

Africa: the final frontier

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Africa is filled with potential and risk, and in the next decade both should provide investors with opportunity. In this report we examine how the continent may be poised to enter an unprecedented stage of economic development and how 100 companies in more than 20 countries and investors globally stand to benefit.

African investment opportunities abound

Africa presents investors with both tremendous potential and tremendous risk. We have identified 10 major investment opportunities that should remain viable for the next decade.

Upside potential remains in place ...

The African economy is expanding at rates that exceed global growth and is expected to do so for the next few years. Countries continue to monetize their natural resources such as oil and commodities, but also are attempting to diversify their economies, become more productive, and more involved in the global economy. Moreover, African companies and stock markets remain woefully underfollowed in most regions of the world creating opportunities for investors.

... but so do downside risks

A host of constraints have kept many African countries from developing to their full potential. Many of those constraints on growth remain in place and could hinder current and future prospects. The good news is that in recent years, much work has been done, and Africa's global standing on many of these issues has improved.

Table 1: African investment: the bull-bear debate

The bull case	The bear case
Under-followed African markets	War and violence
Increased investment flows and debt relief	Political issues
Economic growth	Underdeveloped legal and financial systems
Population growth and demographics	Population growth and demographics
Economic, legal and political reform	Low education standards
Agriculture, land and water	Healthcare
China	China
Emerging consumer class	Malnutrition and obesity
Secular commodity price boom	Inadequate infrastructure
Productivity miracle	Poor distribution of income

Source: Merrill Lynch International Strategy Group (ISG)

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"Thematic Investing" highlights 5-10 year investment opportunities that are suited for longer-term, risk-oriented investors.

Prior Thematic Investing Research reports

Title	Date
ABCs of digital media convergence - update	June, 2007
Agflation - update	June, 2007
Obesity: the global battle of the bulge	June, 2007
Agflation - update	May, 2007
Agflation	April, 2007
The ABCs of digital media convergence	April, 2007
The Next Space Race	March, 2007
The Fountain of Youth - update	Feb. 2007
Global Agriculture	January, 2007
Themes in the news	January, 2007
National Security: a Global Issue	October, 2006
Vaccines Get a Shot in the Arm	August, 2006
The Fountain of Youth	June, 2006

Source: Merrill Lynch ISG

ML Top 10 African investment opportunities

1. Oil
2. Commodities
3. Agriculture, land and water
4. Healthcare
5. Infrastructure
6. Telecommunications
7. Information Technology
8. Defense
9. Financial Services
10. Retail

Source: Merrill Lynch ISG

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Africa presents what could be termed “the final frontier” for investors looking toward emerging markets.

Africa: the final frontier

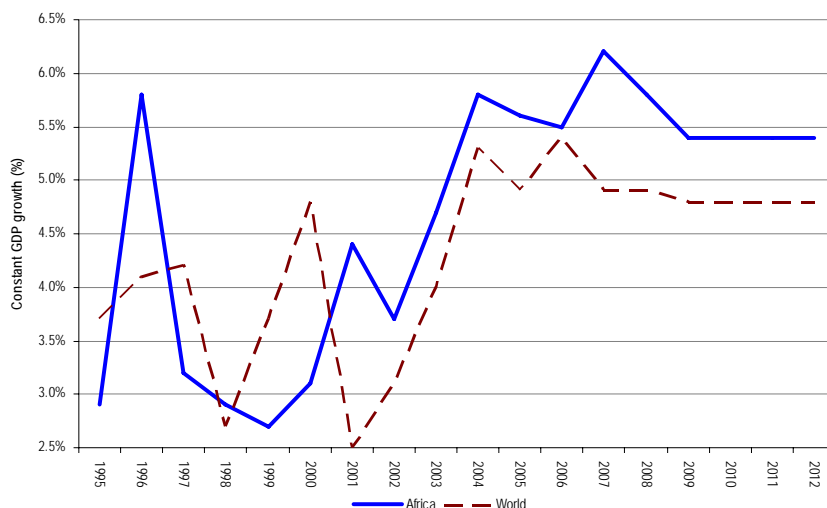
Africa remains a continent with tremendous upside potential and downside risk, in our opinion. It is filled with frontier markets. In the last few years, many of the nations in Africa benefited from the Asian economic boom, providing low-cost and abundant natural resources. In an effort to develop beyond the cyclical vicissitudes of being commodity-led economies, the United Nations developed a plan for the continent. The plan uses revenues from the commodity boom to continue to diversify the continent’s economic base from what is often solely a commodity-based export economy to more mature and integrated global economies with an emerging consumer class.

Although there have been prior periods of substantial commodity price gains that have helped fuel economic growth in the region, the continent is at an inflection point that could produce a dramatic change in its economic prospects, in our view. A confluence of factors could make this period one in which many of the nations of Africa finally develop and emerge from debt-laden, aid-financed, market-responsive commodity exporters, to market-driven diversified economies.

Emerging Africa

Given its many sources of potential growth, Africa presents what could be termed “the final frontier” for investors looking toward emerging markets. Its bountiful natural and human resources present a host of opportunities. The nations of Africa must overcome many of their past mistakes if they are to realize their economic potential and improve the daily lives of their citizens, in our view.

Chart 1: African economic growth has surpassed global growth rates since 2001



Source: ML ISG, International Monetary Fund, forecasts from IMF

According to the IMF, African growth has been outpacing world growth since the beginning of the commodity bull market in late 2001. Since that year, annual economic growth in Africa has averaged 5.0%, while overall world growth rose only 4.2%. One of the key drivers of that economic growth was the surge we saw in commodity prices. During that period of African economic outperformance, commodity prices soared. From the trough in October 2001 of 186.0, commodity prices have almost doubled to 314.0 in June 2007 (according to the CRB Spot price index). If worldwide economic growth continues to fuel demand for

commodities, prices should remain at healthy levels, continuing to support economic growth in the region. In fact, the IMF forecasts that this relative outperformance will continue: its forecast for African economic growth through 2012 is an average of 5.6%, while world growth is expected to advance only 4.8%, on average.

Table 2: Almost two-thirds of Africa's population lives in "oil-exporting" and "sustained growth" economies

Average annual GDP growth, 1996–2005 (%)							
Little or no growth countries Average: 1.3 percent 20 percent of African population		Slow growth countries Average: 3.4 percent 16 percent of population		Sustained growth countries Average: 5.5 percent 35 percent of population		Oil-exporting countries Average: 7.4 percent 29 percent of population	
Swaziland	2.8	Namibia	4.0	Mozambique	8.4	Equatorial Guinea	20.9
Kenya	2.8	Zambia	3.6	Rwanda	7.5	Angola	7.9
Lesotho	2.7	Guinea	3.6	Cape Verde	6.5	Chad	7.8
Eritrea	2.2	Niger	3.5	Uganda	6.1	Sudan	6.4
Comoros	2.0	Togo	3.3	Mali	5.7	Nigeria	4.0
Seychelles	2.0	Madagascar	3.3	Botswana	5.7	Congo, Rep.	3.5
Côte d'Ivoire	1.5	Malawi	3.2	Ethiopia	5.5	Gabon	1.7
Burundi	1.2	South Africa	3.1	Tanzania	5.4		
Sierra Leone	1.1	São Tomé and Príncipe	3.1	Mauritius	4.9		
Central African Republic	0.9			Mauritania	4.9		
Guinea-Bissau	0.6			Benin	4.8		
Congo, Dem. Rep.	0.0			Ghana	4.7		
Zimbabwe	-2.4			Senegal	4.6		
				Burkina Faso	4.6		
				Gambia, The	4.5		
				Cameroon	4.5		

Note: Data on growth rates are not presented for Liberia and Somalia, but they are included in the denominator in the calculation of population shares.

Source: ML ISG, The World Bank

Because of the rise in economic prospects in the region through 2005, The World Bank estimates that 64% of the African population lives in countries that are either oil exporters or have achieved a level of sustainable growth. This bodes well for the future of economic diversity.

The many faces of Africa

For investors to fully understand both the potential risks and rewards Africa provides, this section is intended as a brief economic introduction into the region.

Africa is filled with many rewards and much risk.

What is Africa? Africa is a continent filled with abundant natural resources, people, and economies poised and ready to advance to the next stage of economic development. To summarize the economic underpinnings of a continent of more than 50 countries is difficult, especially one as diverse as Africa. In an effort to present our views on Africa's potential, we look at some of the major economic opportunities and obstacles Africa faces.

Across Africa, groups of countries exploit a variety of economic opportunities. While the continent is rich in resources, historically many of its countries have not been able to capture the riches from the sale of those products. Part of the future vision for Africa is to continue to capture revenues from commodity sales, then to diversify that money by developing other industries. The goal is to attain wealth that can be more evenly distributed and economic growth that is less reliant on the volatile swings of the global commodity cycles.

Table 3: Few African countries possess wealth

Highest GDP per capita by country (US \$, 2004)	
1 Botswana	5,073
2 Mauritius	4,889
3 South Africa	4,675
4 Namibia	2,843
5 Swaziland	2,140
6 Morocco	1,678
7 Angola	1,258
8 Congo	1,118
9 Egypt	1,085
10 Cameroon	897
US	39,883
G-7 Median	33,896

Source: ML ISG, UN Human Development Report 2006.

Table 4: Northern oil countries are wealthier

Real GDP per capita	2004
Africa	\$ 771
North Africa	\$ 1,879
South Africa	\$ 541

Source: ML ISG, The World Bank

Table 5: Distribution of income is a problem

Ratio of Richest 10% to Poorest 10%	
1 Namibia	128.8%
2 Lesotho	105.0%
3 Sierra Leone	87.2%
4 Botswana	77.6%
5 Central African Rep.	69.2%
6 Swaziland	49.7%
7 Niger	46.0%
8 South Africa	33.1%
9 Mali	23.1%
10 Malawi	22.7%
US	15.9%
G-7 median	9.4%

Source: ML ISG, UN Human Development Report 2006.

The UN ranks countries for their level of human development in its Human Development Index (HDI). Using the 2006 data, Africa is weak. Of the 31 countries identified by the UN as “low” in terms of human development, 28 are African. Only 12 African countries were labeled as “medium” in terms of human development, and only one (Mauritius) reached the lofty status of “high”.

In looking at per capita GDP measures, it is apparent that not many African nations are wealthy. Almost two-thirds of African countries remain below the \$2,000 level for per capita GDP, despite the commodity price boom we have witnessed for the last several years. Despite the rise in incomes in the region, even the wealthiest African countries are still far below developed-country standards, and only four are above the \$2,400 threshold the UN sets as “middle income” status for a country.

It is interesting to note that all four of those countries – Botswana, Mauritius, South Africa, and Namibia – are in the southern part of the continent. None of those four countries are oil exporters and only two, Botswana and Namibia, generate sizeable income from mining operations. In that region, South Africa is one of the most developed countries in Africa and represents its largest economy. It is a financial, consumer, and tourist center as well.

In central Africa, the largest economy and one of the fastest growing is Nigeria. The country is an oil and agricultural products exporter and is also rapidly expanding its financial center.

Regionally, Northern Africa is very wealthy because many of those countries are oil exporters. Libya, Algeria, and Egypt are major oil exporters, possessing 51% of Africa’s proven oil reserves. Also, Egypt and Morocco have growing financial markets that are attracting capital to the region. In the North, real per capita GDP is almost four times that of the countries in the southern region (Table 4). According to the World Bank, the five countries of the North (Algeria, Egypt, Libya, Morocco, and Tunisia) all boasted real per capita GDP above \$1,000 in 2004.

Another major problem is that, despite the recent growth, incomes in most of Africa are low and not evenly distributed. The UN’s Human Development Report measures income disparities using what it calls “inequality measures”. According to the UN this index shows “the ratio of the income or expenditure share of the richest group to that of the poorest”. In this instance we are measuring the top 10% income share less the poorest 10% income share (Table 5). The income disparities in Africa are stark and much higher than we see in the US or in the G-7 countries.

For a middle class to emerge throughout Africa, income inequality must be improved. Africa, unfortunately, is filled with income inequality issues. Even a fairly developed economy like that of South Africa has an income inequality measure of more than 33%, which is more than twice that of the US and more than three times that of the G-7. Income inequality is even a problem for the poorer countries in Africa. The 10 poorest countries in the world – all African – have an average income inequality measure of about 32%.

One of the key sources of wealth in Africa is oil. The continent boasts 8% of the world’s proven oil reserves, putting it ahead of Asia and Latin America (Table 6). While there are 12 oil exporting countries in Africa, the bulk of the reserves – almost 86% – are held by four countries: Libya, Nigeria, Algeria, and Angola.

Table 6: Africa is a major player in global oil

	Worldwide oil reserves (billions of barrels)	Percent of African total	Percent of world total
North America	213.3		14.9
Central & South America	102.8		7.2
Europe	15.8		1.1
Eurasia	98.9		6.9
Middle East	739.2		51.6
Asia & Oceania	33.4		2.3
Africa	114.1	100.0	8.0
Libya	41.5	36.3	2.9
Nigeria	36.2	31.8	2.5
Algeria	12.3	10.8	0.9
Angola	8.0	7.0	0.6
Sudan	5.0	4.4	0.3
Egypt	3.7	3.2	0.3
Gabon	2.0	1.8	0.1
Congo	1.6	1.4	0.1
Chad	1.5	1.3	0.1
Equatorial Guinea	1.1	1.0	0.1
Cameroon	0.4	0.4	0.0
Tunisia	0.4	0.4	0.0
Other	0.4	0.4	0.0
Worldwide	1,431.5		100.0

Source: ML ISG, Energy Information Administration

Wealth is not limited to oil in Africa as only four of the 10 highest per capita GDP countries on the continent are oil exporters. Other countries possess natural resources like gold, silver, platinum and various other commodities that have filled government coffers.

