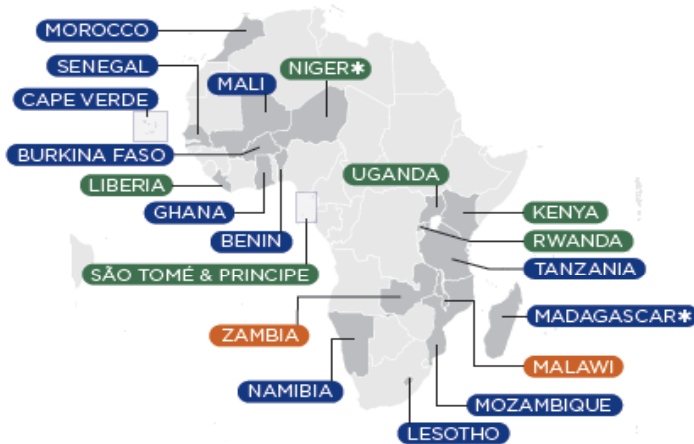


# MCC: Who we are

- **US Government corporation**
  - Start-up 2004
  - Public + private board: Sec State, Sec Treas, +3 +4
- **Three Core Principles**
  1. Good Policies Matter → Selective!  
Ruling Justly, Invest in People, Economic Freedom
  2. Country Ownership → What gets done!  
Priorities and execution
  3. Focus on Results → Count what counts!  
Before, during and after

# MCC: What we've done

- 20 compacts = \$7.2 billion
- 12 in Africa, > \$5 billion



|            |         |              |         |
|------------|---------|--------------|---------|
| Madagascar | \$109.8 | El Salvador  | \$461.0 |
| Honduras   | 215.0   | Mozambique   | 506.9   |
| Cape Verde | 110.0   | Lesotho      | 362.6   |
| Nicaragua  | 175.1   | Morocco      | 697.5   |
| Georgia    | 295.3   | Mongolia     | 284.9   |
| Benin      | 307.3   | Tanzania     | 698.0   |
| Vanuatu    | 65.7    | Burkina Faso | 480.9   |
| Armenia    | 235.7   | Namibia      | 304.5   |
| Ghana      | 547.0   | Senegal      | 540.0   |
| Mali       | 460.8   | Moldova      | 262.0   |

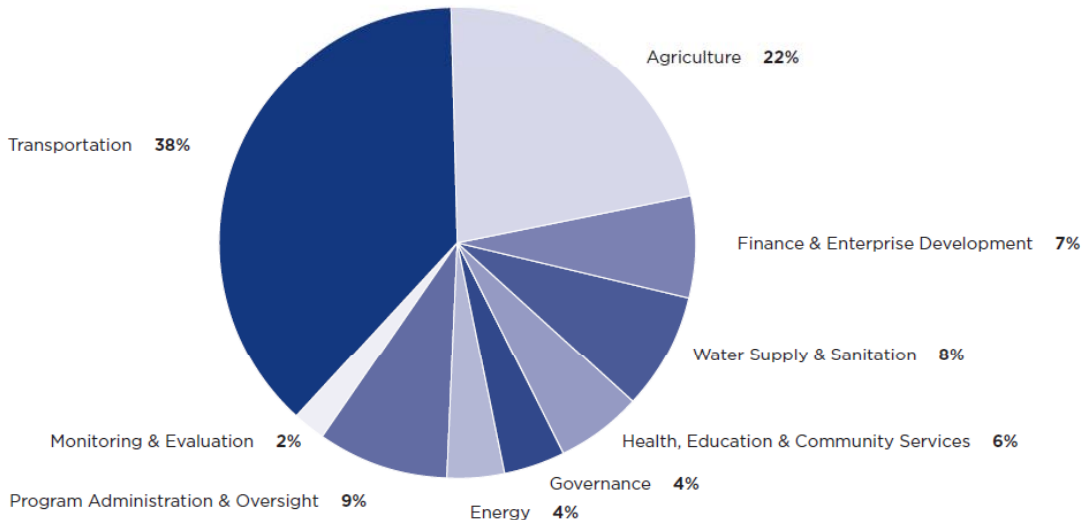
# Results at a Glance

## Commitments by Sector: All Compact Countries

Millions USD, Total \$7 billion (as of September 30, 2009)



