iGDP markets (75% of total)

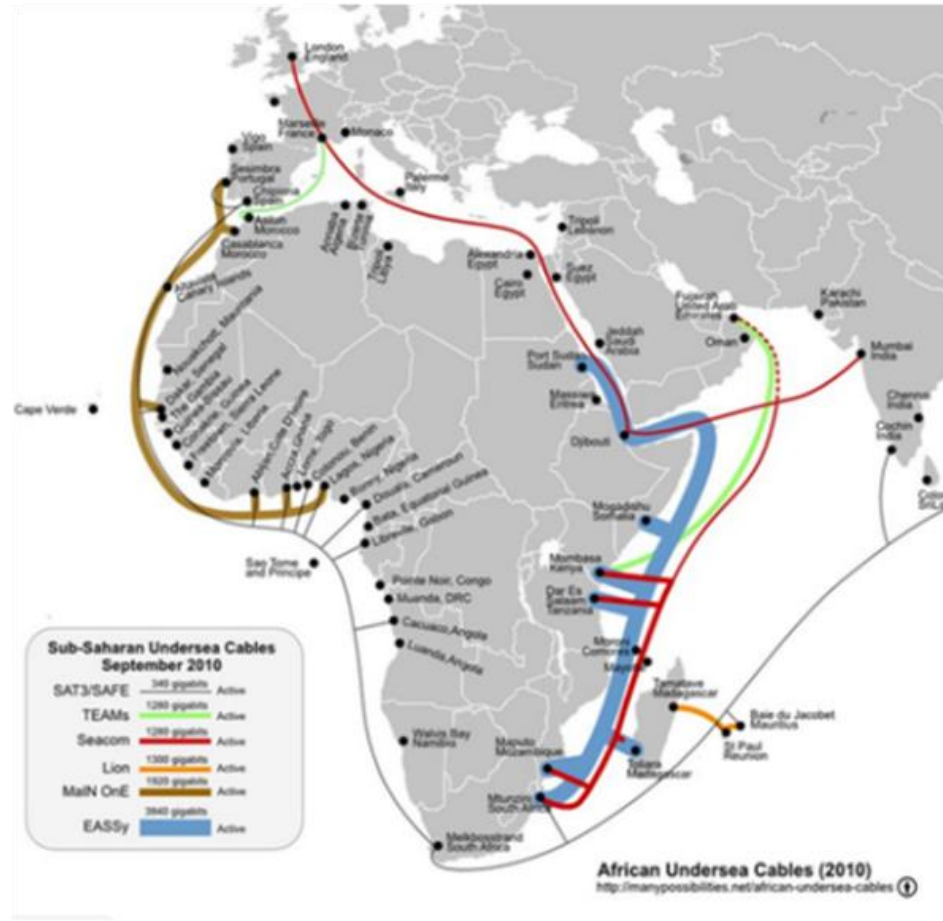


Sources: Accenture; Google/IFC; Standard Bank Research

PRIVATE CAPITAL WILL CONTINUE TO BOOST AFRICAN CONNECTIVITY

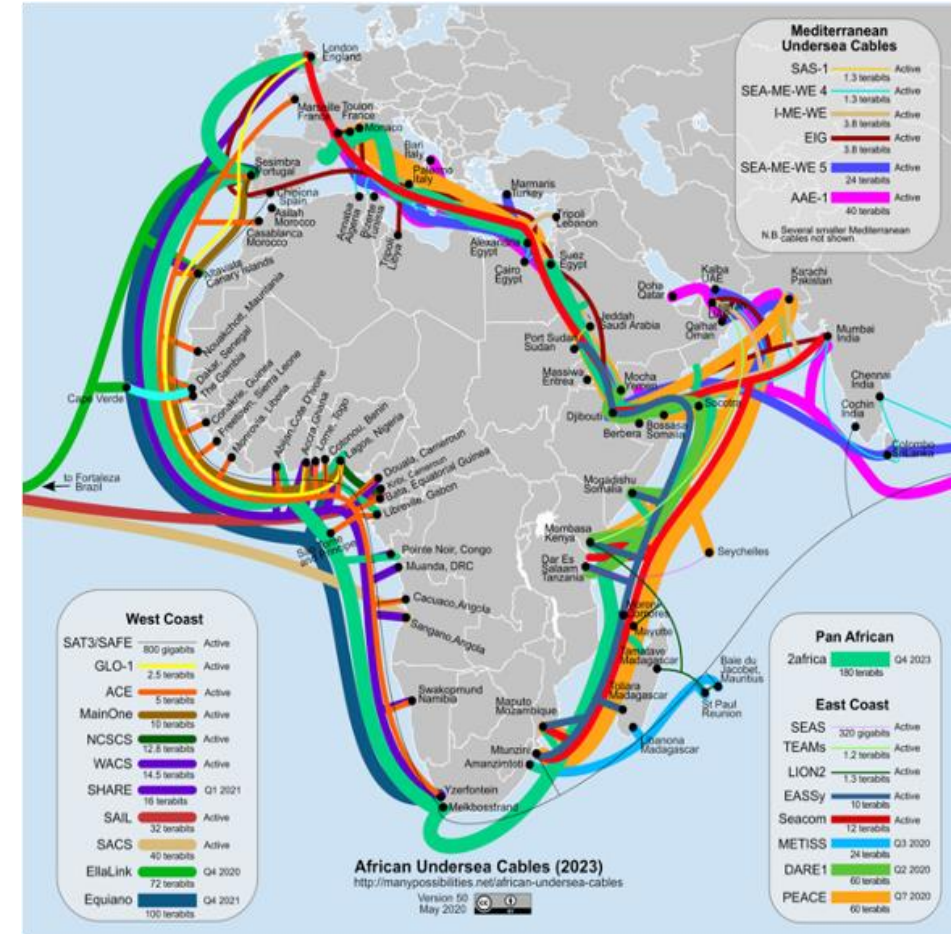


Fibre-optic cables connecting Africa (2010)



Source: manypossibilities.net

Fibre-optic cables connecting Africa (2023 est.)



Source: manypossibilities.net

SCALING SSA'S DRIVERS



	Demography	Urbanisation	Technology	Financial inclusion	Political and institutional status	Structural GDP (long-term)	Cyclical GDP (near term)
South Africa	3	4	4	4	3	2	4
Kenya	4	3	3	5	2	5	5
Ethiopia	5	2	1	2	1	5	5
Mozambique	3	3	1	3	1	4	1
Namibia	1	3	4	5	4	2	3
Tanzania	4	4	3	3	2	5	5
Ghana	3	4	4	4	3	5	5
Botswana	1	3	4	4	4	4	4
Zambia	2	3	3	3	2	3	1
Uganda	4	3	2	4	2	5	3

	Legend
1	Weak
2	Below average
3	Average
4	Strong
5	Very strong

	Legend
Demography	Population size and growth rate
Urbanisation	Share of population urbanized and rate of urbanisation
Technology	Mobile penetration and internet user rate
Financial inclusion	Share of adult population with a bank account (2017 data)
Political and institutional status	Average WGI score between Political stability, Rule of law, Democracy

	GDP
1	0 – 1.99%
2	2 – 2.99%
3	3 – 3.99%
4	4 – 4.99%
5	Above 5%

THANK
YOU

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 - 7.2 carry out statistical and other analysis to identify potential markets and trends;
 - 7.3 develop new products and services; and/or
 - 7.4 any other purpose SBR reasonably believe is required to fulfil its obligations in accordance with regulation or this agreement.
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