Table 7: African diamond production

Country	US\$ (billions)
Botswana	3.2
South Africa	1.6
Angola	1.5
Congo	0.8
Namibia	0.7
Other	0.6
Total	8.4

Source: ML ISG, World Diamond Council

Diamonds, for example, are a major source of revenue for Africa. African nations produce about \$8.4 billion per year in revenues from diamond mining (Table 7). It is not surprising to note that the top five diamond exporters on the continent also happen to be five of the top 10 wealthiest African countries, as measured in per capita GDP (Table 3). In Namibia, for example, 40% of export earnings come from the diamond business. Silver is another precious commodity that is a major source of revenue. It is produced in Zimbabwe, South Africa, and Nigeria; copper is mined in Zambia and Mauritania.

Another source of economic growth is food as many African nations are agricultural exporters. In fact, agriculture is a main source of revenue for many African countries. Even though food production has been a vital industry for many countries, it has not provided the windfall profits that other industries have. Of Africa's top 10 food producers, only three also appear on Table 3, which lists the countries with the highest per capita GDP.

Table 8: Agricultural capacity can expand in Africa

Agriculture value added in 2004 (Constant prices, 2000 US\$ millions)		
Country	Value	% of African total
1. Nigeria	14,392	14.2
2. Morocco	6,053	6.0
3. Sudan	5,943	5.9
4. Algeria	5,178	5.1
5. Tanzania	4,604	4.5
6. Cameroon	4,393	4.3
7. Kenya	4,024	4.0
8. South Africa	3,923	3.9
9. Ethiopia	3,247	3.2
10. Tunisia	2,931	2.9
Africa	101,399	
North Africa	33,896	
Sub-Saharan Africa	67,503	

Source: ML ISG, The World Bank African Development Indicators, 2006

Africa is filled with opportunity and a diverse resource base that can provide sufficient stimuli for economic growth so that the region should continue to thrive for many years. Following are the top 10 investment opportunities that we feel will emerge in the next decade.

Top 10 African investment opportunities

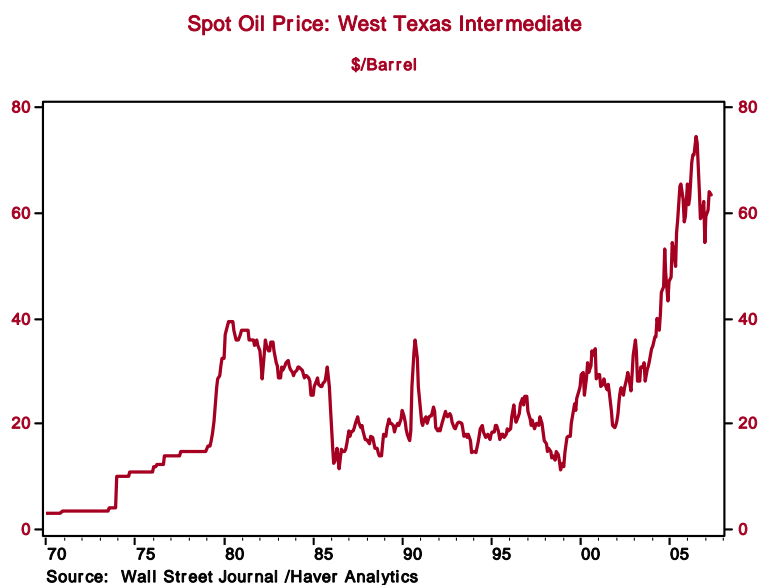
Our top 10 African investment opportunities range from the current commodity-based export economy to efforts related to the development and expansion of local consumer markets. It also includes a list of problems plaguing the continent that have constrained economic growth for decades. For the vision of a globally integrated Africa to be realized, these obstacles must be overcome, and the attempts to do so present investment opportunities as well.

The region is awash in oil.

1. Oil

Oil prices have more than tripled since bottoming in late 2001. Solid global economic growth combined with higher prices dramatically boosted revenues for oil exporting countries. Oil exporting nations have grown rapidly. In fact, their economic growth has consistently outpaced that of other African countries throughout this period. The region is awash in oil: reserves in the West African countries alone have been estimated at about 110 billion barrels, which, if proven, would be on a par with Iraq and more than Kuwait.

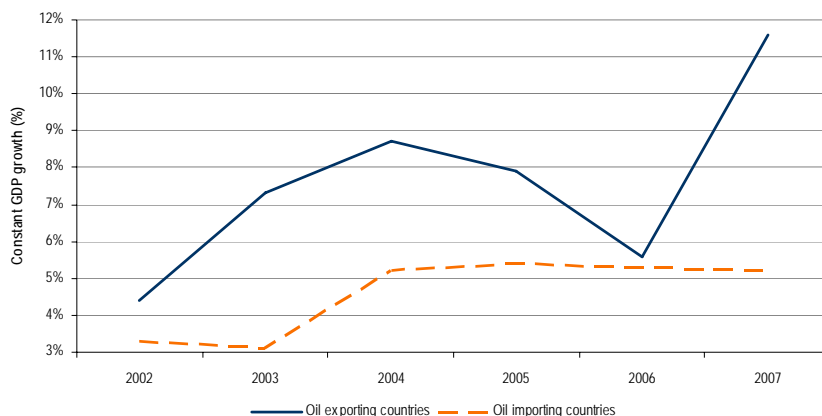
Chart 2: Soaring oil prices have boosted revenues



Source: ML ISG

Oil is a major source of revenue for many countries and the region as a whole. Oil exporting countries in Africa have outperformed oil importing countries in terms of GDP growth rates (Chart 3). Throughout the 1997-2001 period oil exporters grew 1.4 percentage points faster than oil importers. In 2002-2007, the IMF data suggest that they will grow 3.0% faster each year.

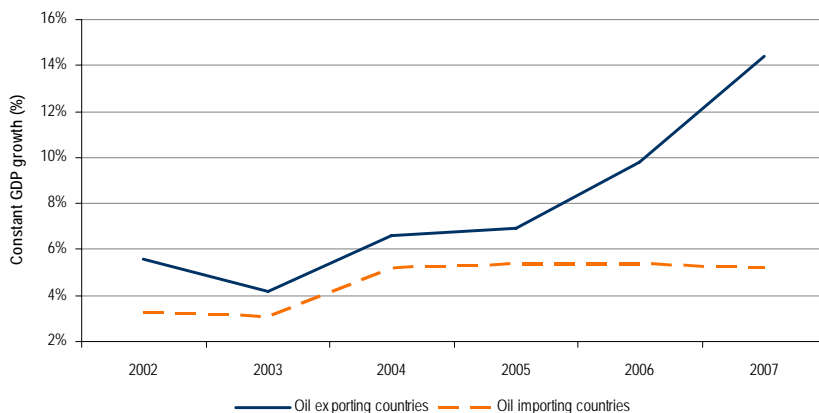
Chart 3: In Africa, oil exporters continue to grow more rapidly



Source: ML ISG, IMF

Moreover, increased oil revenues had a multiplier effect on the oil exporting economies. The IMF estimates that non-oil economic growth in oil exporting countries outpaced non-oil economic growth in oil importing countries by 3.3 percentage points since 2002.

Chart 4: Oil revenues have boosted non-oil growth for oil exporters as well.



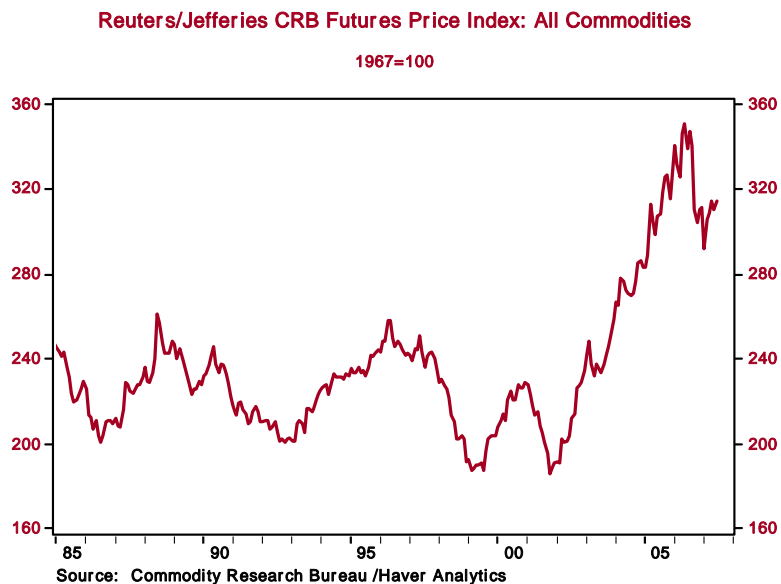
Source: ML ISG, IMF

Commodities have provided Africa with economic growth.

2. Commodities

The global infrastructure build-out, led by China and India, is keeping demand strong for all types of commodities. Since late 2001, when the commodity price boom began, commodity prices have almost doubled.

Chart 5: Commodity prices have been rising since late 2001

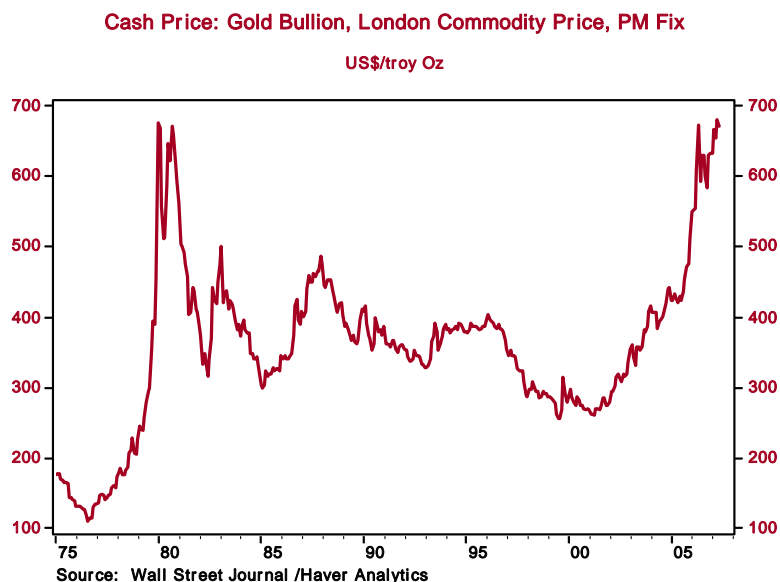


Source: ML ISG, Reuters-CRB Commodity Index Report

The commodity price boom has taken place in several key areas.

- The price of commodities linked to building activities such as copper, aluminum, and nickel have boomed along with the global infrastructure build.
- Gold, silver, platinum, and other prices of precious metals have risen in the last few years.
- Agricultural prices have appreciated more recently, and could remain high than expected for a while given the constraints on supply and the changing nature of global demand for agricultural products.

Chart 6: Higher gold prices have also boosted revenues



Source: ML ISG

There are vast amounts of underutilized land that could be put to use relieving what has become a constraint on global food production – arable land.

3. Agriculture, land and water

Africa is one of the largest continents in the world with an estimated 24.3 million square kilometers, almost one-quarter of the world's land. There are vast amounts of underutilized land that could be put to use relieving what has become one of the key constraints on global food production – the lack of arable land. This could present an opportunity for many African nations as the need to produce and export food may become a more pressing need in the future.

As proof of the need to develop agricultural resources in Africa, the World Bank recently announced a \$500 million project for the development of the Niger Basin Water System and surrounding ecosystems. The project will take place over the next 12 years and will develop the Niger Basin for Nigeria, Benin, Mali, Guinea, Burkina Faso, Cameroun, Chad, and Cote d'Ivoire. The project is designed to achieve sustainable water resources and improve water resources productivity.

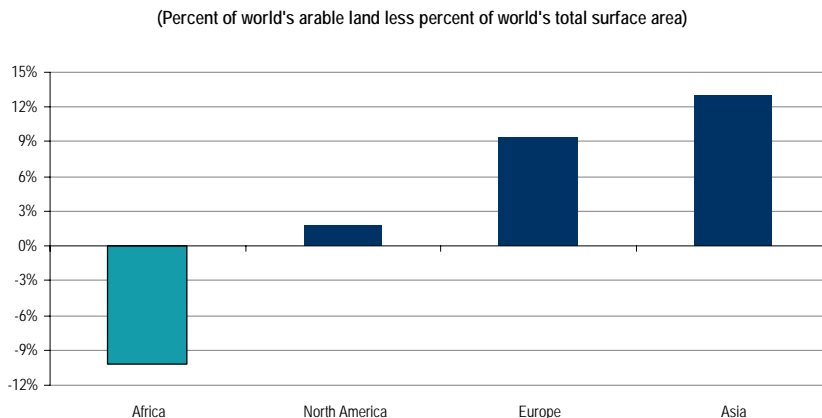
The world continues to struggle with constraints on food production and a lack of arable land. Africa, with its abundant land, could become a major food exporter, especially to countries like China that are struggling to feed their people and should become major food importers in the next decade.

Africa has tremendous potential in the business of agriculture, in our view. According to the UN's Food and Agricultural Organization, since 1980 Africa has averaged 12% of the world's arable land. However, the continent accounts for 23% of the world's surface area. This means that as a percentage of the world's total, Africa has a lot more land to offer for agricultural production. Even though Africa has increased its arable land 17% in the last 20 years, it is still underutilizing the land it has available for agricultural production.

Cross Reference

[Global Agriculture,](#)
[Thematic Investing, 24 January 2007](#)

Chart 7: Africa is the only major world area that has less arable land than total surface area, as a percent of world total



Sources: ML ISG, UN Food and Agricultural Organization

Healthcare remains inadequate in Africa.