MILKEN INSTITUTE



# Investing 1<sup>st</sup> principles in Africa

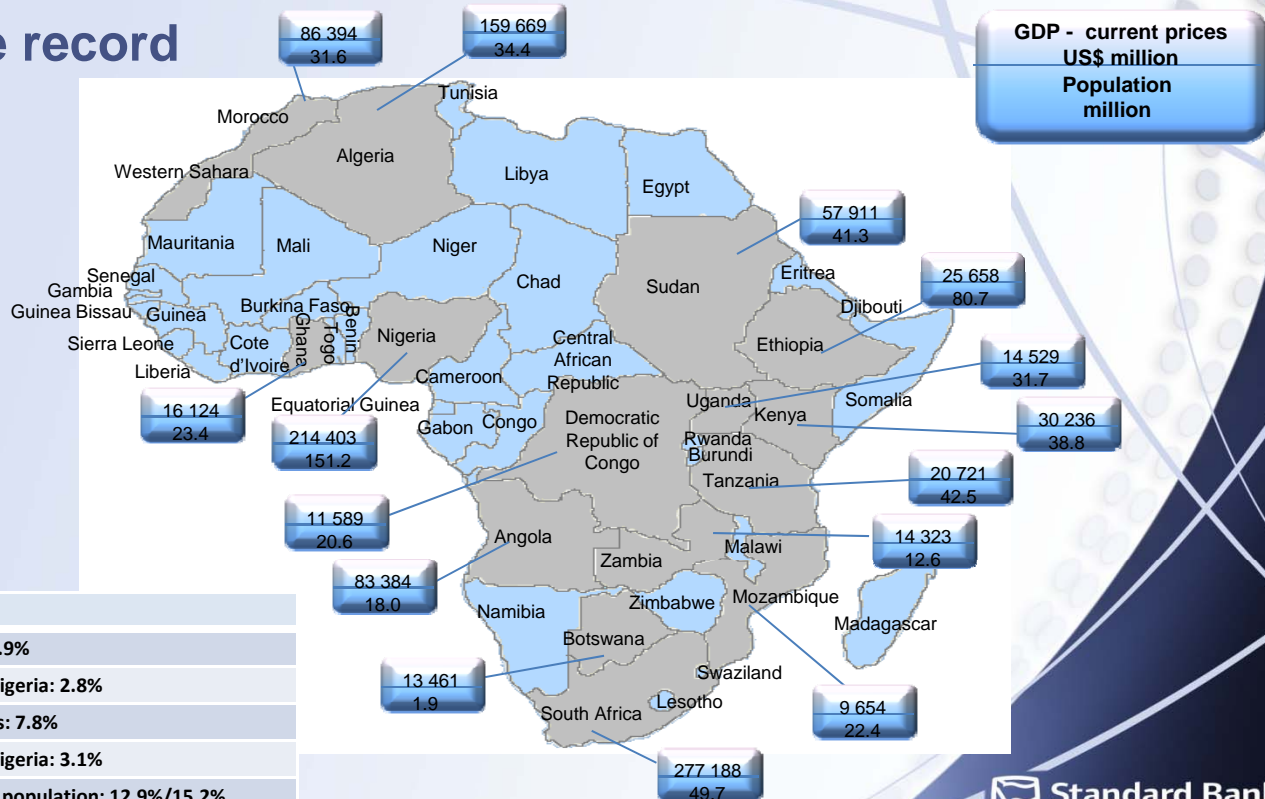


- **Accessible markets**
  - Local, national → regional, global
  - Population size, population wealth
  - Barriers: physical, institutional
- **Profitable cost structure**
  - Tradable goods & services
  - Nontradable goods & services
- **Entrepreneurs & managers**
  - Skills, diaspora = “human remittances”
  - Economic support services
- **Affordable finance**
  - Equity ..... Debt
  - Recursive: market, cost, skills

