



Connecting for Growth, Economic Inclusion & Prosperity

VISA Africa Integration Index | 4th Edition, 2017

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Paths to Prosperity



1945-1985 Japan 15x



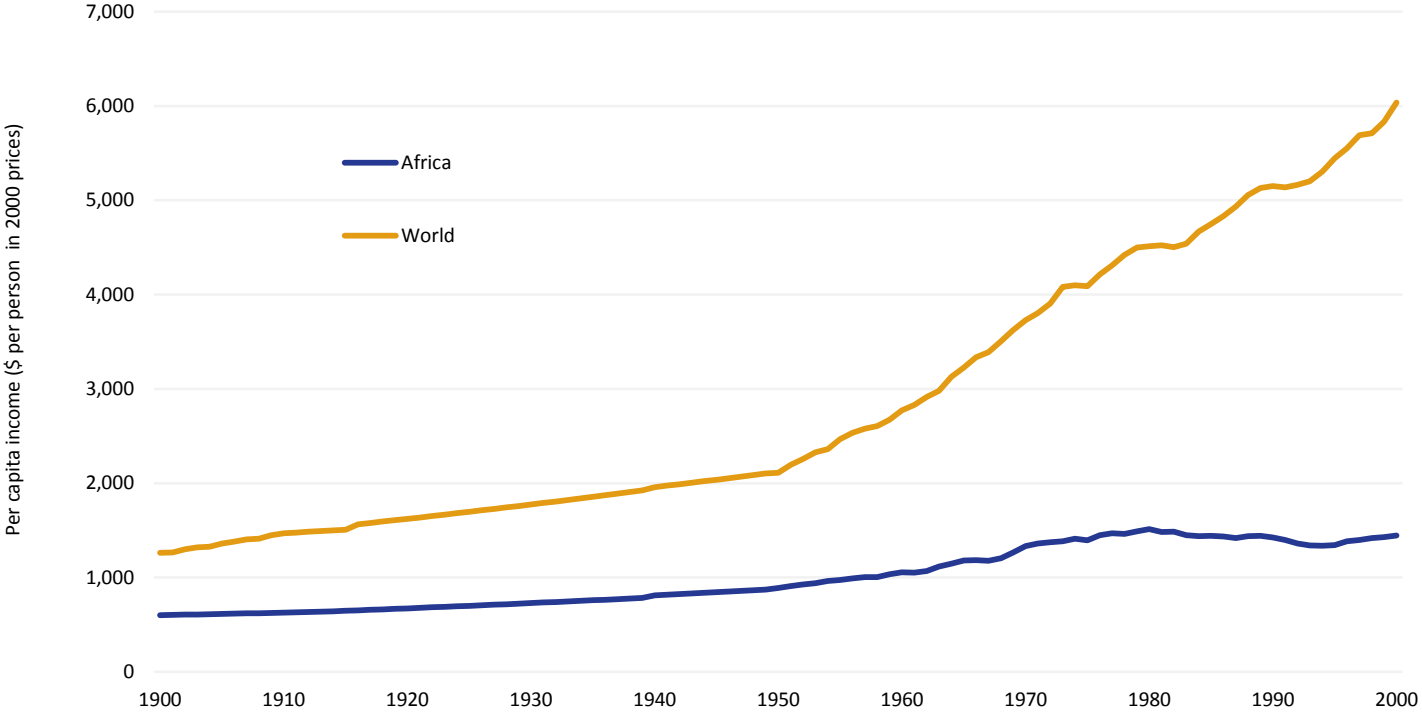
1966-2015 South Korea 20x



1976-2015 Chile 20x



From Left Behind

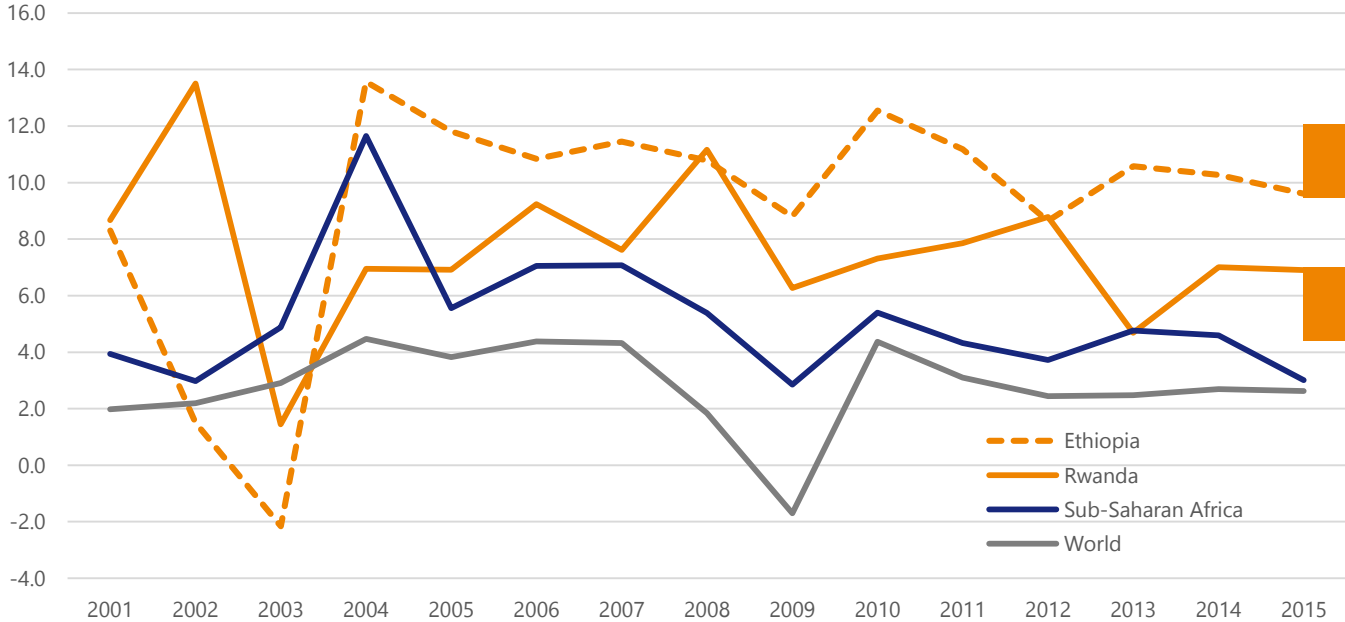


Adapted and extended by Adrian Saville, Cannon Asset Managers (2014) from Angus Maddison (2008)