4. Healthcare

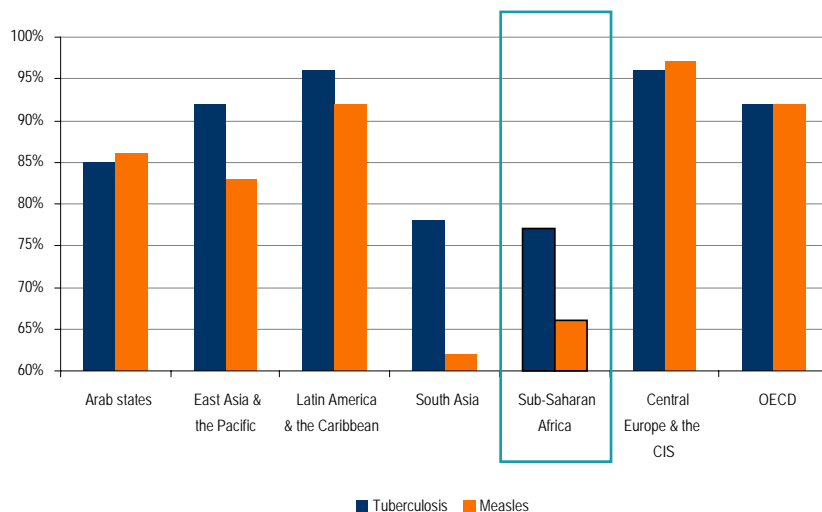
Healthcare is one of Africa's most pressing needs and represents a tremendous opportunity for investors, in our opinion. Many nations have spent a great deal of money trying to alleviate the healthcare crisis. However, most African countries still have not met many basic healthcare needs. Infant mortality, life expectancy, and a host of other healthcare-related quality of life measures remain woefully inadequate. Africa remains near the bottom of most surveys in immunizations for basic diseases like tuberculosis and measles. The continent's needs are also in areas that require a good deal of funding like the immunization of children and mothers, as well as preventative care for people with AIDS/HIV.

International agencies such as the UN and the Gates Foundation are committed to increasing immunization rates in Africa, and there should be many opportunities for healthcare companies in the future. Recently, the G-8 pledged \$60 billion to fight AIDS and other diseases in Africa.

Cross reference

[Vaccines Get a Shot in the Arm](#)
[Thematic Investing - Reissue, 13 June 2007](#)

Chart 8: Percent of one-year olds fully immunized against tuberculosis & measles (2004)



Source: UN Human Development Report, 2006

Infrastructure projects needed include irrigation dams, roads, housing, electricity production and distribution.

Africans are bypassing the inefficient local landline companies and are signing up for cell phones, which offer mobility.

5. Infrastructure

Many nations, led by China and India, are spending large amounts of money to develop a national infrastructure that will allow them to lower costs and increase productivity. Other countries are rebuilding their national infrastructure as well. In Africa, infrastructure projects generally focus on two key areas:

- Making the African continent more cost-competitive in the commodities and products it currently produces.
- Trying to use current commodity revenue windfalls to diversify economies to produce other goods and enter world markets in other products.

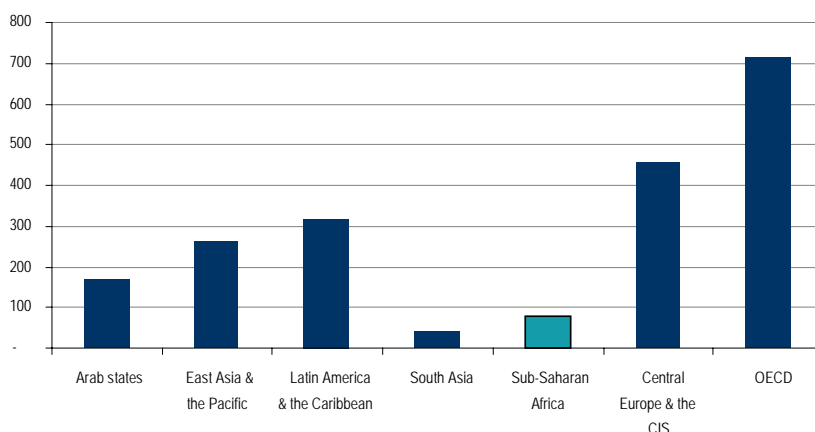
Building physical infrastructure is a major need in Africa, in our view. For companies to be competitive locally, especially in the face of the Chinese “invasion” of Africa, we believe infrastructure must be expanded and production and transportation costs must be lowered. This is especially true if companies desire to compete in the global economy. Infrastructure projects needed include irrigation, roads, housing, electricity production and distribution, and waste removal.

6. Telecommunications

The telecommunications industry is growing rapidly as African consumers demand more, and better, communication services. Businesses will have to expand the telecom network as well, in our view. Increasingly, Africans are bypassing the inefficient local landline companies and are signing up for cell phones, which offer mobility.

The industry has tremendous upside potential, in our opinion, because Africa remains near the bottom of UN statistics for the number of landlines, cellular subscribers, and the amount of Internet users. As the population and per capita income continue to rise, the telecommunications industry appears poised to grow quite rapidly.

Chart 9: Cellular Subscribers (per 1,000 people, 2004)



Source: UN Human Development Report, 2006

Use of computers and the Internet will have to become more widespread in order to lower costs and connect Africa to the world economy, in our view.

The effort to connect Africa technologically to the rest of the world is under way, and Microsoft plans to be a big part of it.

7. Information technology

One of the keys to the future of African economic growth, we believe, will be whether the continent can achieve the so-called productivity miracle that many of the developed nations achieved throughout the capital-deepening process of the last decade. As Africa diversifies away from commodity-based exports, in our opinion it will be of the utmost importance to develop the IT infrastructure properly so that productivity can give those nations the acceleration in growth and incomes other nations have enjoyed.

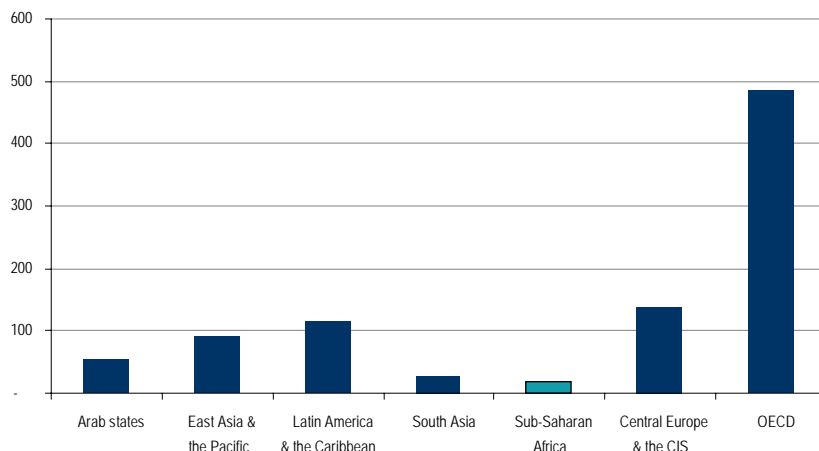
Use of computers and the Internet will have to become more widespread in order to lower costs and connect Africa to the world economy, in our view. There is already evidence of IT projects in Northern Africa in countries like Egypt, Tunisia, and Morocco. The specific goals of these investments are to diversify the economy and to reduce the infrastructure gap that has been created by years of neglect.

Oddly enough, one of the major obstacles to widespread acceptance and use of the Internet is cost. Because of the insufficient technology infrastructure, the cost of capital to add more technology is above the current cost of labor. Until technology can achieve the proper economies of scale, the cost of additional technology likely will remain high. According to a survey conducted in Burkina Faso by *eWeek* magazine, the hourly cost of relatively fast connectivity is between \$1 and \$2. However, "some 40% of the citizens of this country earn less than \$1 a day, with some 60% earning less than \$2 a day," according to *eWeek*.

The effort to connect Africa to the rest of the world is under way, and US software giant Microsoft plans to be a big part of it. The company, through its Emerging Segments Marketing Division, is putting several plans into action in Africa.

- Microsoft, the government of Burkina Faso, the African Development Bank, and the UN Economic Commission for Africa hosted a forum for "Best practices for IT" in Africa. The forum came out with a list of recommendations called The Ouagadougou Declaration, which called for African governments to develop e-governance strategies.
- Microsoft is offering its Microsoft Innovation Suite software package, which includes all of its key software, for only \$3.
- The UN and Microsoft have announced a partnership to set up PC refurbishment centers in Africa. Microsoft estimates that by 2010 there will be about 1 billion decommissioned computers in Africa. They believe that many of those used computers could be made available to allow small businesses across Africa to attain computer access at a much lower cost.
- This refurbishment effort would help in achieving Microsoft's goal of having 1 billion more computer users across the globe by 2015.

Chart 10: Internet users (per 1,000 people, 2004)



Source: UN Human Development Report, 2006

Commodity revenues are being spent to build up countries' defensive capabilities.

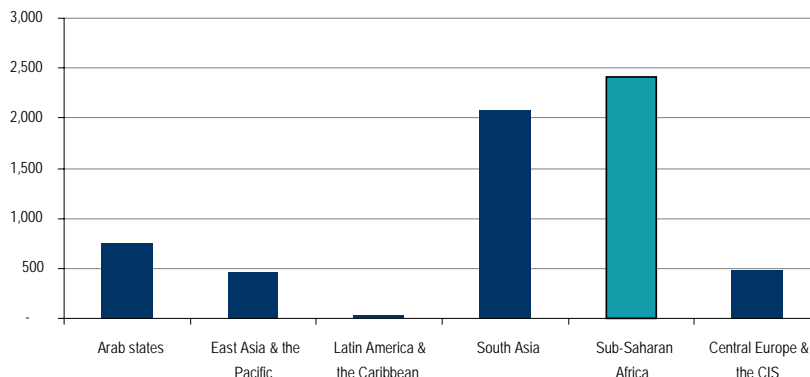
8. Defense

One byproduct of the commodity boom is that some of the associated revenues are being spent to expand nations' defensive, or in some instances, offensive, capabilities. Another source of tension could be the expanding Chinese influence. As China has already stated, it intends to protect its interests in and out of the region by any means necessary. This could result in an escalation in tensions with other developed-world powers already present in the region, and potentially lead to more regional conflicts.

One of the major impediments to growth in the region continues to be the divisions and corruption that have led to war in many areas of the continent. Therefore, defense companies should stand to benefit in the next decade. We think this is particularly true if the commodity boom continues and revenues continue to fill government coffers.

The conflicts across the continent have created strains on local economies and caused enormous human tragedy, causing people to flee those areas, resulting in a large amount of refugees. The economic cost of uprooting, feeding, and housing those people has become enormous for governments and international agencies. The massive number of refugees in Sub-Saharan Africa approached almost 2.5 million people in 2005 alone (Chart 11). Other than in South Asia, this dwarfed any other region's refugee numbers.

Chart 11: Refugees (thousands, 2005)



Source: UN Human Development Report, 2006

9. Financial services

The need for improved financial services in Africa is dual: business and personal.

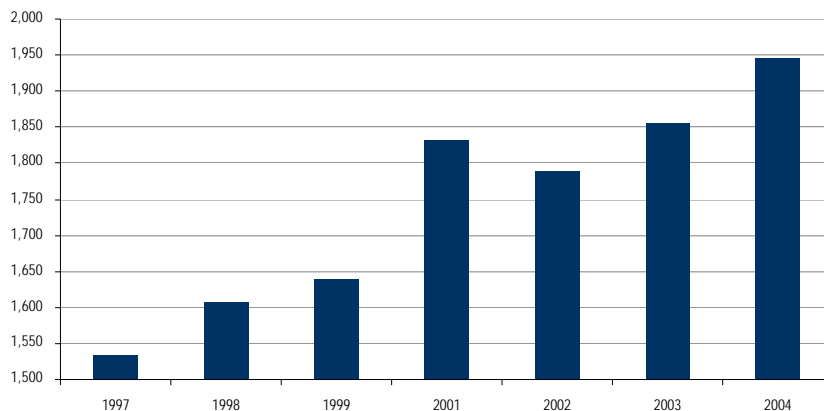
Business

As businesses evolve and enter the global economy they are likely to need financing. The diversification of African economies needs to be funded and the financial services industry stands to benefit, in our view. Moreover, local competition to invest in business and the establishment of a consumer class should create opportunities.

Personal

Rising per capita incomes should allow for the development of a consumer class, which would also enable financial services firms to expand. Although Africa's per capita GDP remains near the bottom of the world and most of the poorest countries in the world are in Africa, the commodity boom is providing enough wealth to the region that it is raising incomes and future economic prospects.

Chart 12: Sub-Saharan Africa's per capita GDP is approaching \$2,000



Source: UN Human Development Report, 2006

A problem that remains, however, is the concentration of wealth in Africa, which is among the highest in the world. For the continent to continue to develop, economic wealth must be more distributed, in our opinion. According to the

The diversification of African economies needs to be financed and the financial services industry stands to benefit, in our view.

Merrill Lynch/Capgemini *World Wealth Report* for 2007, in 2006 Africa posted the fastest gains in the number of high net worth individuals (HNWI) with an increase of 12.5%. Despite this growth in the number of HNWI, their wealth owned rose 14.0% in 2006, suggesting further consolidation of wealth in Africa. Looking forward, the report estimates that the number of HNWIs in Africa will rise 6.1% through 2011 and surpass the \$1.2 trillion level in wealth.