After the storm: Africa investment opportunities in 2010

## **Africa: a Long-Term Investment Destination**

# For the record



## Africa

Share of EM GDP: 6.9%

Excluding SA & Nigeria: 2.8%

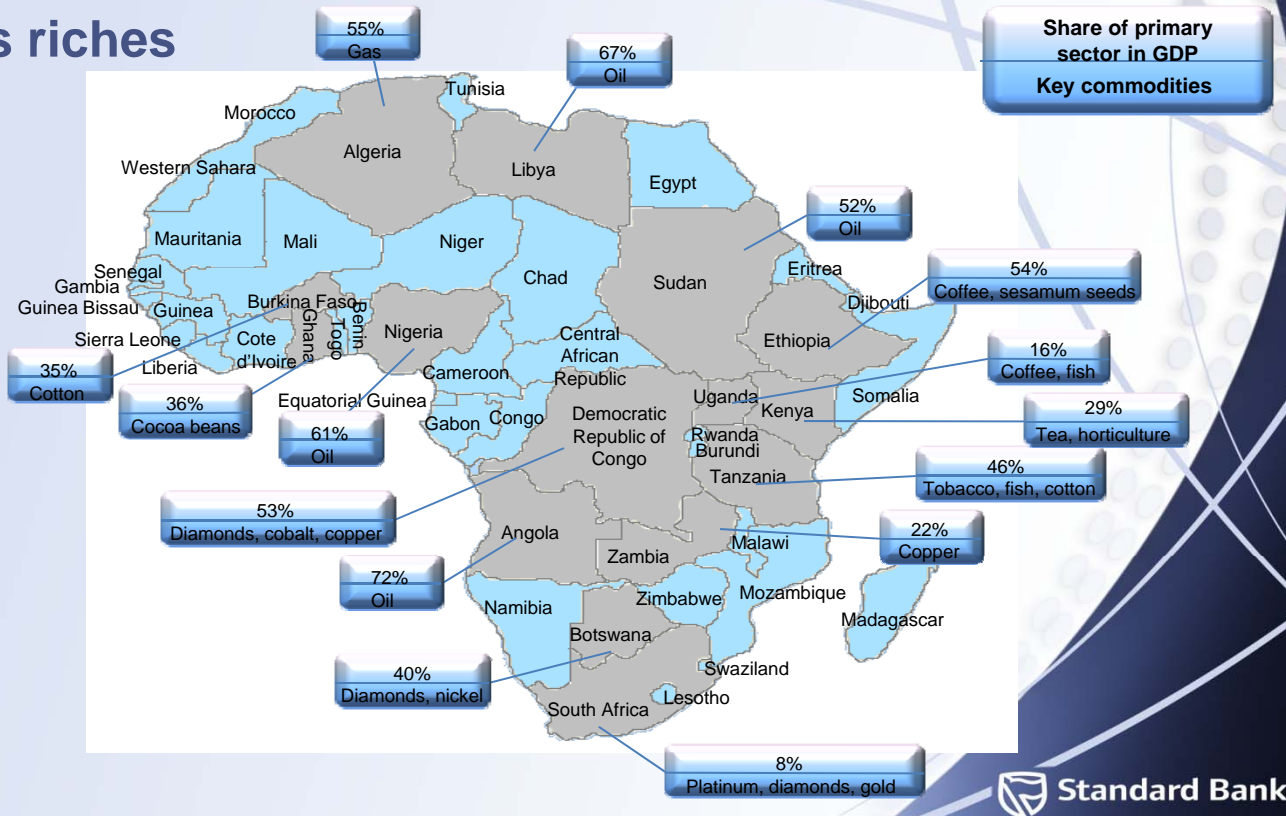
Share of EM exports: 7.8%

Excluding SA & Nigeria: 3.1%

Share of World/EM population: 12.9%/15.2%

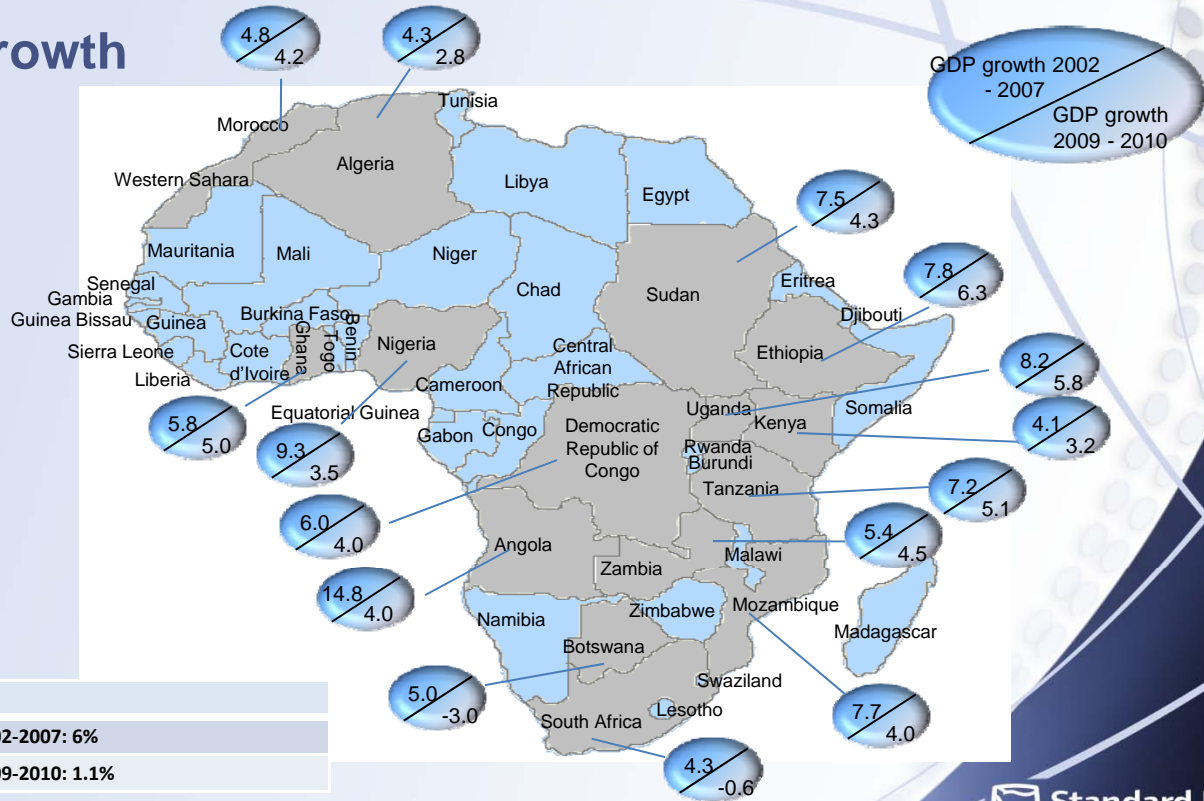
Sources: IMF, Ecoserv, Standard Bank Group