To Leading

Economic Growth (% p.a.): 2001-2015

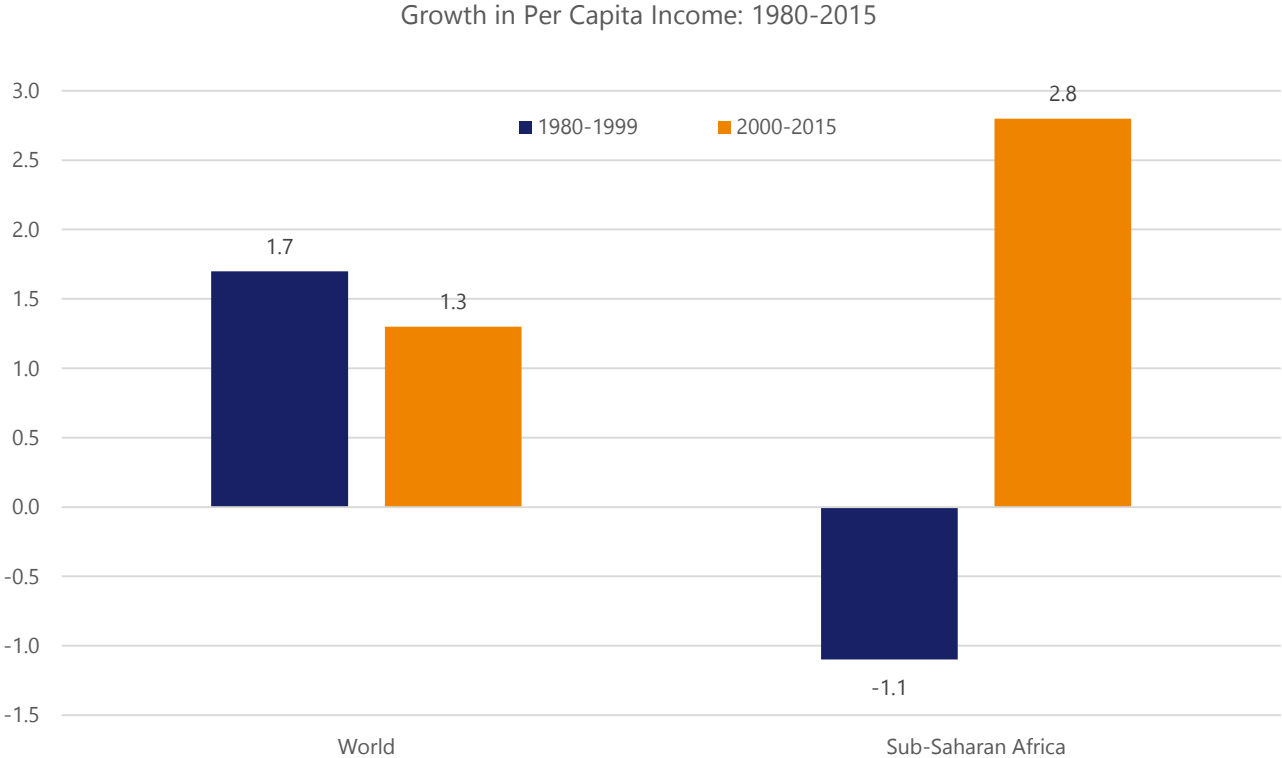


Ethiopia 9.2% p.a.
4x per capita

Rwanda 7.6% p.a.
9 1/2 year doubling time



Broader Basis: Sustained & Inclusive



The Six Pack & Prosperity

Savings & Investment



Demography



Policy & Institutions



Education



Health



Openness



The Six Pack & Prosperity: Primary Key Ingredient

Savings & Investment



Demography



Policy & Institutions



Education



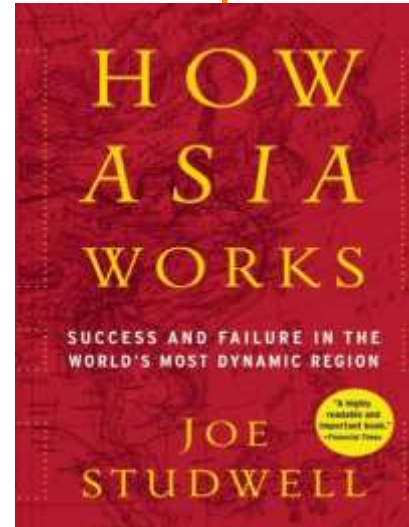
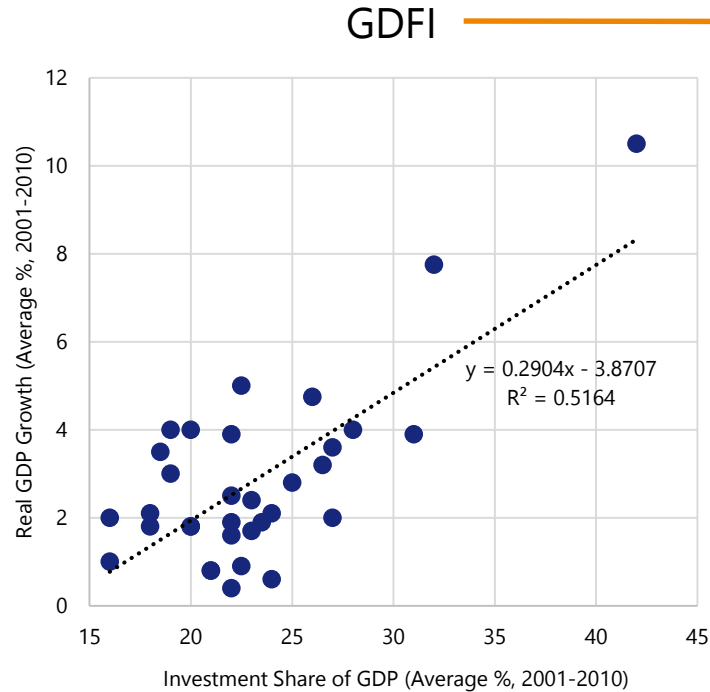
Health



Openness

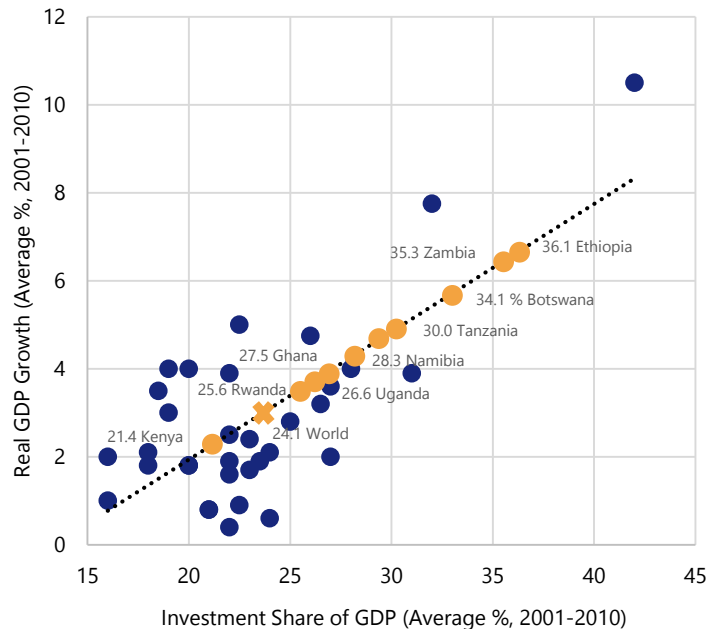


Gross Domestic Fixed Investment Half The Miracle



Gross Domestic Fixed Investment Half The Miracle

GDFI



Investment Rates 2011-2015

Botswana 34.1% | Ethiopia 36.1% | Namibia 28.3%
 Ghana 27.5% | Rwanda 25.6% | Uganda 26.6%
 Tanzania 30.0% | Zambia 35.3%

- Openness & connectedness
- Historically misunderstood, mis-measured & data gaps

Savings & Investment



Demography



Policy & Institutions



Education



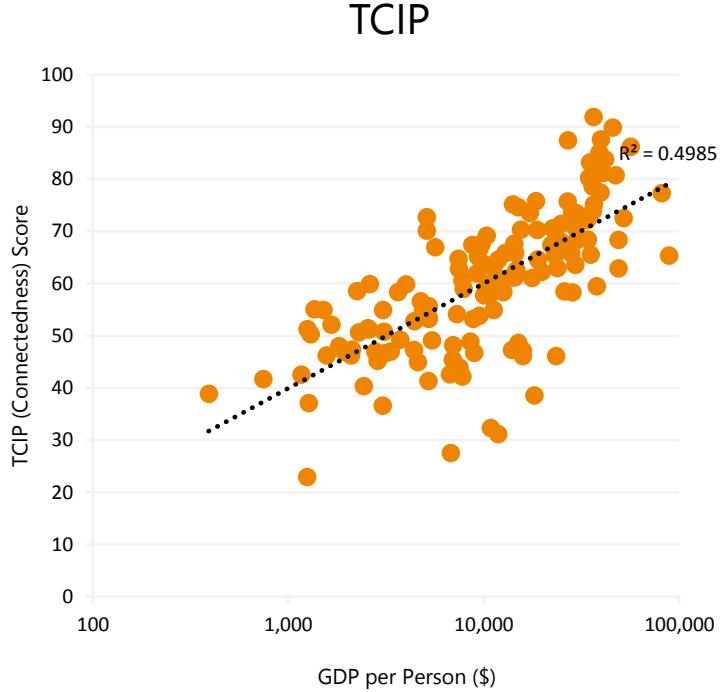
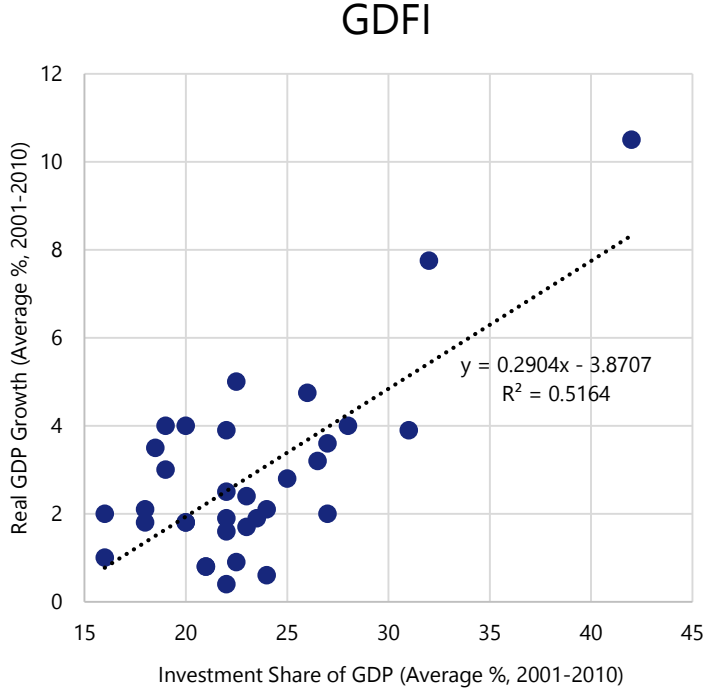
Health