Table 9: Little is known about Africa's stock markets

	Market/index	Number of companies	Market cap (A) (billions)	Volume (A) (thousands)
	North Africa			
1	Algeria			
2	Egypt			
	Hermes Financial Index	27	EGP 380	10,697
	CASE 30 Index	30	EGP 347	18,327
3	Morocco			
	Morocco Casablanca Stock Exchange	25	MAD 487	
	MASI Free Float Index			
	MADEX Free Float Index	39		150
4	Tunisia	40	TND 6	154
	Western Africa			
5	Cote d'Ivoire			
6	Ghana		GHC 11	448
7	Nigeria			
	Nigeria Stock Exchange		NGN 7,857	963,920
8	West Africa Bourse		FRF 3,045	49
	East Africa			
9	Kenya			
	Kenya Nairobi Stock Exchange	20	KES 723	
10	Mauritius SEMDEX	40	EUR 3	59
11	Tanzania Dar es Salaam (DSE)		TZS 2,326	127,109
12	Uganda Composite		UGX 4,426	1,051
	Southern Africa			
13	Botswana			
	Botswana Domestic Companies Index	16	BWP 38	115
14	Malawi Domestic			
15	Mozambique Composite			
16	Namibia			
	Namibian Overall Stock Exchange Index	26		847
17	South Africa			
	FTSE/JSE Africa Top 40 Tradeable Index	40	ZAR 4,210	123,045
	FTSE/JSE Africa All Shares Index	245	ZAR 4,930	214,671
	FTSE/JSE Africa Industrial 25 Index	25		52,729
18	Swaziland All Shares			
19	Zambia LUSE	19	ZMK 13,072	858,661
20	Zimbabwe Industrial	75		20,118

Sources: ML ISG, UN Development Programme

Financial markets and private equity

According to the World Bank, in the Sub-Saharan region the market capitalization of listed companies (as a percent of GDP) soared from 89% in 2000 to 137% in 2005. The continued development of local financial markets should be a key to the growth in the business community.

Another source of capital may be private equity as many African companies have not yet attracted global attention. As the world of private equity continues to search for new markets for investors, Africa could provide a solid opportunity.

The uneven distribution of wealth should provide opportunities for what we term the *dichotomy economy* to continue to prosper.

10. Retail

The rise of per capita incomes should lead to the development of a consumer class in select African nations in the next decade. Retail opportunities should abound as the consumer class continues to emerge. Increasing income in this consumer class is likely to translate to increasing consumption.

In addition, the uneven distribution of wealth should provide opportunities for what we term the *dichotomy economy* to remain in place. The rich in many African nations continue to take in high percentages of national income and continue to present a substantial opportunity for high-end merchants. The low income consumer class, which is expanding rapidly, also should spend the bulk of its increasing income. Most likely, the development of a consumer class in Africa will continue to be divided between the rich and poor, giving investors attractive opportunities within each income segment.

For tourism and travel, the African continent offers unique natural wonders. As African economies continue to expand, an emerging consumer class will spend some of their disposable income on travel within and outside the continent. As travel to the region and intra-regional travel picks up, companies in the aerospace business, especially companies that manufacture private jets, should prosper.

African development: the bull-bear debate

The bull case

Under-followed African markets

Africa is full of under-followed stock markets. One approach to investing is to look for opportunities where there is scarcity of investment dollars flowing in. It is also interesting to note where research efforts are being focused, in our view. In this respect, Africa remains a continent filled with under-followed companies and stock markets. While China, India, and other emerging markets have garnered the lion's share of the media and investor attention, Africa has received little notice for its recent run of solid economic performance. This is despite the fact that the continent is filled with resources to help fuel many of the booming economies that investors are clamoring for.

In a study of some of the continent's top stock markets, we noticed that the top five companies (as judged by market capitalization) received very little attention from sell-side brokerage firms. The average number of analysts following the top firms in the African markets was less than five. On the Chinese and Indian stock markets, the number of analysts following the top companies was three to six times higher at almost 15 and 30, respectively.

Traditionally Africa has not been a place where more risk-oriented emerging market investors would invest, but that is changing. Investors in search of higher returns have increased their risk tolerances and have begun to search for greater returns from so-called frontier markets. Africa has often been ignored, and many investors have not yet focused on this resource and people-rich continent.

Increased investment flows and debt relief

There have been several developments in the financing of the African economy that suggest that growth should remain strong.

- Foreign direct investment (FDI) into Africa has soared in the last few years and is expected to continue. The World Bank estimates that net inflows of FDI into Africa jumped to almost \$40 billion in 2006 from less than \$10 billion in 2000.

Table 10: Africa remains under-followed.

	Africa (A)	China	India
Average # of Analysts:	4.5	14.4	29.4
Average # of Buys:	2.7	10.6	22.4
Median # of Analysts:	2.0	19.0	27.0
Median # of Buys:	2.0	11.0	22.0

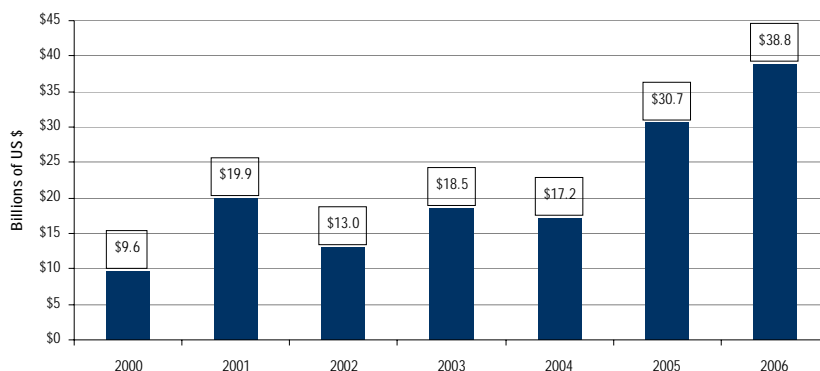
Source: ML ISG, Bloomberg

(A) Detailed data was not available for many African markets, thus Africa consists of Botswana, Egypt, and Morocco markets.

African companies and markets are under-followed relative to other emerging markets.

- The role of international institutions has changed as many emerging nations have been able to finance their development through the public markets. The result has been a reduced role for international organizations in many regions, except Africa. This development could be a positive for the region as those institutions should be able to focus more of their efforts and dollars on Africa. In fact, in one of his first speeches, new World Bank President Robert Zoellick stated he would “make Africa top priority,” saying, “I hope that the World Bank can develop a stronger partnership with the African countries to assist and support them in their strategies for development and growth.”
- Regional trade agreements offer better terms of trade and the potential for increased intra-regional trade.
- Private equity financing may enter the region. Given that most African companies have not yet reached even global investors’ radar screens, there is much potential upside, in our view. Many African companies – especially those in more developed, resource-rich countries – have maintained low debt levels and have had conservative management.
- Debt relief and forgiveness has also increased, lowering the debt burden for many African nations. Various international institutions have forgiven loans while bilateral negotiations have resulted in the forgiveness of loans to other countries as well.

Chart 13: In the last six years FDI into Africa has more than quadrupled.



Source: ML ISG, UNCTAD

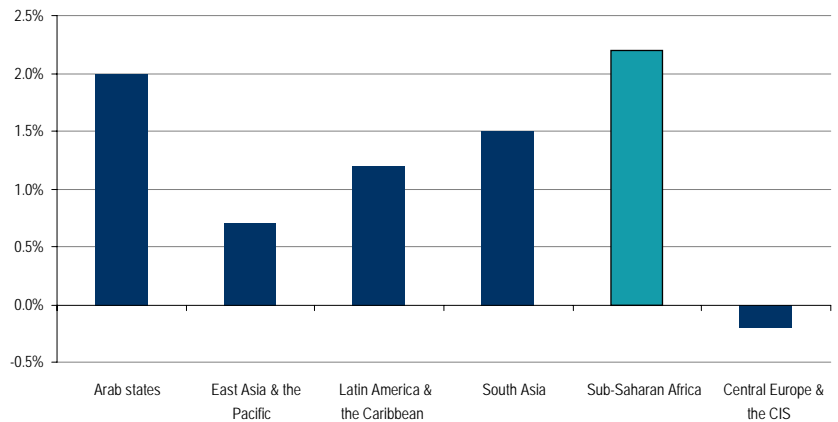
Africa should benefit from the global infrastructure build-out as commodity prices are expected to remain high.

Economic growth

Economic growth has been strong and should remain strong in the next few years. International organizations like the IMF and World Bank have published solid economic growth forecasts for the continent. Africa should continue to benefit from the global infrastructure build-out as commodity prices are expected to remain high. As China and India continue their rapid expansion, commodity exporters will be the prime beneficiaries. As outlined by various UN mandates, one key will be for the countries to use the anticipated revenues to diversify their economic base and improve productive capacity.

Population growth and demographics

Chart 14: Population growth rate (% , 2004-2015)

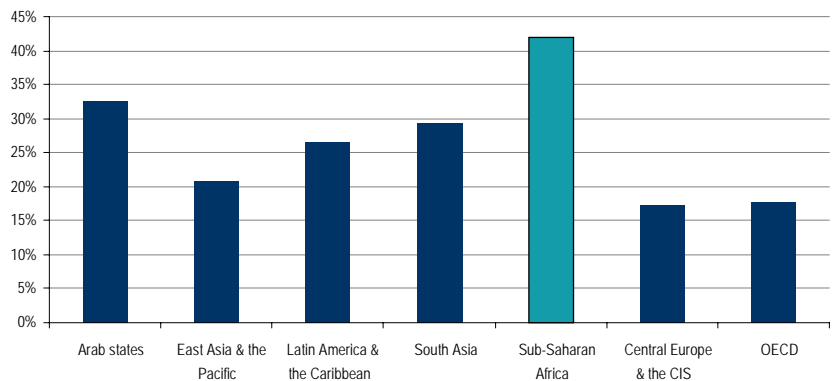


Source: UN Human Development Report, 2006

Population growth and a younger demographic profile are favorable for Africa. According to the UN, population growth in Africa through 2015 is expected to rise the fastest in the world at 2.2%.

The result of this population explosion is that Africa is expected to house the largest youth population in the world. By 2015, according to the UN Human Development Report, Africa's youth (those under the age of 15) is expected to rise to 42% of its total population. The next closest region is the Arab states where 33% of the population should be under 15. This presents some interesting possibilities because it will provide the nations of Africa with young workers who will want to earn, learn, and burn (their earnings). The challenges for the governments, in our view, will be to provide the healthcare, education, and business infrastructure so that they can become productive workers in the new African global economy.

Chart 15: Population under age 15 in 2015 (% of total)



Source: UN Human Development Report, 2006

Political reform is a key to improving business conditions in Africa, in our opinion.

Given the poor distribution of income in many nations in Africa, the continuation of a dichotomy economy should remain in place, suggesting a bifurcated strategy for investors.

Economic, legal and political reform

Political reform is a key to improving business conditions in Africa, in our opinion, especially in leading countries such as South Africa and Nigeria. In a recent study, the World Bank suggested that many of the poorest countries in the world, even those in Africa, has made “significant progress in improving governance and fighting corruption.” The report states that “in Africa in particular, countries such as Niger, Sierra Leone, Angola, Democratic Republic of Congo, Liberia, Tanzania, and Rwanda showed significant improvements in some dimensions of governance since 1998.”

Agriculture, land and water

Agriculture and arable land remain a positive source of potential future growth given that Africa has a great deal of land available for food production and many other countries, like China, have become food importers.

China

China's involvement in Africa has increased steadily and looks likely to rise further in the future. Given the abundant natural resources available, we view Africa as a key complement to China's growth needs. In mid-May China pledged \$20 billion to Africa to help provide the capital necessary to build roads and other infrastructure. The funds are to be delivered in the next three years, and the \$20 billion would go toward projects such as the rehabilitation of railway networks in Angola and Nigeria and the building of a hydroelectric dam in Ethiopia.

According to the US Energy Information Administration, China accounted for 40% of total growth in oil demand in the last four years, and is now the second-largest consumer of oil globally (after the US).

Africa's five most resource-rich countries – Angola, South Africa, Sudan, Equatorial Guinea, and Congo – account for more than 80% of Africa's exports to China.

Emerging consumer class

As per capita incomes continue to rise, a consumer class is likely to emerge. However, given the poor distribution of income in many nations in Africa, the continuation of a dichotomy economy should remain in place, suggesting a bifurcated strategy for investors. Luxury goods retailers should continue to do well in several key African countries, while general retailers should see increased opportunities to provide essentials to the lower income classes.

Secular commodity price boom

Many analysts suggest that given the easy financing in place, the global demand for commodities, and thus the global commodity price boom, should remain firmly in place. As long as countries like China and India continue to build out their infrastructure, this story looks to be a solid one.

Productivity miracle

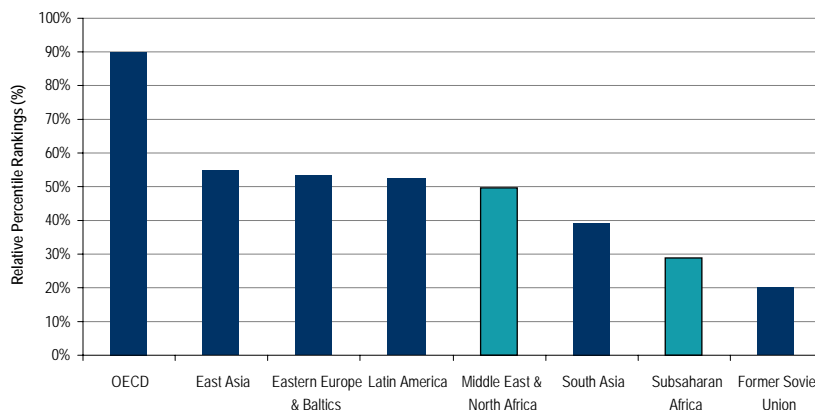
Many developed nations experienced a disinflationary productivity pop when they married the PC and the telecommunications network. The Internet and the much-improved productivity of the digital era helped bring about a productivity miracle in many countries. As Africa continues to expand its IT and telecom usage, a similar period is to be expected. We think this is especially true given the building out of the physical infrastructure currently under way.

The bear case

War and violence

Wars, civil wars, and general violence have been declining during this period of prosperity, but Africa is still one of the world's most dangerous and violent places.

Chart 16: Africa rates above the former Soviet Union in Rule of Law



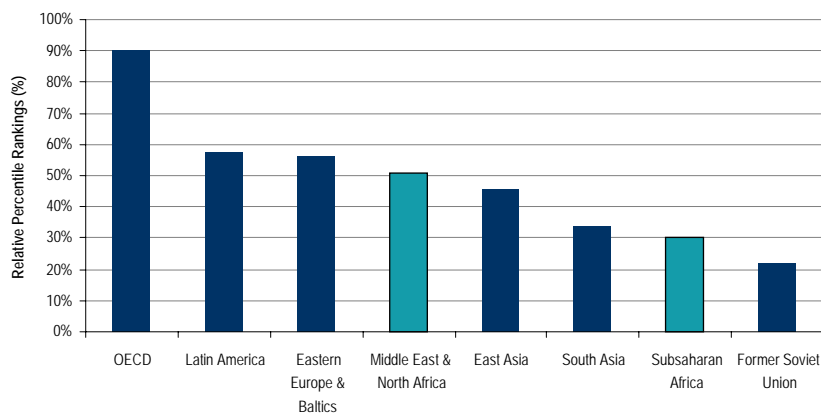
Source: ML ISG, World Bank

World Bank Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations.

Political issues

Africa struggles with a host of political issues, such as government corruption and standards for the rule of law that need to be improved. The bear case on these political issues is that much of the oil and commodity revenue of the current boom will be wasted on illconceived projects or stolen outright. A more bullish view can point to a recent study by the UN that has suggested that corruption is decreasing, while the rule of law and political stability have improved in Africa. Even though there have been some positive steps, these political issues must be resolved for Africa to emerge to the next stage of economic development.

Chart 17: Africa rates above the former Soviet Union in control of corruption



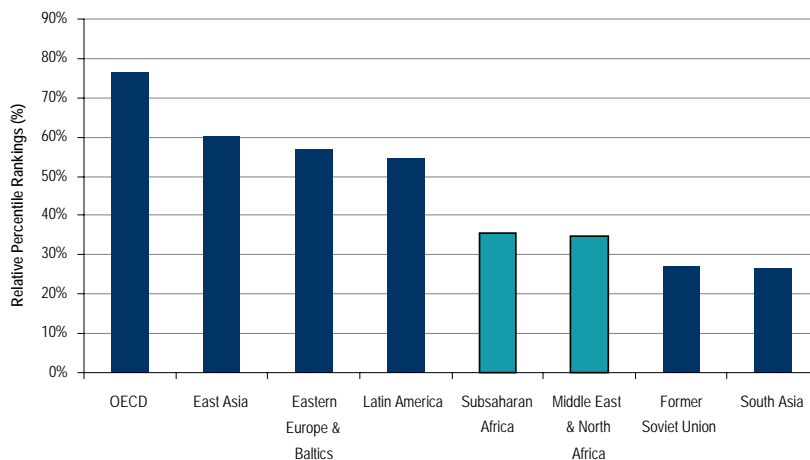
Source: ML ISG, World Bank

World Bank Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations.

Underdeveloped legal and financial systems

In many African nations, the legal and financial systems are not fully developed. Property rights, intellectual property rights, and a host of other issues must be resolved for Africa to attract the capital necessary for continued growth.

Chart 18: Africa rates above South Asia and the former Soviet Union in political stability



Source: ML ISG, World Bank

World Bank Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations.

According to the UN's Human Development Report, the 25 poorest nations on earth are all in Africa, and they are about to get more mouths to feed.

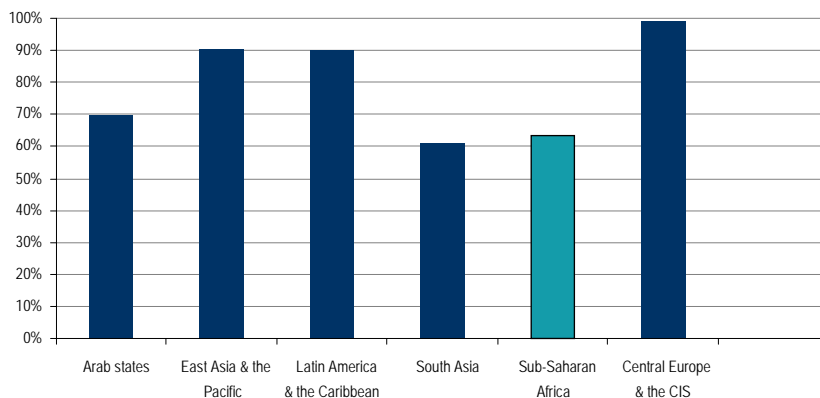
Population growth and demographics

The population growth expected in Africa over the next 10 years is daunting because those people will need to be fed, housed, clothed, cared for (healthcare) and educated. According to the UN's Human Development Report, the 25 poorest nations on earth are all in Africa, and they are about to get more mouths to feed.

Low education standards

Education levels in Africa are not good, and integration of IT is just beginning. African governments, especially given the influx of youth they will see in the next decade, must commit to improving education standards so that economic growth can be sustained, incomes can be better distributed, and a consumer class created.

Chart 19: Adult literacy rate (% , ages 15 and over)



Source: UN Human Development Report, 2006

Almost two-thirds (63%) of the world's HIV-infected population lives in Sub-Saharan Africa.

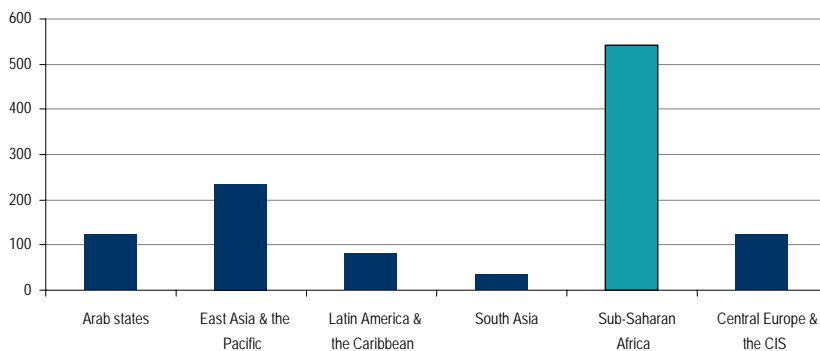
Healthcare

Healthcare in Africa is the worst in the world, as a region. The issues (discussed earlier) are varied and must be addressed by a confluence of international agencies, governmental efforts, and private enterprise. Immunizations, child mortality, drinking water, and AIDS/HIV, to name a few, remain major problems.

One of the most daunting healthcare problems facing Africa and the world today is the AIDS/HIV epidemic. According to the UN, in 2006 about 40 million people across the globe were living with HIV, up 2.6 million (7%) from 2004. Almost two-thirds (63%) of the world's HIV-infected population lives in Sub-Saharan Africa. In 2006 Sub-Saharan Africa had 24.7 million living with HIV of the global total of 39.5 million. The toll on human life has been dramatic in this region as almost three-quarters (72%) of global AIDS-related deaths took place in this region.

Moreover, adult prevalence rates in Sub-Saharan Africa are magnitudes larger than in other parts of the world (Chart 20). Unfortunately, the problem is not getting better as in 2006 alone, approximately 2.8 million adults and children became infected with HIV in this region. This represents 65% of the 4.3 million new HIV infections globally last year.

Chart 20: Tuberculosis cases (per 100,000 people, 2004)

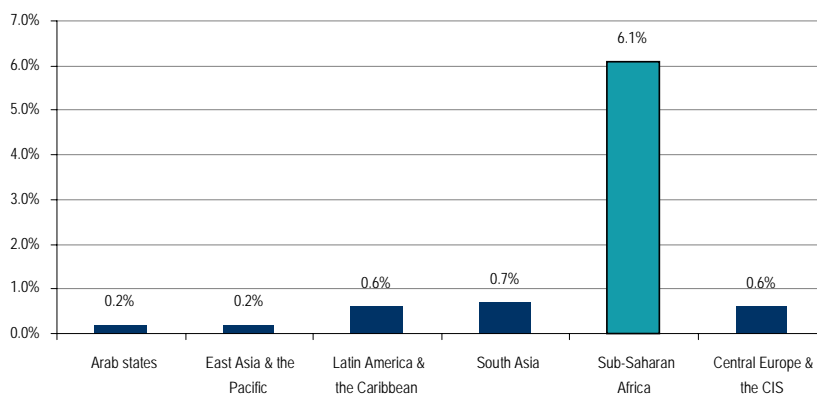


Source: UN Human Development Report, 2006

According to UNAIDS, a joint program with several other international organizations, there is some progress occurring. Zimbabwe, for instance, has shown a strong decline in HIV prevalence. In East Africa HIV infection levels historically have been lower than in other African regions and prevalence rates have been either stabilizing or declining in many countries. In Western Africa adult HIV prevalence rates are much lower.

In southern Africa, HIV remains an acute problem as almost one-third (32%) of the world's HIV population lives and 34% of global AIDS-related deaths occur. In certain countries AIDS/HIV is overwhelming. Swaziland struggles with the world's highest adult HIV prevalence rate of 33.4%, while Botswana, Lesotho, and Namibia have adult HIV infection levels approaching 25% of the population.

Chart 21: HIV prevalence (% , ages 15-49, 2005)



Source: UN Human Development Report, 2006

China is becoming a major trading partner with many African nations.

China

China is becoming a major trading partner with many African nations. It is buying or securing productive capacity in numerous commodity-related businesses. While this is good news for producers currently, it could be bad news as supply is removed from the world markets. Moreover, for the African producers it could be bad news if they either sold their companies or locked in shipments at current prices, thereby limiting potential revenue upside.

Another potential negative is imports from China for the emerging African consumer market. These products are low priced, which is good news for the development of a consumer market, but is bad news for African companies competing with the Chinese. Many local competitors have seen tough times, especially in industries like textiles. Even if Africa could compete on wages, the lack of proper infrastructure and the high cost of transporting products results in products that are uncompetitive versus China. Finally, China's involvement in Africa politically and, potentially, militarily may be a source of future regional conflicts.

Malnutrition and obesity

Africa's people are suffering from what the UN calls the "double-edged sword of nutrition." Many nations are suffering from malnutrition as rural populations cannot get access to anything other than a subsistence diet. Wealthier urban populations, however, are dealing with surging obesity rates as they consume more processed foods that are filled with sugar, fats and salt.

Inadequate infrastructure

The physical infrastructure of Africa must be built and, in many cases, updated. Power generation and distribution, effective transportation, lack of water for consumption and irrigation, and a variety of other problems must be addressed.

Poor distribution of income

As discussed earlier, Africa's distribution of income is among the worst in the world. While a consumer class may arise in the next decade, a middle class will not emerge until governments commit to better income distribution. For example, Nigeria is Africa's top oil producer and the 11th largest in the world. Despite solid oil revenues, which account for 80% of government revenues, more than 70% of the population lives in poverty.

Table 11: Stocks representative of the Merrill Lynch Africa theme

	Company	Bloomberg ticker	ML ticker	ML rating	Market Cap (A)	Price (A)	Country
1) Oil	African						
	1 African Petroleum Plc	APET NL			NGN 50,285	NGN 67.5	Nigeria
	2 Oando Plc	UN NL			NGN 44,239	NGN 77.3	Nigeria
	3 Sasol Ltd	SOL SJ	SASOF	C-1-7	ZAR 174,504	ZAR 27,800	South Africa
	4 Total Cote d'Ivoire SA	TTLC BC			XAF 50,369	XAF 80,000	Cote d'Ivoire
	5 Total Nigeria Plc	TOTAL NL			NGN 52,969	NGN 156.0	Nigeria
	Non-African						
	1 CNOOC Ltd	883 HK	CEOHF	B-1-7	HKD 399,056	HKD 9.21	Hong Kong
	2 Eni SpA	ENI IM	EIPAF	A-1-7	EUR 112,871	EUR 28.18	Italy
	3 Royal Dutch Shell Plc	RDSA LN	RDSB	A-1-7	GBP 136,361	GBP 2,097	Netherlands
	4 Schlumberger Ltd	SLB US	SLB	B-1-7	\$104,315	\$88.51	US
	5 Total SA	FP FP	TOT	A-2-7	EUR 149,284	EUR 62.38	France
2) Commodities	African						
	1 Bindura Nickel Corp Ltd	BINDURA ZH			ZWD 9,453,630	ZWD 75,000	Zimbabwe
	2 Gold Fields Ltd	GFI SJ	GFIOF	C-1-7	ZAR 76,437	ZAR 11,725	South Africa
	3 Merafe Resources Ltd	MRF SJ			ZAR 4,466	ZAR 187	South Africa
	4 Soc Africaine de Plantations	SPHC BC			XOF 114,986	XOF 22,495	Cote d'Ivoire
	5 Soc Caoutchouc Grand Bereby	SOGC BC			XOF 57,677	XOF 26,700	Cote d'Ivoire
	Non-African						
	1 Anglo American Plc	AAL LN	AAUK	B-1-7	GBP 44,256	GBP 3,319	UK
	2 Aquarius Platinum Ltd	AQP LN	AQPMF	C-1-7	GBP 1,468	GBP 1,725	Bermuda
	3 BHP Billiton Plc	BIL SJ			ZAR 509,756	ZAR 21,770	UK
	4 First Quantum Minerals Plc	FM CN	YFM	C-1-7	CAD 7,620	CAD 112.72	Canada
	5 Lonmin Plc	LON SJ	LNMF	B-1-7	ZAR 94,809	ZAR 61,266	UK
3) Agriculture & Land	African						
	1 Abou Kir Fertil & Chemicals	ABUK EY			EGP 7,296	EGP 159	Egypt
	2 Hippo Valley Estates Ltd	HIPPO ZH			ZWD 7,712,620	ZWD 40,000	Zimbabwe
	3 Lydec	LYD MC			MAD 3,176	MAD 397	Morocco
	4 Palmci	PALC BC			XOF 35,200	XOF 8,800	Cote d'Ivoire
	5 Soc Distribution d'Eau Cote	SDCC BC			XOF 8,100	XOF 8,000	Cote d'Ivoire
	Non-African						
	1 Associated British Foods Plc	ABF LN	ASBFF	A-2-7	GBP 7,101	GBP 897.0	UK
	2 Cadbury Schweppes Plc	CBRY LN	CSGWF	A-2-7	GBP 13,951	GBP 663.5	UK
	3 Coca-Cola Co	KO US	KO	A-1-7	\$121,569	\$52.63	US
	4 Monsanto Co	MON US	MON	B-1-7	\$37,337	\$68.45	US
	5 Unilever Plc	ULVR LN	UN	A-2-7	GBP 21,906	GBP 1,672.0	UK
4) Healthcare	African						
	1 Amoun Pharmaceutical Co	AMON EY			EGP 2,399	EGP 39.98	Egypt
	2 Aspen Pharmacare Holdings	APN SJ	APNHF	B-1-7	ZAR 14,229	ZAR 3,651	South Africa
	3 Egyptian International Pharm	PHAR EY			EGP 2,170	EGP 30.09	Egypt
	4 Glaxo Smith Kline	BIOC EY			EGP 1,282	EGP 20.99	Egypt
	5 GlaxoSmithKline Nigeria	SBN NL			NGN 18,656	NGN 19.5	Nigeria