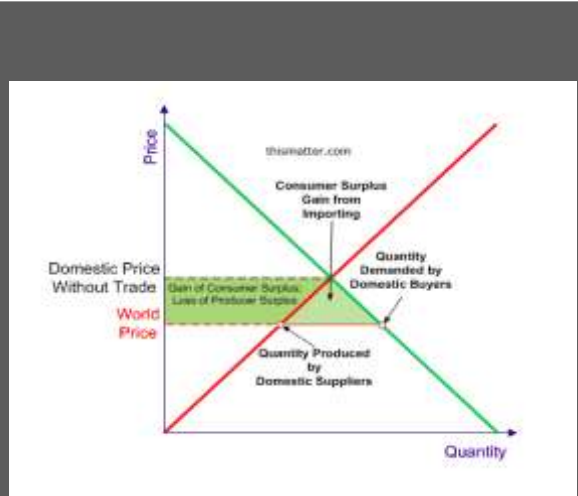
Openness



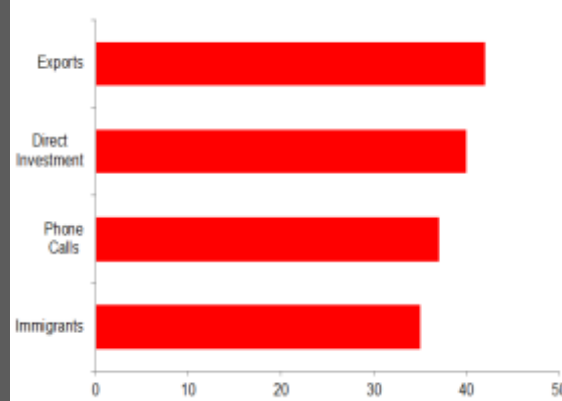
Connectedness Squares The Circle



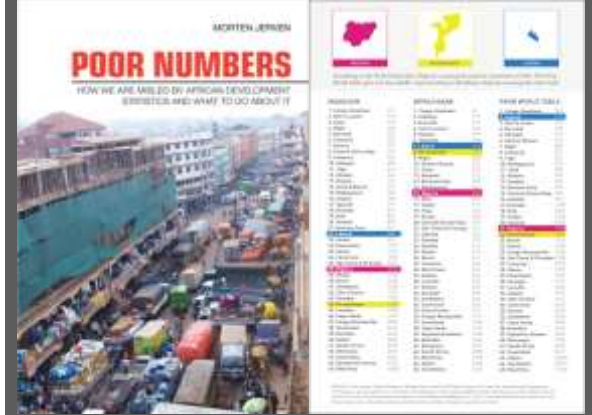
But Mis-Measured, Misunderstood & Missing



Mis-Measured:
Trade & Capital

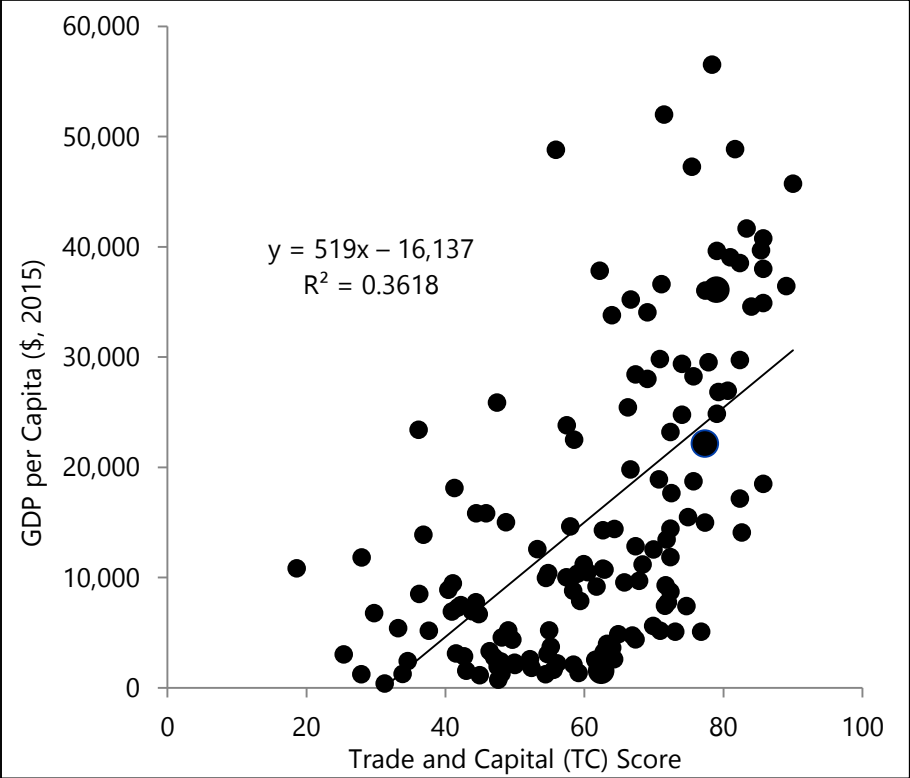


Misunderstood:
Globalization

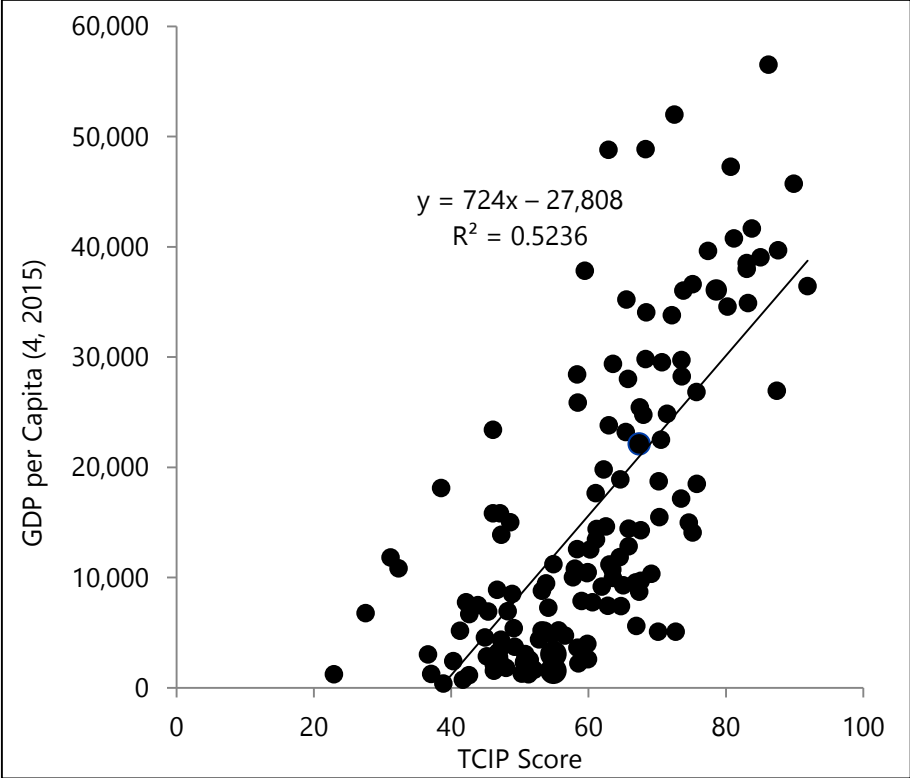


Missing:
Poor Numbers

Mis-Measured: Trade & Capital Flows Matter



Information & Movement Of People Matter More

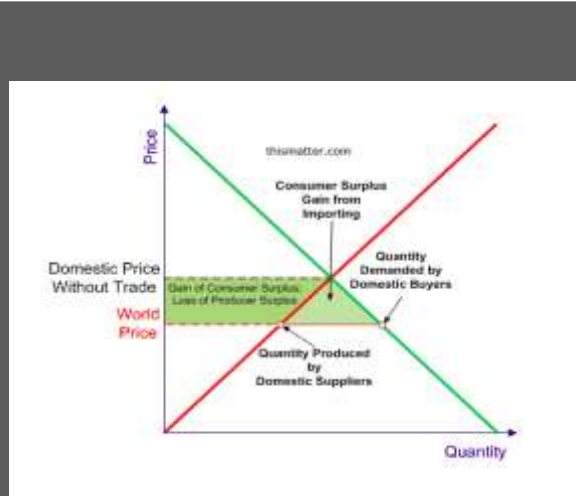


The world has more barriers than ever before: $\frac{3}{4}$ of all border walls and fences were erected after the year 2000.

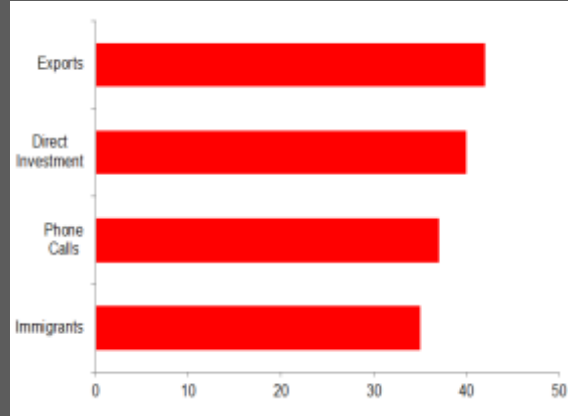
- In a world of “insane inequality”, migration is the most powerful tool around for fighting poverty.
- Closed borders are one of the biggest barriers to global equality. Someone who lives in Nigeria and has exactly the same skill set and education as someone who lives in the UK or the US, earns about eight-times less.
- ... if developed countries were to take in just 3% more immigrants, the world’s poor would have over \$300 billion more to spend.
- ... there is a huge body of research that shows how carefully managed global migration and ethnic diversity strengthens a country’s long-term economy.

Rutger Bregman, *Utopia for Realists*, 2014
via bit.ly/2qIMPW5

Mis-Measured, Misunderstood & Missing



Mis-Measured:
Trade & Capital

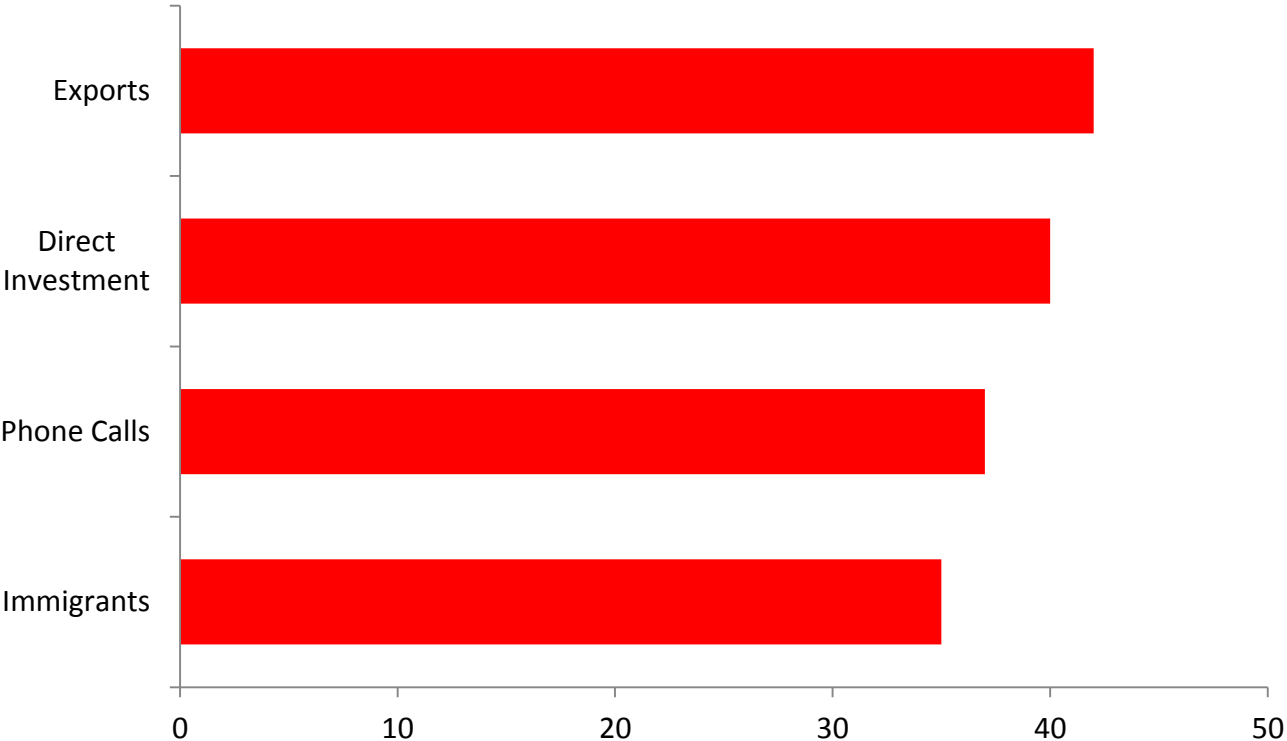


Misunderstood:
Globalization

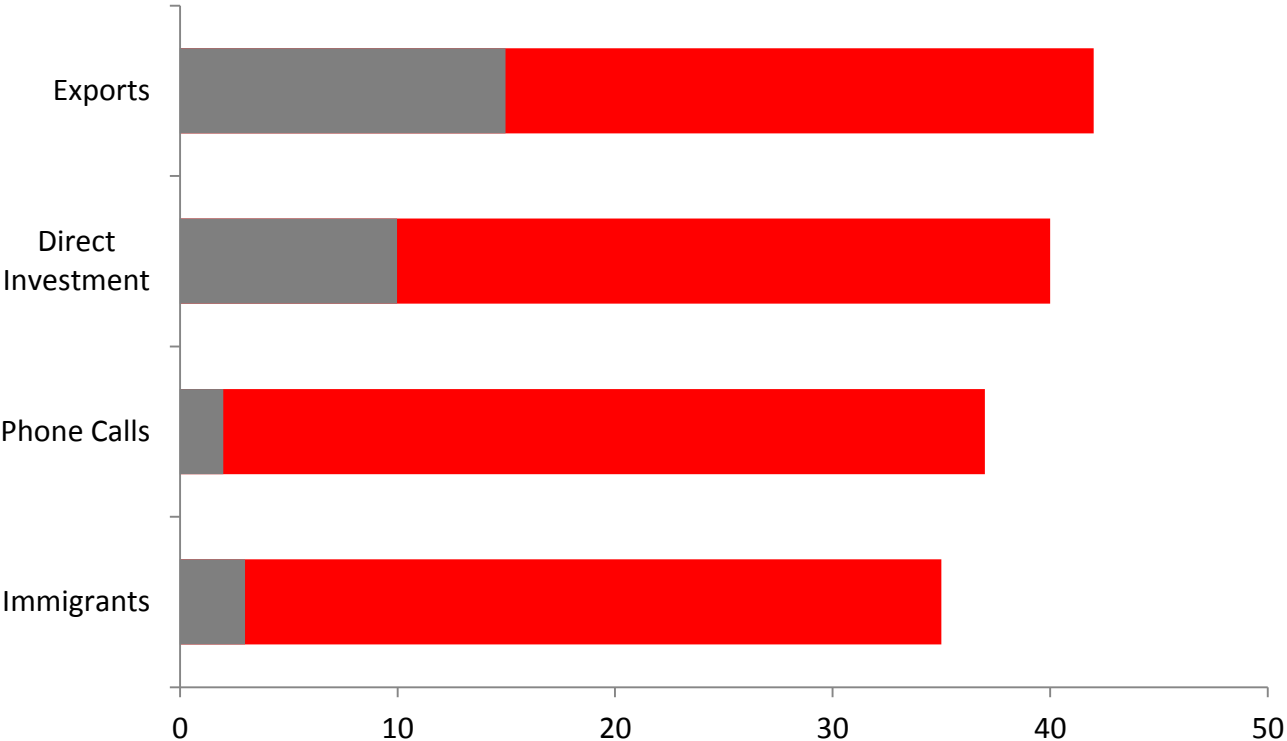


Missing:
Poor Numbers

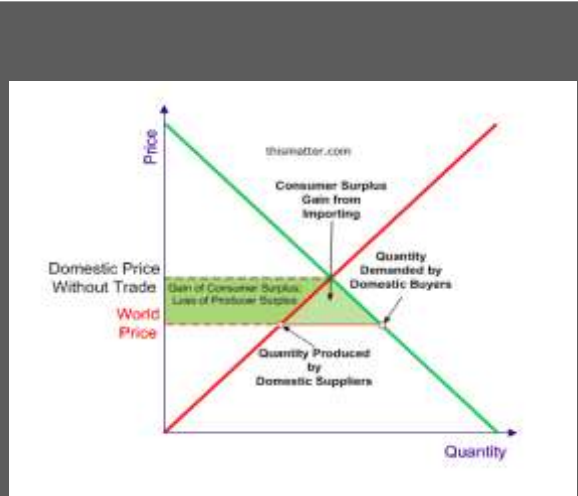
Misunderstood



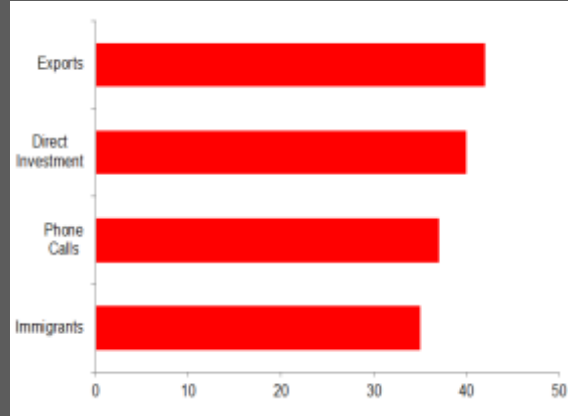
Misunderstood



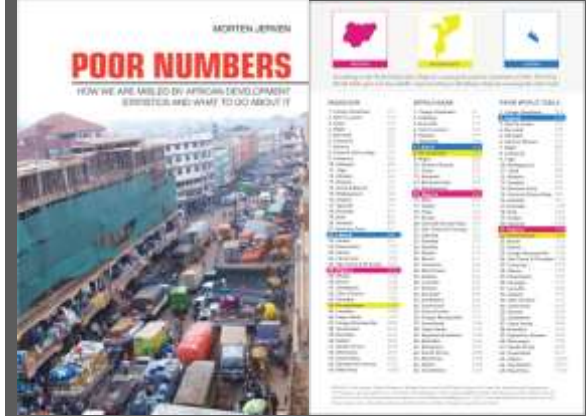
Mis-Measured, Misunderstood & Missing



Mis-Measured:
Trade & Capital



Misunderstood:
Globalization



Missing:
Poor Numbers

Missing



So geographers, in Afric maps,
With savage pictures fill their gaps,
And o'er uninhabitable downs
Place elephants for want of towns.