Table 11: Stocks representative of the Merrill Lynch Africa theme

	Company	Bloomberg ticker	ML ticker	ML rating	Market Cap (A)	Price (A)	Country
5) Infrastructure	Non-African						
	1 Bristol-Myers Squibb Co	BYM US	BYM	B-2-7	\$63,017	\$32.02	US
	2 IMS Health Inc	RX US			\$6,466	\$32.95	US
	3 Merck & Co Inc	MRK US	MRK	B-1-7	\$110,033	\$50.77	US
	4 Novartis AG	NOVN VX	NVSEF	A-1-7	CHF 182,432	CHF 66.85	Switzerland
	5 Roche Holding AG	ROG VX	RHHBF	B-1-7	CHF 190,518	CHF 216.20	Switzerland
	African						
	1 Barloworld Ltd	BAW SJ	BRRAF	C-1-7	ZAR 25,684	ZAR 12,600	South Africa
	2 Border Timbers Ltd	BORDER ZH			ZWD 858,850	ZWD 20,000	Zimbabwe
	3 Julius Berger Nigeria Plc	JBN NL			NGN 17,677	NGN 51.99	Nigeria
6) Telecommunications	4 Murray & Roberts Holdings	MUR SJ			ZAR 24,892	ZAR 7,500	South Africa
	5 Orascom Construction Inds.	OCIC EC	ORSCF	C-1-7	EGP 82,212	EGP 407	Egypt
	Non-African						
	1 Bilfinger Berger AG	GBF GY	BFLBF	B-1-7	EUR 2,489	EUR 66.92	Germany
	2 Holcim Ltd	HOLN VX	HCMLF	A-1-7	CHF 35,754	CHF 136.8	Switzerland
	3 Lafarge SA	LG FP	LFGEF	A-1-7	EUR 23,713	EUR 134.54	France
	4 Rio Tinto Plc	RIO LN	RTPPF	B-1-7	GBP 37,978	GBP 3,810	UK
	5 Semapa Sociedade de Investimento	SEMA PL			EUR 1,576	EUR 13.32	Portugal
	African						
	1 Econet Wireless Holdings	ECWH ZH			ZWD 15,570	ZWD 180,000	Zimbabwe
7) Information Technology	2 Maroc Telecom	IAM MC			MAD 114,898	MAD 130.7	Morocco
	3 MTN Group Ltd	MTN SJ	MTNOF	C-2-7	ZAR 189,899	ZAR 10,203	South Africa
	4 Telecom Egypt	ETEL EC	TEGPF	C-1-7	EGP 30,898	EGP 18.1	Egypt
	5 Telkom South Africa Ltd	TKG SJ	TKMJF	C-2-7	ZAR 90,686	ZAR 16,749	South Africa
	Non-African						
	1 ADC Telecommunications Inc	ADCT US	ADCT	C-2-9	\$2,339	\$19.92	US
	2 Ericsson LM	ERICB SS			SEK 457,703	SEK 28.38	Sweden
	3 Juniper Networks Inc	JNPR US	JNPR	C-1-9	\$15,800	\$27.90	US
	4 Mobile Telecommunications Co	TELE KK			KWD 8,442	KWD 4,460	Kuwait
	5 Nokia Oyj	NOK1V FH			EUR 84,704	EUR 21.56	Finland
8) Defense	African						
	1 Johnnic Communications Ltd	JCM SJ			ZAR 9,925	ZAR 9,560	South Africa
	2 Naspers Ltd	NPN SJ	NPBJF	B-1-7	ZAR 66,737	ZAR 18,200	South Africa
	3 Primedia Ltd	PMA SJ			ZAR 6,028	ZAR 2,576	South Africa
	4 Silverbridge Holdings Ltd	SVB SJ			ZAR 122	ZAR 374	South Africa
	5 UCS Group Ltd	UCS SJ			ZAR 1,292	ZAR 460	South Africa
	Non-African						
	1 Autodesk Inc	ADSK US	ADSK	C-1-7	\$10,843	\$46.90	US
	2 Citrix Systems Inc	CTXS US	CTXS	C-1-9	\$6,416	\$35.53	US
	3 Dimension Data Holdings Plc	DDT SJ			ZAR 12,788	ZAR 825	UK
	4 NCR Corp	NCR US	NCR	B-2-9	\$9,711	\$53.98	US
	5 Sun Microsystems Inc	SUNW US	SUNW	C-1-9	\$19,386	\$5.43	US
	African						
	1 AECI Ltd	AFE SJ			ZAR 10,112	ZAR 8,375	South Africa
	2 Allied Electronics Ltd	ATN SJ			ZAR 14,800	ZAR 4,805	South Africa
	3 G4S Security	SECU BG			BWP 177	BWP 2,210	Botswana
	4 Nexans Maroc	NEX MC			MAD 895	MAD 399.00	Morocco
	5 Reunert Ltd	RLO SJ			ZAR 14,084	ZAR 7,205	South Africa

Table 11: Stocks representative of the Merrill Lynch Africa theme

	Company	Bloomberg ticker	ML ticker	ML rating	Market Cap (A)	Price (A)	Country
9) Financial Services	Non-African						
	1 BAE Systems Plc	BA/ LN	BAESF	B-1-7	GBP 13,657	GBP 405	UK
	2 SAAB AB	SAABB SS	SAABF	XRVW	SEK 21,066	SEK 193.00	Sweden
	3 Rockwell Collins Inc	COL US	COL	B-2-7	\$12,278	\$73.37	US
	4 Thales SA	HO FP	THLEF	A-1-7	EUR 8,824	EUR 44.79	France
	5 VT Group Plc	VTG LN	XOVSF	B-1-7	GBP 1,083	GBP 618.5	UK
	African						
	1 Barclays Bank Zimbabwe	BARC ZH			ZWD 15,826,020	ZWD 8,000	Zimbabwe
	2 Capitec Bank Holdings Ltd	CPI SJ			ZAR 3,113	ZAR 3,800	South Africa
	3 Commercial Bank of Zimbabwe	CBZ ZH			ZWD 8,840,520	ZWD 19,000	Zimbabwe
10) Retail	4 First Banking Corp	FBCH ZH			ZWD 13,584,780	ZWD 10,000	Zimbabwe
	5 Standard Chartered Bank Ghana	SCB GN			GHC 318	GHC 18.06	Ghana
	Non-African						
	1 Banco Comercial Portuges	BCP PL			EUR 14,084	EUR 3.90	Portugal
	2 Banco Espirito Santo	BESNN PL			EUR 8,635	EUR 17.27	Portugal
	3 Citigroup Inc	C US	C	B-1-7	\$259,589	\$52.48	US
	4 Goldman Sachs Group	GS US	GS	B-1-7	\$95,358	\$220.29	US
	5 Standard Chartered Plc	STAN LN	SCBFF	B-1-7	GBP 23,032	GBP 1,642	UK
	African						
	1 Cairns Holdings Ltd	CAIRNS ZH			ZWD 1,064,510	ZWD 8,000	Zimbabwe
	2 Nestle Foods Nigeria Plc	NFN NL			NGN 142,757	NGN 216.12	Nigeria
	3 Shoprite Holdings Ltd	SHP SJ	SRHGF	B-2-7	ZAR 17,658	ZAR 3,249	South Africa
	4 TA Holdings Ltd	TAHLDS ZH			ZWD 9,458,090	ZWD 60,000	Zimbabwe
	5 Unilever Cl	UNLC BC			XOF 35,433	XOF 22,000	Cote d'Ivoire
	Non-African						
	1 Colgate-Palmolive Co	CL US	CL	A-1-7	\$34,955	\$68.34	US
	2 Estee Lauder Companies	EL US	EL	B-2-7	\$9,139	\$47.25	US
	3 Kingdom Hotel Investments	KHI DU			\$1,564	\$8.95	UAE
	4 Nestle SA	NESN VX	NSRGF	A-1-7	CHF 192,754	CHF 481	Switzerland
	5 PPR	PP FP	PPRUF	B-2-7	EUR 16,796	EUR 130.8	France

(A) As of July 12, 2007

The table above contains a list of stocks that are representative of the theme of this report. There may be some stocks in the list on which Merrill Lynch does not offer an opinion. The table is not intended to represent a series of purchase suggestions but is offered as a reference list.

23 July 2007

Chart 22: Political map of Africa



Source: United Nations, Department of Peacekeeping Operations (January 2004)

Table 12: Basic indicators

	GNI per capita				Life expect. at birth (years)	Under-five mortality rate (per 1,000)	Adult literacy rate (% ages 15 and older)			Total net official development assistance per capita (current \$)
	Population (millions)	Land area (thousands of sq km)	Dollars ^a	Average annual growth (%)			Gini coefficient	2000–04 ^b	Female 2000–04 ^b	
	2004	2004	2004	2000–04	2004	1996–2004 ^b	1996–2004 ^b	2000–04 ^b	2000–04 ^b	2004
SUB-SAHARAN AFRICA	726.4	23,619	600	1.7	46	168.2	..	..	..	33
excluding South Africa	680.9	22,405	397	2.0	46	172.2	..	..	..	34
excl. S. Africa & Nigeria	552.2	21,494	390	1.9	47	166.4	..	..	..	41
Angola	15.5	1,247	930	4.6	41	260	..	83	54	74
Benin	8.2	111	450	1.2	55	152	36.5	48	23	46
Botswana	1.8	567	4,360	5.7	35	116	..	80	82	22
Burkina Faso	12.8	274	350	0.3	48	192	39.5	29	15	48
Burundi	7.3	26	90	0	44	190.0	42.4	67	52	48
Cameroon	16.0	465	810	2.7	46	149.4	44.6	77	60	47
Cape Verde	0.5	4	1,720	40	70	36.4	..	..	..	282
Central African Republic	4.0	623	310	0.3	39	193.0	..	65	33	26
Chad	9.4	1,259	250	3.6	44	200.0	..	41	13	34
Comoros	0.6	2	560	–0.1	63	70.0	..	..	..	42
Congo, Dem. Rep.	55.9	2,267	110	0.0	44	205.0	..	81	54	32
Congo, Rep.	3.9	342	760	–0.5	52	108.0	..	..	..	30
Côte d'Ivoire	17.9	318	760	–2.4	46	193.6	44.6	61	39	9
Djibouti	0.8	23	950	0.0	53	125.6	38.6	..	..	82
Equatorial Guinea	0.5	28	..	0.0	43	204.0	..	93	80	60
Eritrea	4.2	101	190	–3.4	54	82.0	..	..	..	61
Ethiopia	70	1,000	110	1.3	42	166.4	30	..	..	26
Gabon	1.4	258	4,080	0.3	54	91.0	..	..	..	28
Gambia, The	1.5	10	280	0.8	56	122.0	50.2	..	..	43
Ghana	21.7	228	380	2.4	57	112.0	40.8	66	50	63
Guinea	9.2	246	410	1.0	54	155.0	..	43	18	30
Guinea-Bissau	1.5	28	160	3.8	45	203.0	..	..	..	50
Kenya	33.5	569	480	0.3	48	119.5	42.5	78	70	19
Lesotho	1.8	30	730	1.9	36	112.2	..	74	90	57
Liberia	3.2	96	120	–2.8	42	235.0	..	..	..	65
Madagascar	18.1	582	290	–1.5	56	122.6	47.5	77	65	68
Malawi	12.6	94	160	–0.3	40	175.2	50.3	75	54	38
Mali	13.1	1,220	330	2.3	48	219.0	..	27	12	43
Mauritania	3.0	1,025	530	4.0	53	125.0	39	60	43	60
Mauritius	1.2	2	4,640	2.9	73	15.2	..	88	81	31
Mozambique	19.4	784	270	6.2	42	151.6	39.6	..	..	63
Namibia	2.0	823	2,380	3.2	47	63.4	..	87	83	89
Niger	13.5	1,267	210	0.0	45	258.8	..	43	15	40
Nigeria	128.7	911	430	2.7	44	196.6	43.7	..	..	4
Rwanda	8.9	25	210	0.3	44	203.0	..	71	60	53
São Tomé and Príncipe	0.2	1	390	2.3	63	118.0	..	..	..	218
Senegal	11.4	193	630	1.6	56	136.6	..	51	29	92
Seychelles	0.1	0	8,190	–2.3	..	13.5	..	91	92	124
Sierra Leone	5.3	72	210	5.3	41	282.8	..	47	24	67
Somalia	8	627	..	0.0	47	225.0	..	..	..	24
South Africa	45.5	1,214	3,630	2.2	45	67.0	57.8	84	81	14
Sudan	35.5	2,376	530	7.5	57	91.4	..	71	52	25
Swaziland	1.1	17	1,660	–0.7	42	156.4	..	81	78	104
Tanzania	37.6	884	320	4.6	46	126.0	34.6	78	62	46
Togo	6	54	310	–0.7	55	139.6	..	69	38	10
Uganda	27.8	197	250	1.8	49	137.8	43	77	58	42
Zambia	11.5	743	400	0.3	38	182.0	42.1	76	60	94
Zimbabwe	12.9	387	620	–6.2	37	129.0	..	..	..	14
NORTH AFRICA	150.5	5,738	1,784	0	71	32.8	32	..	..	19
Algeria	32.4	2,382	2,270	3	71	40	34.4	80	60	10
Egypt, Arab Rep.	72.6	995	1,250	0	70	36	..	..	..	20
Libya	5.7	1,760	4,400	0	74	20	39.5	..	..	..
Morocco	29.8	446	1,570	3	70	43	39.8	66	40	24
Tunisia	9.9	155	2,650	3.4	73	25	..	83	65	33
ALL AFRICA	876.9	29,358	803	1.9	50	137.6	..	..	..	31