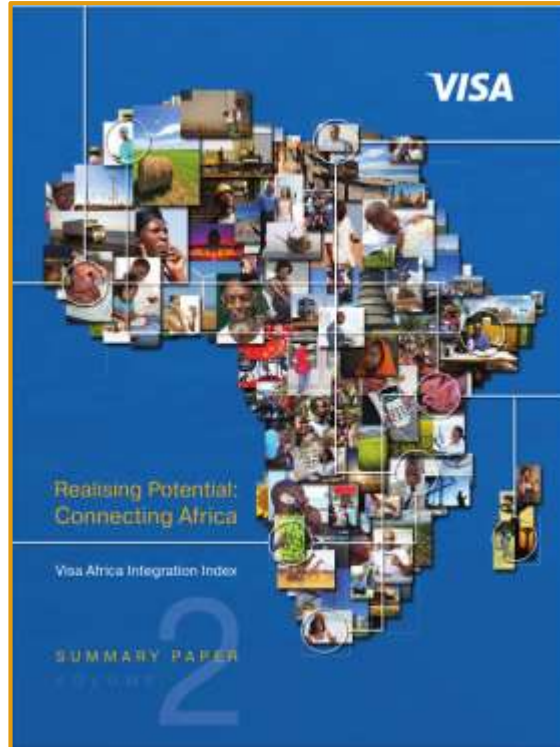
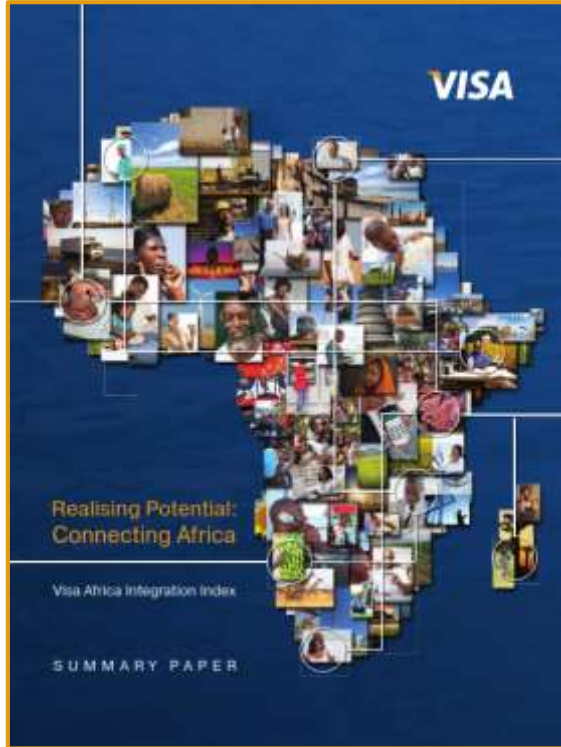
Jonathan Swift (1667-1745), On Poetry: A Rhapsody

Young (2012) for 47 Africa countries (1991-2004), more than half of the data points for specific economic indicators were missing & 15 countries had no data for any year for key indicators.

Jerven (2013) notes even where numbers are available, figures often are misstated because of capacity constraints or large “informal” economies that perform differently from the more readily measured “formal” economy.

Reliable statistics are basic to the operation of governments, vital to non-governmental organizations and invaluable to business. One of the most urgent challenges in African economic development is to bolster statistical capacity.

The VISA Africa Integration Index



First three editions covered 11 countries $\frac{1}{2}$ region's population and $\frac{3}{4}$ of output

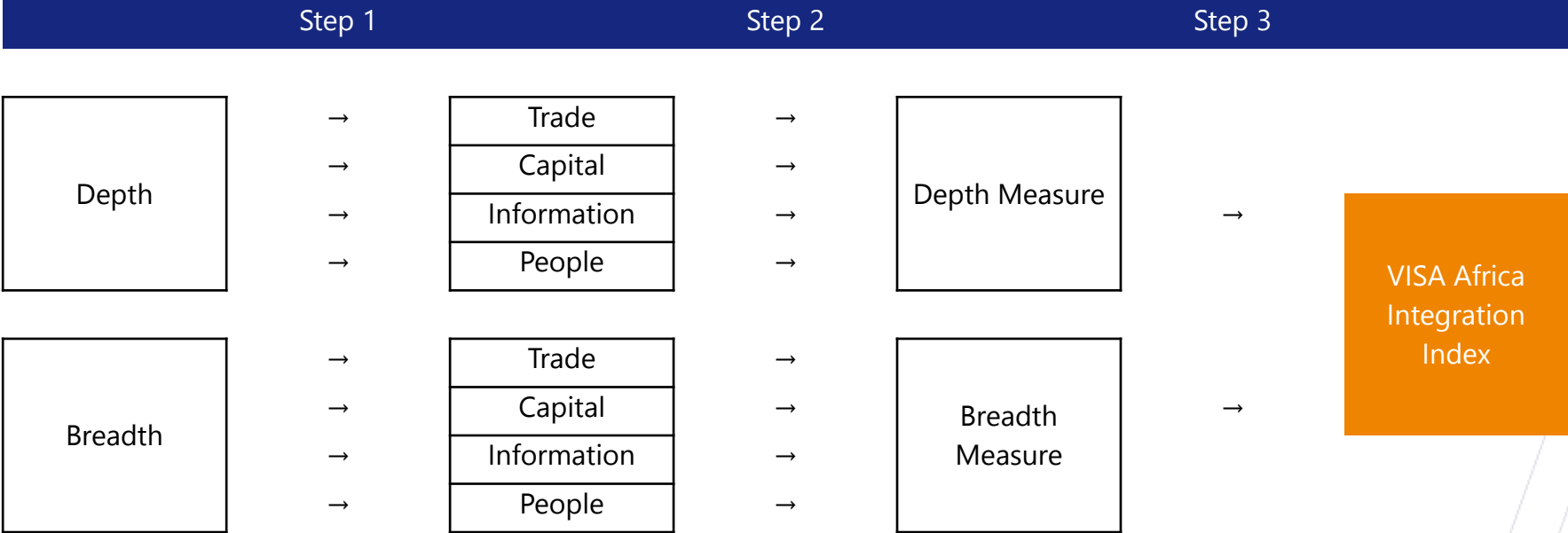
Fourth edition extended to 19 economies $\frac{3}{4}$ of population and nine-tenths output in four regions, namely:

- *Central Africa*, which includes Angola, Cameroon and the Democratic Republic of Congo
- *East Africa*, covering Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Tanzania and Uganda
- *Southern Africa*, which includes Botswana, Mozambique, Namibia, South Africa, Zambia and Zimbabwe
- *West Africa*, which includes Côte d'Ivoire, Ghana and Nigeria



VISA Africa Integration Index Construction

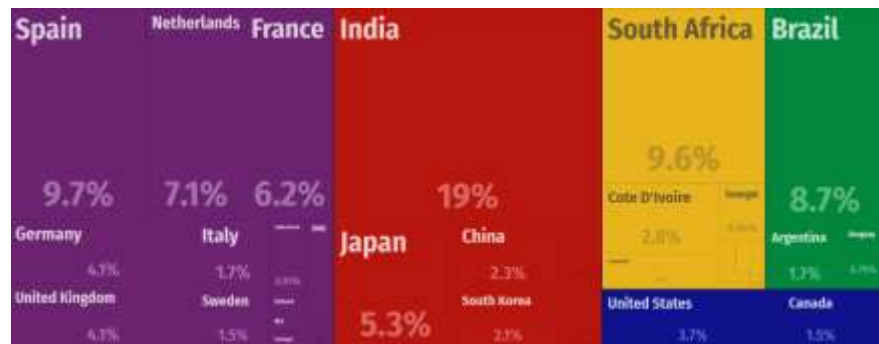
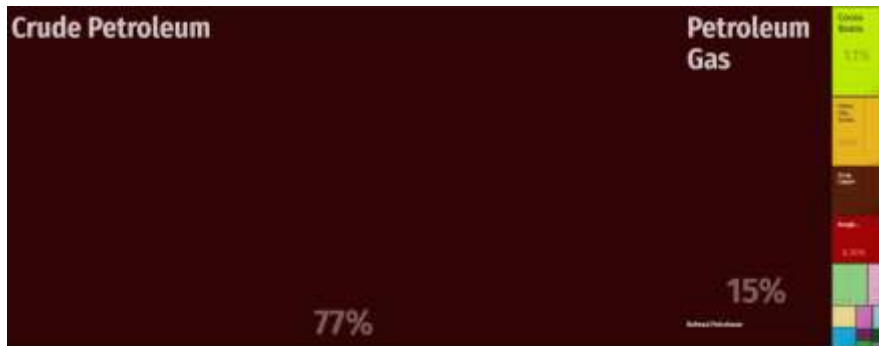
Filling Gaps in Data & Knowledge



VISA Africa Integration Index Construction

Pillar	Component	Depth Scaling Component	Breadth Scaling Component
Trade (T)	Merchandise trade	Domestic GDP	Export destination
	Services trade	Domestic GDP	Product or service type
	Spend on freight, forwarding and courier services	Domestic GDP	Not relevant
	In-country transactions on foreign bank cards	Total card spend	Foreign issuer
	Road, rail and air infrastructure	Global scale	Not relevant
Capital (C)	Foreign direct investment (FDI) stocks	Domestic GDP	Home country
	Foreign direct investment (FDI) flows	Gross fixed capital formation	Home country
	Foreign portfolio investment (FPI) stocks	Domestic GDP	Home country
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Information (I)	Internet users	Population	Share of population
	Mobile cellular subscribers	Population	Share of population
	Trade in printed publications	Population	Not relevant
	Social network users	Population	Share of population
	Spend on data services and information	Domestic GDP	Not relevant
	Education spend	Domestic GDP	Not relevant
	People (P)	Immigrants (foreign born) and emigrants	Population
Tourists (arrivals and departures)		Population	Home country and host country
International students		Tertiary education enrolments	Home country
International flights		Total flights	Destination
Foreign bank cards versus domestic bank cards		Ratio	Share of market
Transactions on foreign bank cards		Total bank card transactions	Share of market

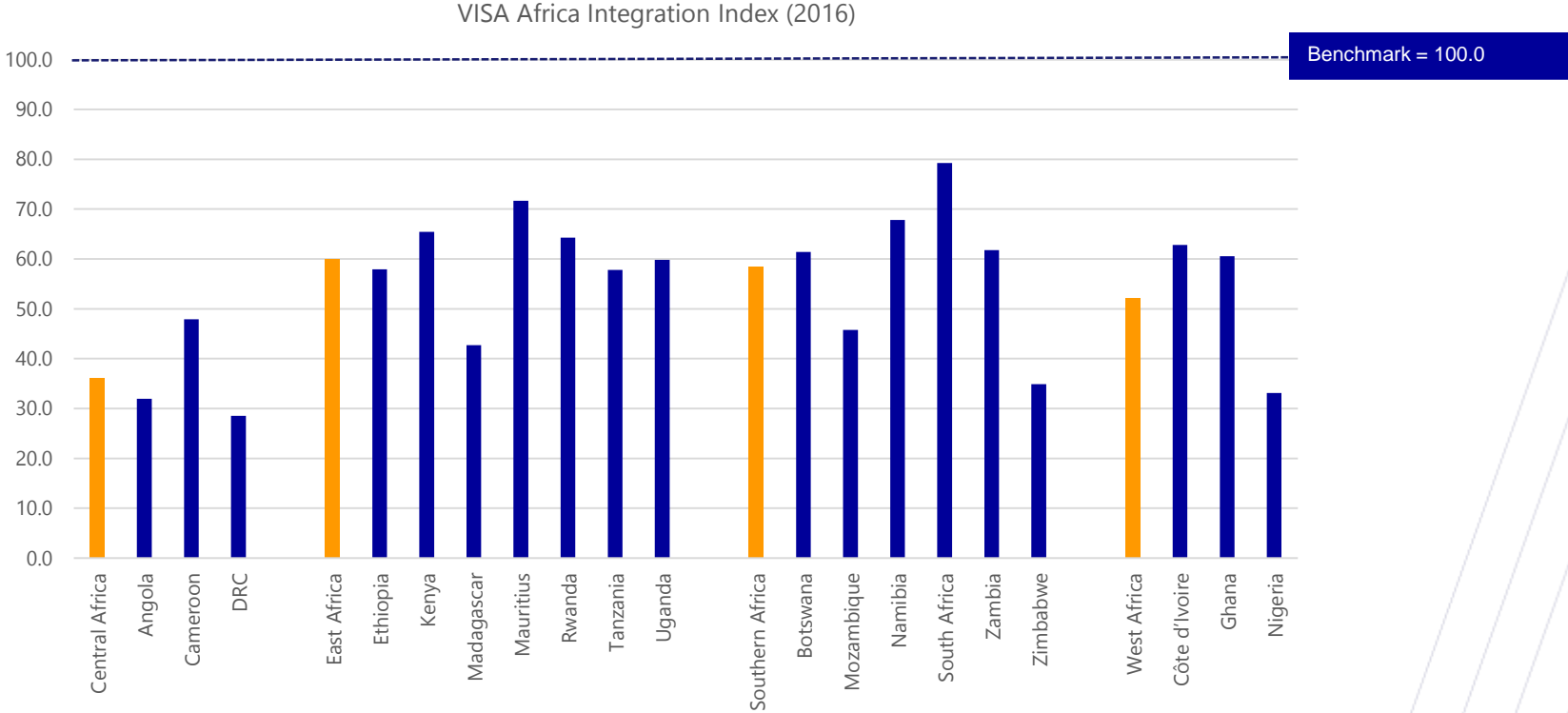
Why Depth & Breadth Matter



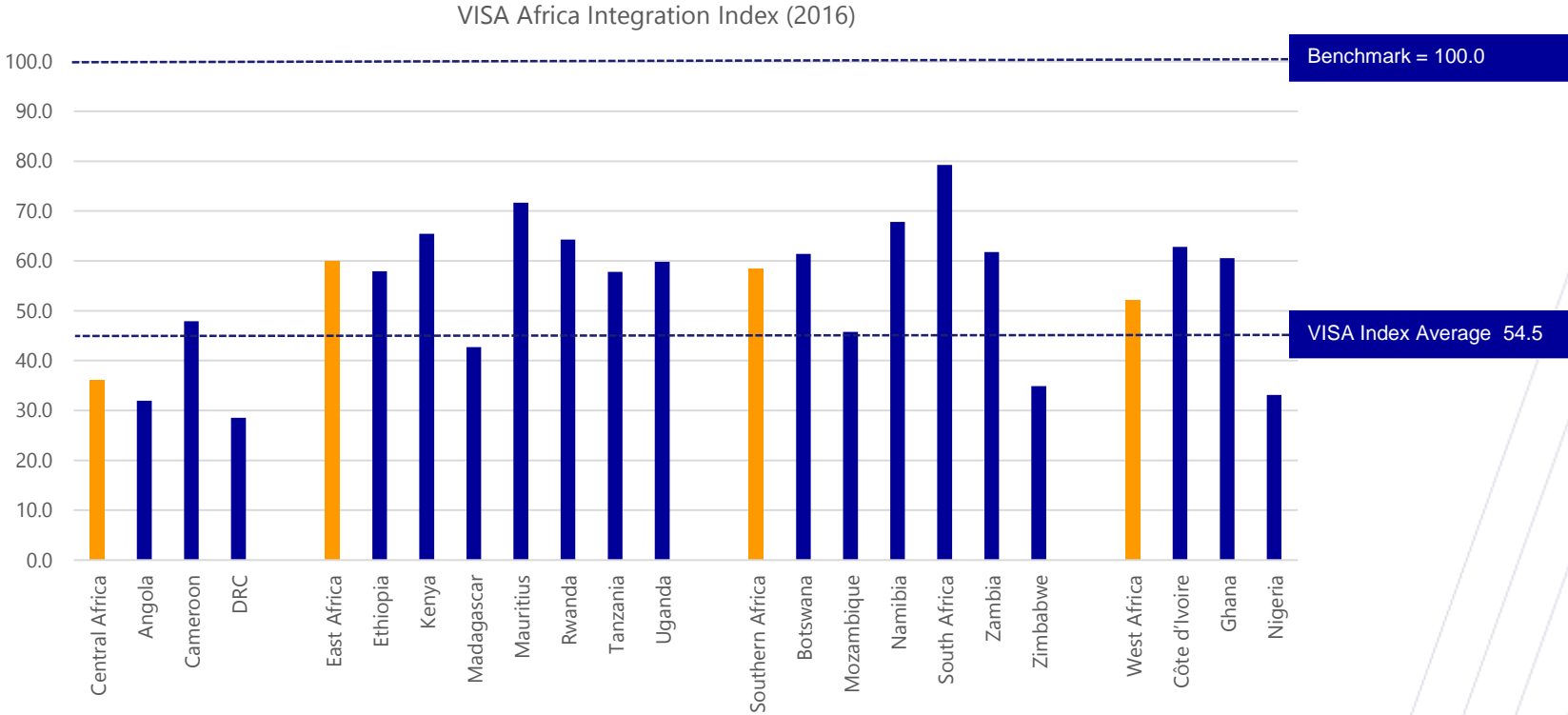
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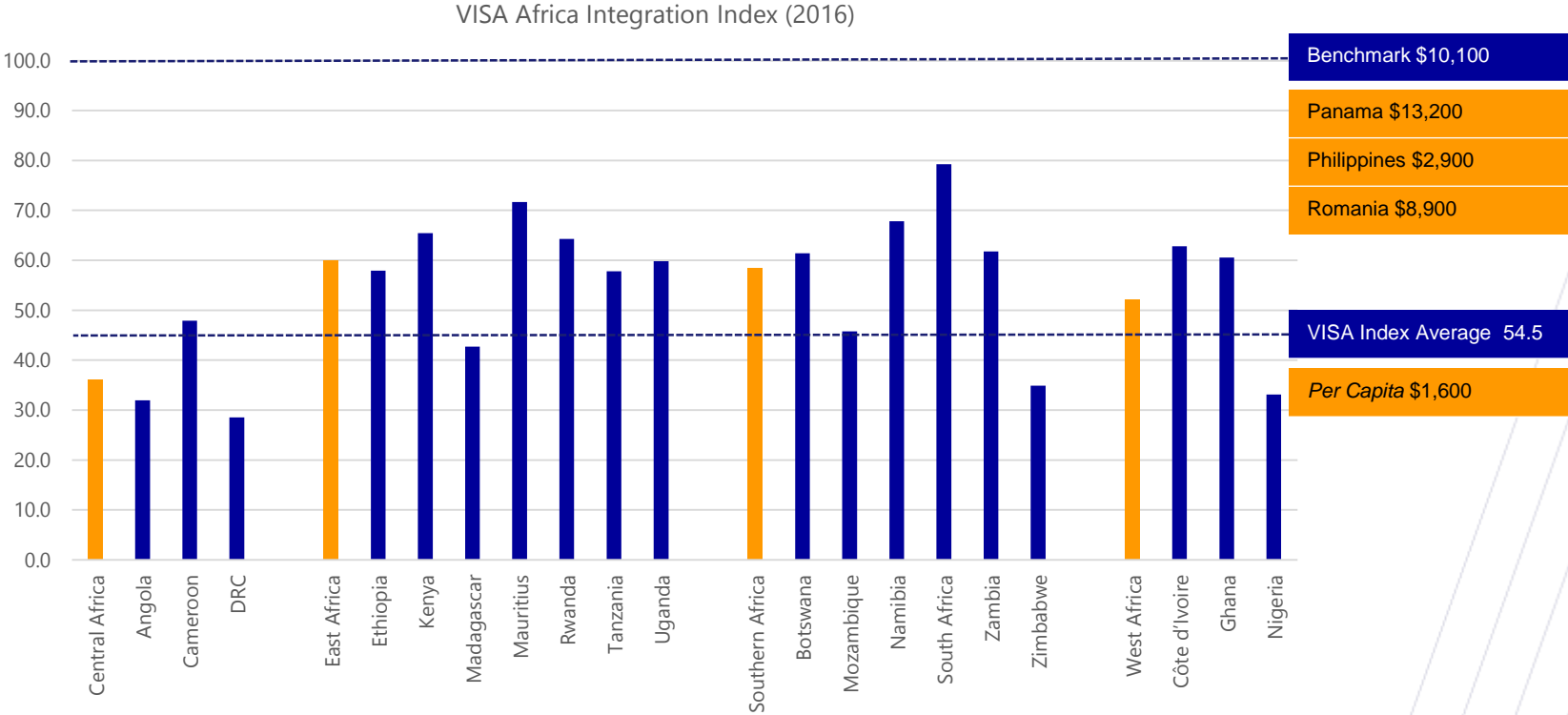
VISA Africa Integration Index