Source: ML ISG, The World Bank

a. Calculated by the World Bank Atlas method. b. Data are for most recent year available during the period specified.

23 July 2007

Table 13: Real gross domestic product

	Constant prices(2000 \$ millions									Average annual growth %		
	1980	1990	1998	1999	2000	2001	2002	2003	2004a	1980-89	1990-99	2000-04
SUB-SAHARAN AFRICA	222,703	269,422	317,026	324,192	334,895	346,453	358,273	372,971	391,961	1.8	2.4	4
excluding South Africa	127,255	158,478	192,437	196,664	202,061	209,994	216,776	227,280	239,766	2.2	2.7	4.3
excl. S. Africa & Nigeria	97,330	126,079	152,452	156,242	159,937	166,568	172,685	178,445	187,999	2.6	2.8	4.0
Angola	6,746	8,464	8,584	8,862	9,129	9,416	10,768	11,139	12,378	3.5	1.0	8.1
Benin	1,084	1,412	2,036	2,131	2,255	2,368	2,474	2,571	2,650	2.7	4.7	4.1
Botswana	1,130	3,175	4,631	4,881	5,251	5,526	5,804	6,193	6,494	10.9	4.7	5.5
Burkina Faso	1,263	1,750	2,399	2,560	2,601	2,754	2,875	3,062	3,182	3.9	4.1	5.2
Burundi	559	865	722	715	709	724	756	747	783	4.5	-3.2	2.3
Cameroon	6,339	8,793	9,262	9,669	10,075	10,530	10,952	11,393	11,815	4.5	1.3	4.1
Cape Verde	..	303	459	498	531	552	577	613	640	6.3	5.9	4.9
Central African Republic	730	809	899	931	953	967	959	886	898	1.6	1.8	-2.0
Chad	661	1,099	1,398	1,389	1,383	1,527	1,655	1,902	2,463	6.7	2.3	14.7
Comoros	136	181	195	200	204	209	213	218	222	2.9	1.2	2.2
Congo, Dem. Rep.	7,025	7,670	4,838	4,625	4,306	4,215	4,363	4,612	4,925	2.1	-5.0	3.7
Congo, Rep.	1,727	2,765	3,068	2,976	3,220	3,342	3,496	3,524	3,651	3.8	0.9	3.1
Côte d'Ivoire	7,706	8,274	10,618	10,786	10,425	10,436	10,266	10,095	10,261	0.7	3.5	-0.6
Djibouti	..	608	537	549	553	..	..	..	..	..	-1.7	..
Equatorial Guinea	..	248	934	1,322	1,341	1,361	1,600	1,835	2,019	..	20.7	11.8
Eritrea	..	..	729	729	634	692	697	724	738	..	7.9	3.6
Ethiopia	..	6,241	6,986	6,161	6,528	7,104	7,239	6,972	7,904	2.1	4.0	3.7
Gabon	3,265	3,904	5,154	4,835	4,932	5,055	5,055	5,187	5,259	0.5	3.2	1.6
Gambia, The	213	305	375	399	421	445	431	460	484	3.5	2.7	3.2
Ghana	2,640	3,267	4,597	4,800	4,978	5,187	5,420	5,675	5,959	2.6	4.3	4.6
Guinea	..	2,113	2,920	3,054	3,112	3,237	3,373	3,413	3,505	..	4.5	3.0
Guinea-Bissau	115	186	186	200	215	216	201	202	206	3.8	1.4	-1.5
Kenya	7,087	10,557	12,348	12,630	12,705	13,262	13,314	13,683	14,276	4.1	2.2	2.7
Lesotho	400	614	846	848	859	887	918	946	976	4.1	4.2	3.2
Liberia	1,391	433	363	446	561	577	599	411	422	-3.3	0.2	-8.7
Madagascar	3,099	3,266	3,537	3,701	3,878	4,111	3,590	3,941	4,149	0.8	1.7	0.9
Malawi	1,000	1,243	1,666	1,716	1,744	1,657	1,704	1,808	1,936	2.4	3.8	3.0
Mali	1,536	1,630	2,199	2,347	2,422	2,716	2,828	3,039	3,105	0.5	3.9	6.3
Mauritania	582	686	940	1,013	1,081	1,120	1,146	1,219	1,303	1.9	4.5	4.7
Mauritius	1,517	2,676	4,056	4,292	4,465	4,713	4,851	4,992	5,212	5.9	5.3	3.7
Mozambique	2,157	2,189	3,446	3,706	3,778	4,273	4,621	4,986	5,360	-0.9	6.3	8.9
Namibia	2,002	2,263	3,191	3,298	3,414	3,495	3,729	3,858	4,088	1.1	4.0	4.7
Niger	1,523	1,507	1,835	1,824	1,798	1,926	1,984	2,090	2,090	-0.4	2.4	3.9
Nigeria	29,112	32,376	39,942	40,382	42,078	43,382	44,054	48,766	51,692	0.8	2.4	5.4
Rwanda	1,457	1,782	1,588	1,709	1,811	1,933	2,114	2,133	2,218	2.5	-1.6	5.2
São Tomé and Príncipe	..	38	44	45	46	48	50	52	54	..	1.7	4.0
Senegal	2,417	3,281	4,010	4,257	4,385	4,591	4,642	4,946	5,251	3.2	3.0	4.4
Seychelles	290	393	576	587	615	601	609	571	559	3.1	4.5	-2.4
Sierra Leone	754	824	607	594	634	588	754	828	908	0.5	-3.7	11.2
Somalia	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	95,503	110,945	124,638	127,577	132,878	136,512	141,549	145,761	152,276	1.4	2.0	3.4
Sudan	5,538	7,079	10,887	11,577	12,330	13,082	13,867	14,699	15,581	2.4	5.3	6.0
Swaziland	554	1,024	1,315	1,361	1,389	1,414	1,455	1,490	1,521	6.5	3.3	2.4
Tanzania	..	6,801	8,344	8,639	9,079	9,646	10,345	11,081	11,822	..	2.7	6.9
Togo	964	1,071	1,307	1,340	1,329	1,327	1,382	1,419	1,461	1.5	3.6	2.6
Uganda	..	3,077	5,192	5,610	5,926	6,219	6,622	6,912	7,300	2.3	7.2	5.4
Zambia	2,730	3,028	3,058	3,126	3,238	3,396	3,508	3,688	3,887	1.0	0.2	4.6
Zimbabwe	4,376	6,734	8,334	8,034	7,399	7,199	6,883	6,167	5,908	3.3	2.7	-5.9
NORTH AFRICA	114,040	172,850	222,130	228,009	236,346	246,041	254,992	266,091	279,378	4.2	3.3	4.2
Algeria	34,268	45,148	50,583	52,057	53,306	55,232	57,138	59,356	62,064	2.9	1.7	3.8
Egypt, Arab Rep.	37,658	65,727	91,404	93,967	98,782	102,042	105,103	109,832	115,873	5.5	4.4	4.0
Libya	..	..	..	..	..	..	..	..	..	..	..	..
Morocco	18,307	26,717	33,045	33,056	33,344	35,512	37,074	38,335	39,715	4.2	2.4	4.4
Tunisia	8,630	12,255	17,538	18,586	19,462	20,513	21,744	23,157	24,547	3.2	4.6	6.0
ALL AFRICA	339,883	444,006	539,713	552,702	571,694	592,841	613,581	639,340	671,651	2.6	2.7	4.1

Source: ML ISG, The World Bank

a. Preliminary.

23 July 2007

Table 14: Gross domestic product per capita, real

	Constant prices(2000 \$)									Average annual growth %		
	1980	1990	1998	1,999	2000	2001	2002	2003	2004a	1980-89	1990-99	2000-04
SUB-SAHARAN AFRICA	581	523	502	503	507	512	517	526	541	-1.1	-0.2	1.6
excluding South Africa	359	330	326	327	328	333	335	343	354	-0.8	0.1	1.8
excl. S. Africa & Nigeria	341	324	319	322	321	327	330	333	343	-0.4	0.2	1.5
Angola	861	804	651	656	660	662	737	740	799	0.5	-1.8	5.1
Benin	292	273	300	305	313	319	323	325	324	-0.7	1.3	0.9
Botswana	1,077	2,222	2,706	2,812	2,994	3,130	3,277	3,496	3,671	7.5	2.4	5.3
Burkina Faso	192	205	225	233	230	237	239	247	248	1.3	1.2	1.9
Burundi	135	153	115	112	109	109	111	106	107	1.1	-4.4	-0.6
Cameroon	724	755	650	664	678	695	709	723	737	1.6	-1.2	2.1
Cape Verde	..	852	1,067	1,132	1,179	1,196	1,221	1,267	1,292	4.1	3.4	2.4
Central African Republic	314	270	247	251	252	252	247	225	225	-1.0	-0.6	-3.3
Chad	143	182	182	175	168	180	188	208	261	3.9	-0.8	10.8
Comoros	405	416	376	378	377	378	379	379	378	0.3	-1.0	0.0
Congo, Dem. Rep.	251	203	101	94	86	82	83	85	88	-0.8	-7.7	0.8
Congo, Rep.	958	1,113	952	894	937	942	956	935	940	0.6	-2.3	0.0
Côte d'Ivoire	924	654	664	658	623	612	592	573	574	-3.5	0.6	-2.3
Djibouti	..	1,089	802	792	774	..	..	..	..	..	-3.8	9.3
Equatorial Guinea	..	703	2,183	3,015	2,988	2,961	3,403	3,815	4,101	..	17.8	-0.9
Eritrea	..	..	220	213	178	187	180	179	174	..	6.2	0.8
Ethiopia	..	122	114	119	122	129	126	120	132	-1.1	1.1	-0.2
Gabon	4,689	4,078	4,243	3,885	3,877	3,897	3,830	3,867	3,860	-2.7	0.2	0.2
Gambia, The	327	325	304	313	320	328	308	320	327	-0.2	-0.8	2.4
Ghana	234	211	242	247	251	255	261	268	275	-0.6	1.7	0.7
Guinea	..	340	361	370	369	376	383	379	381	..	1.2	-4.5
Guinea-Bissau	144	183	144	151	158	154	138	135	134	1.4	-1.6	0.5
Kenya	435	451	421	421	414	423	416	418	427	0.3	-0.6	3.1
Lesotho	310	386	482	478	481	494	510	526	543	1.8	3.0	-9.9
Liberia	744	203	134	153	183	183	187	128	130	-4.9	-3.3	-1.8
Madagascar	342	271	232	235	239	247	209	224	229	-2.0	-1.3	0.7
Malawi	162	131	153	153	151	140	141	146	154	-1.9	2.0	3.2
Mali	220	183	200	207	208	226	229	239	237	-1.9	1.2	1.6
Mauritania	362	338	376	395	409	411	408	422	437	-0.5	1.8	2.7
Mauritius	1,570	2,532	3,497	3,655	3,762	3,927	4,009	4,085	4,223	4.9	4.0	6.7
Mozambique	179	163	201	211	211	234	247	262	276	-1.9	3.0	3.2
Namibia	2,029	1,619	1,767	1,780	1,802	1,811	1,902	1,943	2,035	-2.3	0.8	0.4
Niger	246	178	167	160	153	158	157	160	155	-3.4	-0.9	3.1
Nigeria	425	358	356	352	358	360	358	387	402	-2.0	-0.3	2.6
Rwanda	280	251	232	228	226	231	245	244	250	-1.2	-1.7	1.6
São Tomé and Príncipe	..	330	327	329	332	338	344	349	354	..	-0.1	2.0
Senegal	406	411	407	422	424	433	428	445	461	0.2	0.4	-3.2
Seychelles	4,507	5,614	7,302	7,294	7,579	7,405	7,277	6,893	6,688	2.3	2.9	6.5
Sierra Leone	233	202	142	136	141	126	154	162	170	-1.9	-4.3	2.5
Somalia	..	..	..	..	..	..	..	..	..	..	..	4.0
South Africa	3,463	3,152	2,975	2,972	3,020	3,046	3,122	3,181	3,346	-1.2	-0.3	0.6
Sudan	277	272	346	359	375	390	405	422	439	-0.4	2.8	4.8
Swaziland	981	1,330	1,327	1,335	1,329	1,324	1,337	1,347	1,358	3.3	0.1	-0.2
Tanzania	..	259	251	254	261	272	286	300	314	..	-0.2	1.9
Togo	346	270	261	258	248	240	243	243	244	-2.1	0.5	2.8
Uganda	..	173	227	238	244	248	255	257	262	-1.3	3.9	-6.5
Zambia	451	361	298	298	303	311	316	327	339	-2.3	-2.2	2.4
Zimbabwe	599	637	675	644	587	567	538	479	457	-0.5	0.8	3.4
NORTH AFRICA	1,261	1,473	1,633	1,676	1,712	1,749	1,778	1,834	1,879	1.6	1.5	1.5
Algeria	1,827	1,785	1,708	1,738	1,755	1,774	1,819	1,923	1,992	-0.1	-0.3	3.0
Egypt, Arab Rep.	880	1,181	1,411	1,469	1,519	1,543	1,562	1,579	1,615	2.9	2.5	3.4
Libya	..	..	..	..	..	..	..	..	..	..	..	..
Morocco	950	1,117	1,215	1,200	1,197	1,258	1,284	1,339	1,349	2.0	0.8	3.0
Tunisia	1,353	1,503	1,879	1,967	2,036	2,110	2,122	2,228	2,341	0.6	2.9	3.4
ALL AFRICA	718	702	703	709	717	727	735	751	771	-0.2	0.3	1.8