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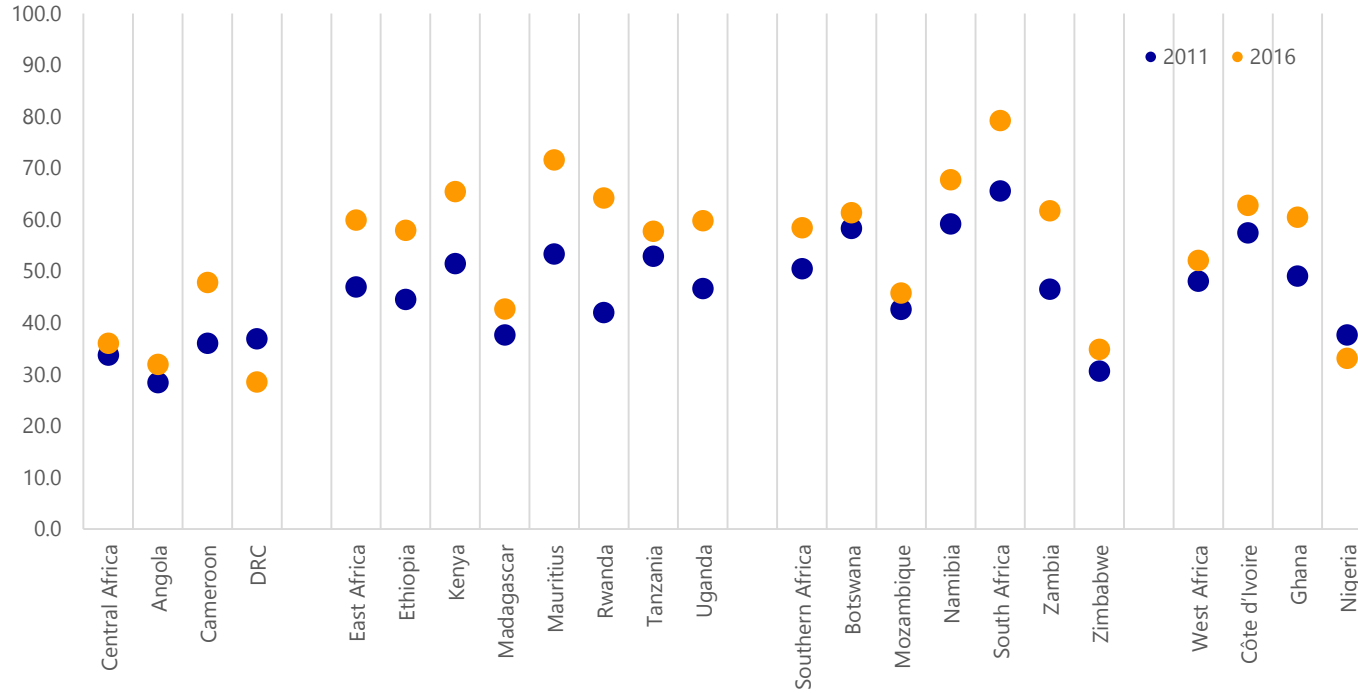


VISA Africa Integration Index

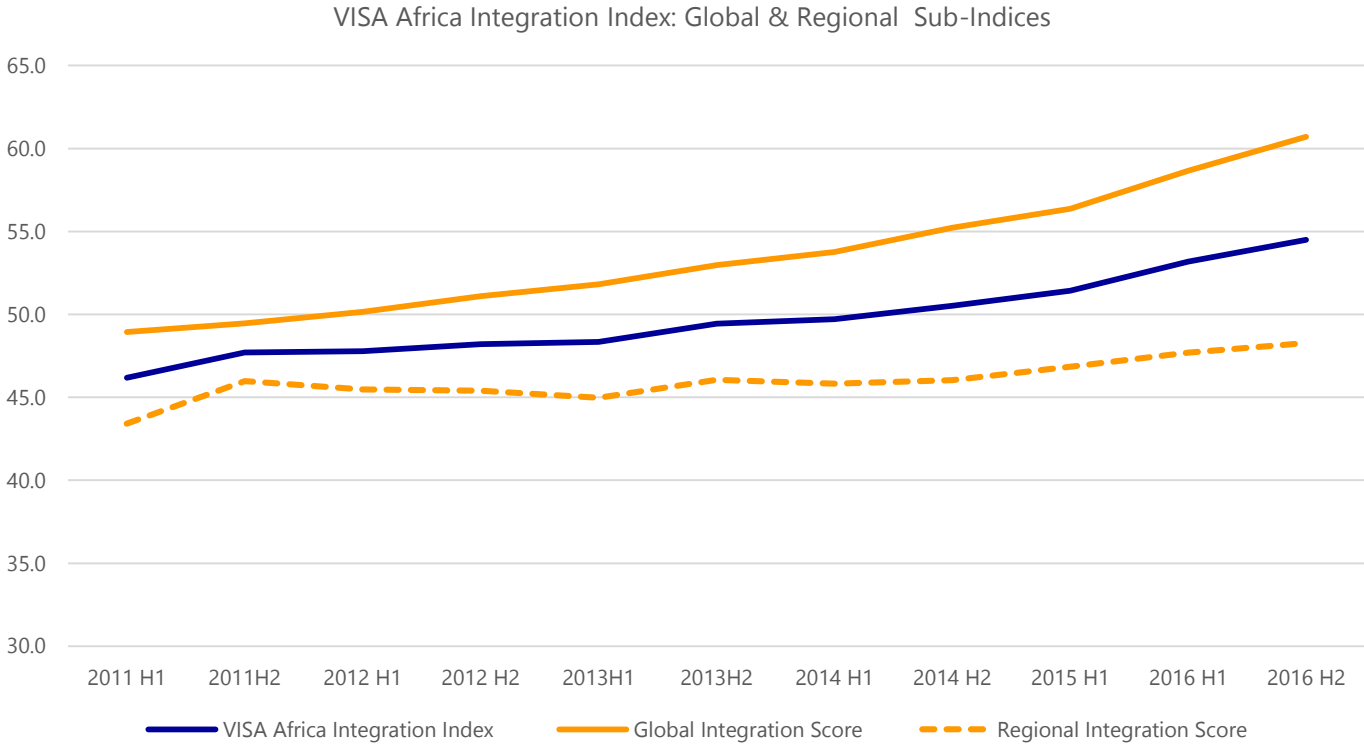


Rising Connections --- But Only Halfway There

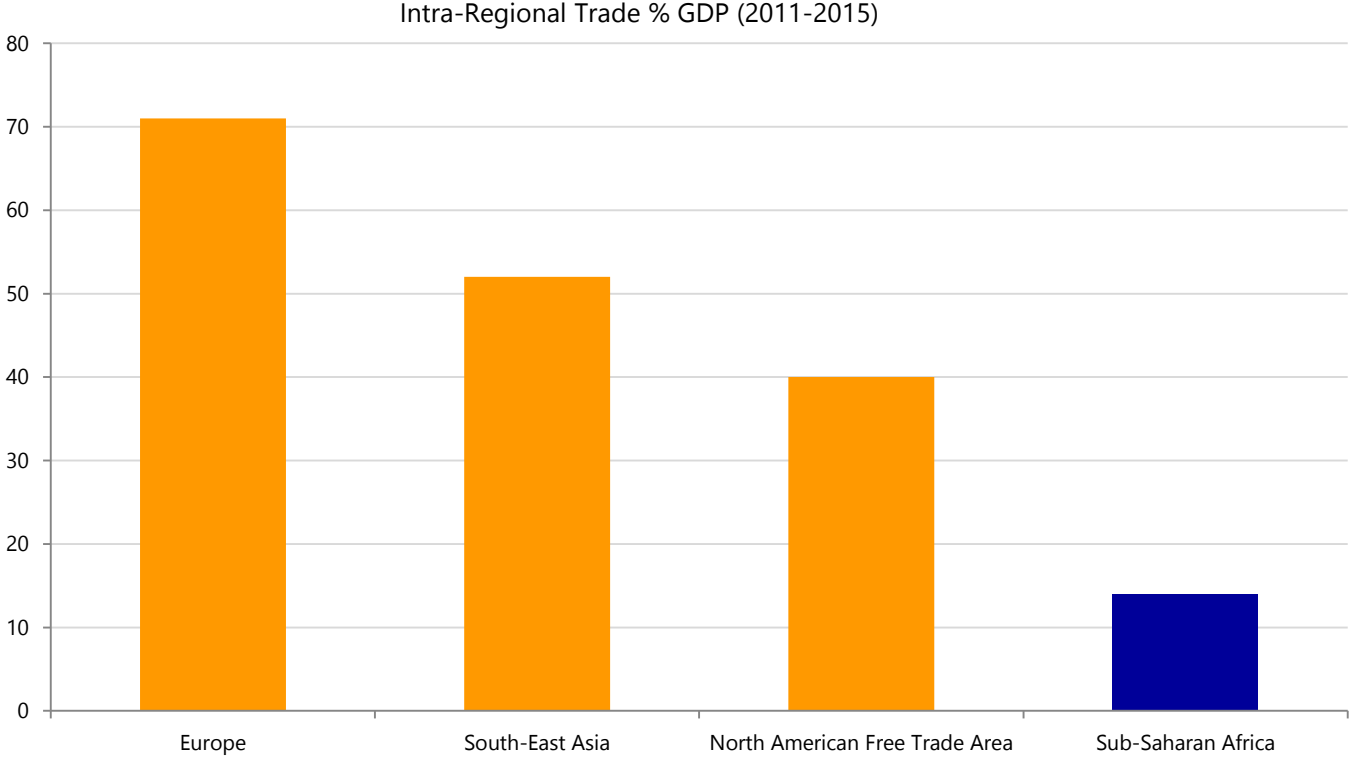
VISA Africa Integration Index: 2011 and 2016



Global & Regional Integration

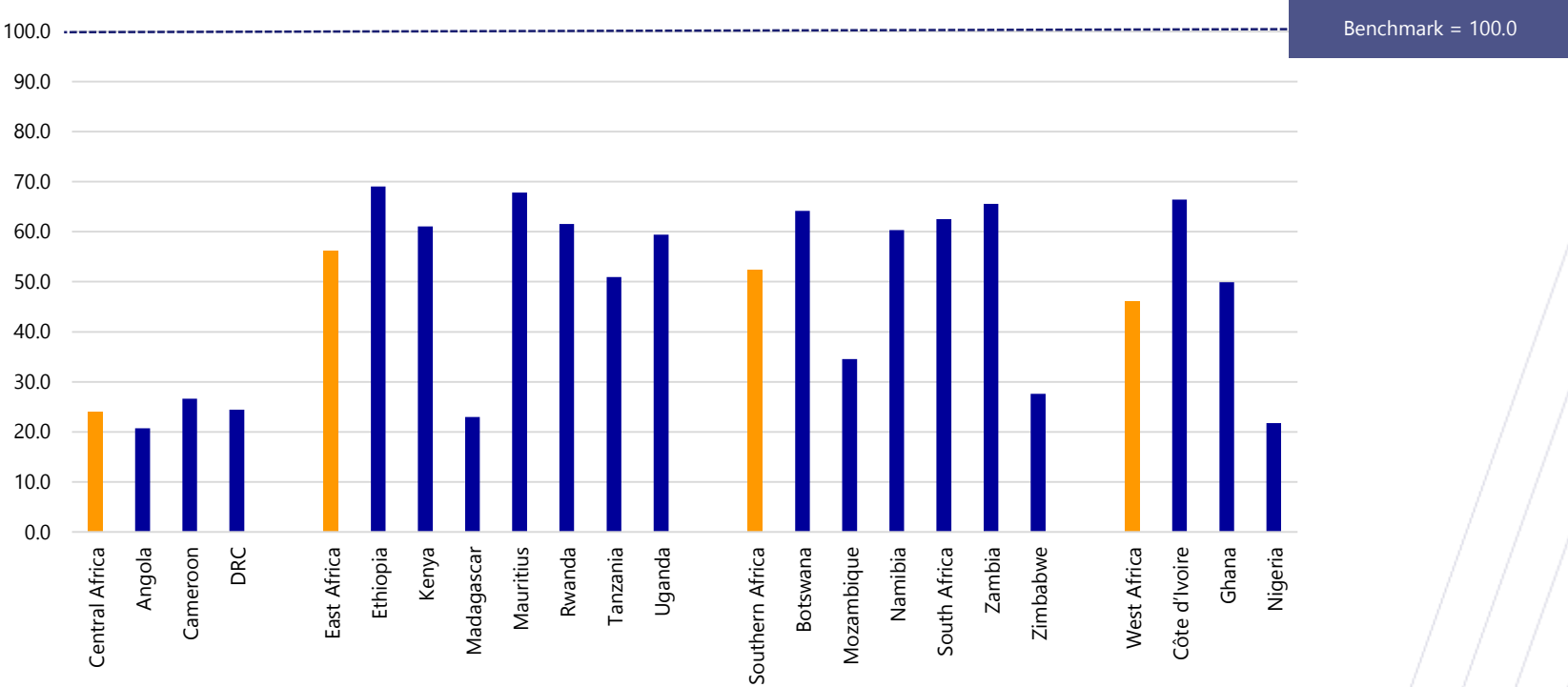


Finding Neighbours Is Key



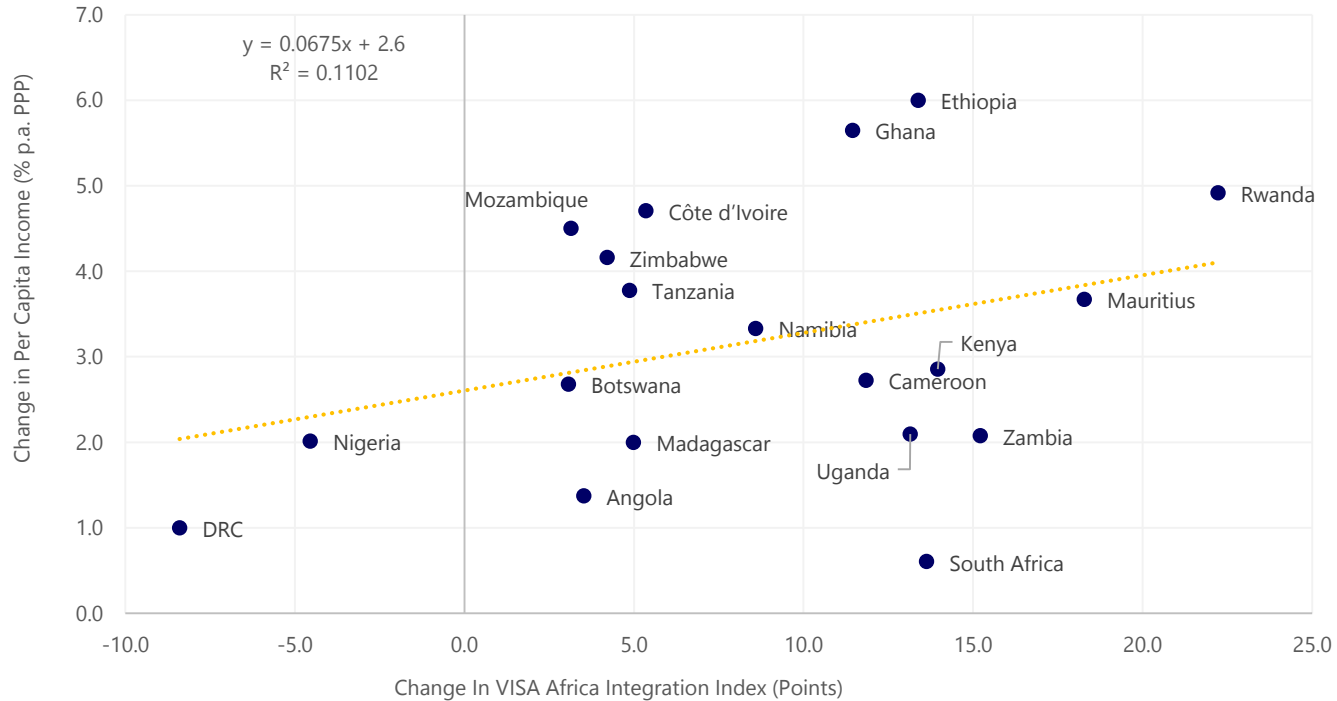
Connections To Neighbours Vary

VISA Africa Integration Index: 2016 Regional Integration Score



Rising Integration & Growing Prosperity

Change in VISA Africa Integration Index and Growth in Income Per Person:
2011-2016



Key Results & Findings

- Collectively integration is low (globally)
- Base is modest but integration is rising
- Over past five years, greatest gains by the East African economies of Ethiopia, Kenya, Mauritius, Rwanda and Uganda
- Other gainers are Ghana (West Africa), Zambia (Southern Africa) and Cameroon (Central Africa)
- Regional integration lags global integration
- Country circumstances vary widely
- Collectively, high correspondence between integration and *per capita* income improvements
- Fills gaps in measurement & knowledge and affords keen insights from policy to business

Rank	Visa Africa Integration Index Score	Country
1	79.3	South Africa
2	71.6	Mauritius
3	67.8	Namibia
4	65.5	Kenya
5	64.3	Rwanda
6	62.8	Côte d'Ivoire
7	61.8	Zambia
8	61.4	Botswana
9	60.5	Ghana
10	59.8	Uganda
11	58.0	Ethiopia
12	57.8	Tanzania
13	47.9	Cameroon
14	45.8	Mozambique
15	42.7	Madagascar
16	34.9	Zimbabwe
17	33.1	Nigeria
18	32.0	Angola
19	28.5	Democratic Republic of Congo

Thank You!