Source: ML ISG, The World Bank

a. Preliminary.a. Preliminary.

23 July 2007

Table 15: Agriculture value added

	Constant prices (2000 \$ millions)									Average annual growth (%)		
	1980	1990	1998	1999	2000	2001	2002	2003	2004a	1980-89	1990-99	2000-04
SUB-SAHARAN AFRICA	36,019	44,387	55,544	57,763	58,916	61,159	62,702	64,769	67,503	2.3	3.2	3.3
excluding South Africa	32,933	40,677	51,989	53,986	54,959	57,335	58,626	60,782	63,593	2.2	3.4	3.6
excl. S. Africa & Nigeria	25,571	32,242	41,163	42,596	43,236	45,168	45,936	47,263	49,184	2.1	3.5	3.1
Angola	..	686	467	473	517	610	691	772	886	..	-2.9	14.0
Benin	316	467	744	774	824	849	911	932	985	5.2	5.8	4.6
Botswana	133	155	151	139	139	144	143	145	149	1.7	-1.0	1.5
Burkina Faso	410	531	819	850	881	848	919	919	1,086	3.6	4.3	5.1
Burundi	218	300	272	269	255	247	257	248	247	3.1	-1.9	-0.6
Cameroon	1,877	2,380	3,388	3,619	3,782	3,923	4,067	4,209	4,393	2.5	5.3	3.8
Cape Verde	23	50	65	59	64	64	60	63	67	15.3	4.2	0.9
Central African Republic	298	332	433	450	478	498	517	536	533	1.7	3.6	3.0
Chad	306	321	597	578	563	621	617	648	614	3.1	5.5	2.2
Comoros	43	59	69	72	83	88	90	93	95	4.0	2.3	3.3
Congo, Dem. Rep.	1,565	2,011	2,353	2,407	2,126	2,043	2,053	2,078	2,090	2.5	2.2	-0.2
Congo, Rep.	118	166	174	164	171	180	188	200	212	3.3	1.0	5.5
Côte d'Ivoire	1,628	1,756	2,265	2,216	2,400	2,407	2,351	2,379	2,474	-0.4	3.2	0.5
Djibouti	..	18	18	18	18	..	..	..	..	..	0.7	..
Equatorial Guinea	..	54	78	86	94	100	104	92	..	..	7.2	-0.1
Eritrea	..	..	170	157	89	115	80	89	95	..	5.4	-1.2
Ethiopia	..	2,901	3,282	2,806	2,868	3,197	3,124	2,730	3,247	0.1	2.0	0.9
Gabon	320	342	293	306	318	331	348	366	388	1.5	-1.9	5.1
Gambia, The	87	89	93	120	133	145	104	124	142	1.2	2.2	-0.2
Ghana	1,227	1,269	1,653	1,717	1,757	1,822	1,896	1,984	2,075	0.9	3.3	4.3
Guinea	..	457	647	699	697	740	778	801	834	..	4.7	4.5
Guinea-Bissau	45	79	100	108	112	114	113	121	128	5.0	4.3	3.3
Kenya	2,192	3,138	3,452	3,696	3,649	4,012	3,870	3,967	4,024	3.2	1.8	1.9
Lesotho	104	137	135	141	145	145	139	137	137	2.1	1.7	-1.7
Liberia	..	..	..	..	..	..	..	..	..	..	..	..
Madagascar	690	852	972	1,005	1,013	1,054	1,041	1,054	1,086	2.4	1.8	1.4
Malawi	263	302	536	590	622	585	600	636	653	2.1	8.5	1.8
Mali	656	792	958	1,046	938	1,043	1,005	1,183	1,128	2.6	3.1	5.1
Mauritania	107	127	186	195	193	187	182	193	188	2.0	4.8	-0.2
Mauritius	224	274	298	300	230	304	318	269	278	3.1	0.7	2.6
Mozambique	..	707	947	1,000	887	971	1,076	1,173	1,271	7.3	5.3	9.5
Namibia	179	223	294	312	338	304	334	347	336	1.3	3.5	1.2
Niger	479	537	782	743	680	770	785	832	..	1.8	3.6	6.4
Nigeria	7,011	8,447	10,839	11,399	11,730	12,176	12,692	13,513	14,392	2.9	3.3	5.3
Rwanda	535	558	633	687	750	812	930	901	901	0.8	1.5	4.8
São Tomé and Príncipe	..	6	9	9	9	10	10	10	10	..	3.6	3.0
Senegal	495	654	720	818	850	879	700	836	872	2.8	2.5	0.0
Seychelles	18	17	15	17	17	17	17	15	15	-1.7	-0.5	-3.1
Sierra Leone	370	489	305	323	349	218	284	305	323	3.5	-2.9	1.9
Somalia	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	3,073	3,692	3,557	3,777	3,956	3,827	4,077	3,991	3,923	2.9	0.7	0.3
Sudan	1,713	2,144	4,244	4,653	4,963	5,239	5,633	6,006	5,943	2.3	9.1	5.1
Swaziland	126	144	144	156	150	136	138	142	144	2.0	1.0	-0.3
Tanzania	..	2,767	3,505	3,650	3,773	3,980	4,178	4,346	4,604	..	3.2	5.0
Togo	220	342	453	477	455	461	494	489	505	5.7	4.5	2.7
Uganda	..	1,401	1,803	1,908	2,014	2,111	2,193	2,243	2,361	1.5	3.6	3.9
Zambia	371	471	576	634	644	627	616	647	675	4.1	4.3	1.3
Zimbabwe	599	858	1,091	1,137	1,174	1,128	872	863	838	2.8	4.2	-9.0
NORTH AFRICA	17,093	23,548	29,317	28,745	28,100	..	..	..	..	3.9	2.4	..
Algeria	2,300	3,112	4,521	4,529	4,302	4,604	4,788	4,979	5,178	4.3	4	4.6
Egypt, Arab Rep.	8,668	11,478	14,496	14,909	15,418	..	..	..	..	2.7	3.1	..
Libya	..	..	..	..	..	..	..	..	..	..	..	..
Morocco	4,023	5,925	6,567	5,378	4,509	5,546	5,934	5,993	6,053	7.0	0.1	6.9
Tunisia	1,201	1,792	2,189	2,415	2,390	2,426	2,584	2,752	2,931	2.0	2.1	5.5
ALL AFRICA	53,056	67,896	84,817	86,505	87,042	91,549	94,379	97,466	101,399	2.8	2.9	3.7

Source: ML ISG, The World Bank

a. Preliminary.

23 July 2007

Table 16: Total consumption per capita

	Dollars											
	1980	1990	1998	1999	2000	2001	2002	2003	2004a	Annual average		
										1980-89	1990-99	2000-04
SUB-SAHARAN AFRICA	491	469	440	424	408	402	423	488	566	445	452	458
excluding South Africa	389	326	285	276	264	280	317	326	357	321	285	309
excl. S. Africa & Nigeria	334	352	298	283	270	282	326	329	361	309	300	314
Angola	..	685	394	361	399	534	554	741	953	586	460	636
Benin	403	349	321	325	295	299	353	422	468	313	317	367
Botswana	742	1,523	1,736	1,774	1,746	1,747	1,870	2,684	3,136	780	1,714	2,236
Burkina Faso	314	347	232	236	215	229	254	324	355	277	252	276
Burundi	224	210	148	130	117	109	103	91	99	215	171	104
Cameroon	603	759	494	515	540	513	570	706	802	691	618	626
Cape Verde	458	1,030	1,446	1,558	1,347	1,373	1,509	1,910	2,148	550	1,189	1,657
Central African Republic	373	499	272	252	233	224	241	260	285	352	344	249
Chad	..	309	213	194	159	190	231	238	317	221	235	227
Comoros	406	622	436	445	373	402	430	544	637	394	519	477
Congo, Dem. Rep.	462	224	131	88	82	88	101	99	114	288	154	97
Congo, Rep.	609	859	421	417	396	369	413	497	543	681	592	444
Côte d'Ivoire	971	757	642	603	512	501	488	620	688	681	637	562
Djibouti	..	..	774	815	815	..	..	..	..	..	828	815
Equatorial Guinea	..	450	853	..	..	..	..	..	..	..	463	..
Eritrea	..	..	299	284	240	230	218	296	357	..	251	268
Ethiopia	..	213	110	101	101	96	88	96	115	140	121	99
Gabon	2,420	3,926	2,320	2,280	2,779	1,659	1,942	2,468	2,844	2,501	2,713	2,339
Gambia, The	348	303	298	302	293	271	231	227	243	276	315	253
Ghana	374	359	353	383	237	243	275	322	357	340	348	287
Guinea	..	373	367	346	307	298	331	374	384	324	388	339
Guinea-Bissau	141	233	176	171	171	169	156	155	178	177	205	166
Kenya	365	299	431	384	375	369	359	400	420	301	312	385
Lesotho	507	591	676	628	579	494	459	664	819	475	690	603
Liberia	435	..	..	..	..	178	180	139	153	446	..	162
Madagascar	452	242	228	219	221	230	237	283	222	301	231	239
Malawi	179	172	148	159	146	140	176	158	165	150	180	157
Mali	254	255	211	206	183	188	240	297	332	206	230	248
Mauritania	456	478	434	416	355	409	417	545	611	433	442	467
Mauritius	1,020	1,725	2,686	2,780	2,861	2,796	2,818	3,215	3,736	1,078	2,413	3,085
Mozambique	319	194	202	196	186	186	195	226	267	277	173	212
Namibia	1,354	1,376	1,624	1,598	1,549	1,383	1,310	1,662	2,083	1,474	1,666	1,597
Niger	345	289	184	171	147	152	163	199	213	259	202	175
Nigeria	643	222	231	245	238	273	281	313	338	385	221	289
Rwanda	214	342	299	258	223	198	201	194	202	272	283	203
São Tomé and Príncipe	555	702	325	378	345	411	430	487	482	579	462	431
Senegal	526	651	419	418	378	390	435	623	616	480	498	488
Seychelles	1,667	4,196	6,270	5,762	5,891	6,101	6,398	6,823	6,609	2,170	5,142	6,364
Sierra Leone	337	145	153	167	159	194	211	210	213	250	181	197
Somalia	105	155	..	..	..	..	..	..	..	136	155	..
South Africa	1,818	2,444	2,624	2,514	2,450	2,137	1,950	2,840	3,694	2,094	2,782	2,614
Sudan	373	..	332	307	315	359	382	424	491	488	319	394
Swaziland	949	1,041	1,339	1,347	1,271	1,144	881	1,421	1,932	812	1,297	1,330
Tanzania	..	160	254	247	237	243	239	252	275	204	189	249
Togo	314	351	308	294	253	238	258	285	329	270	303	273
Uganda	99	241	272	234	221	212	213	218	223	231	217	217
Zambia	518	328	303	302	277	276	274	311	386	397	330	305
Zimbabwe	788	686	398	401	509	911	2,267	579	345	700	531	922
NORTH AFRICA	824	1,094	1,303	1,259	1,261	1,265	1,251	1,300	1,330	944	1,107	1,282
Algeria	1,281	1,789	1,166	1,088	976	1,084	1,145	1,280	1,491	1,697	1,212	1,195
Egypt, Arab Rep.	443	650	1,152	1,122	1,214	1,171	1,065	965	844	540	832	1,052
Libya	5,040	..	..	..	..	..	..	..	..	5,044	..	..
Morocco	843	870	1,078	1,030	979	981	1,066	1,276	1,408	667	1,001	1,142
Tunisia	1,041	1,124	1,623	1,672	1,550	1,563	1,694	2,013	2,215	961	1,440	1,807
ALL AFRICA	563	590	596	573	559	553	569	633	706	545	576	604

Source: ML ISG, The World Bank

a. Preliminary.

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