# Earth's riches





# GDP growth

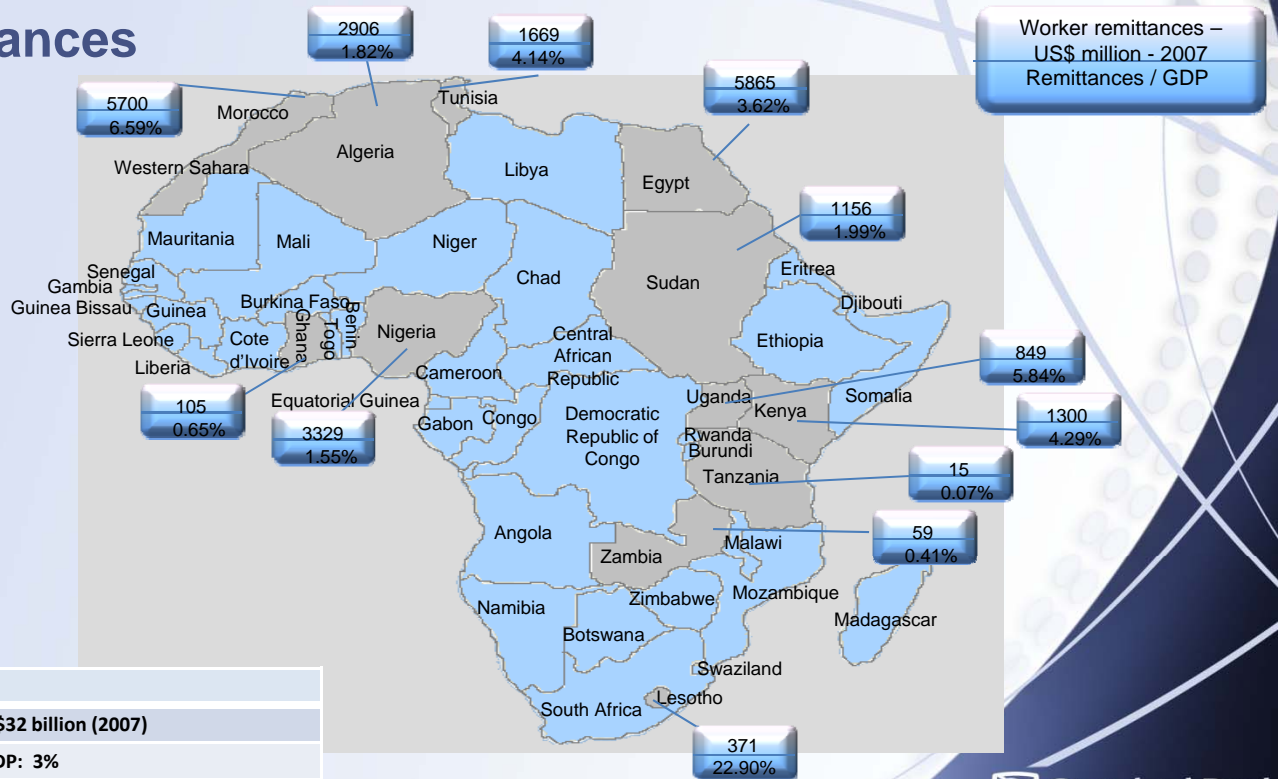


## Africa

GDP growth 2002-2007: 6%

GDP growth 2009-2010: 1.1%

# Remittances



## Africa in the Global Context

|  | Share in Global GDP (%) <sup>1</sup> | Share in Global Exports (%) <sup>2</sup> | Share in Global Population (%) |
|--|--------------------------------------|--|--------------------------------|
| <b>Advanced Economies</b>                  | 55.3                                 | 65.1                                     | 15.3                           |
| United States                              | 20.7                                 | 9.3                                      | 4.6                            |
| Euro Area                                  | 15.7                                 | 28.6                                     | 5.0                            |
| Japan                                      | 6.4                                  | 4.5                                      | 1.9                            |
| United Kingdom                             | 3.2                                  | 3.9                                      | 0.9                            |
| Canada                                     | 1.9                                  | 2.7                                      | 0.5                            |
|  |                                      |  |                                |
| <b>Emerging &amp; Developing Economies</b> | 44.7                                 | 34.9                                     | 84.7                           |
| <b>Africa</b>                              | <b>3.1</b>                           | <b>2.7</b>                               | <b>12.9</b>                    |
| <b>Sub-Sahara</b>                          | <b>2.4</b>                           | <b>2.0</b>                               | <b>11.7</b>                    |
| Central & Eastern Europe                   | 3.5                                  | 3.6                                      | 2.5                            |
| CIS  | 4.6                                  | 4.0                                      | 4.3                            |
| Developing Asia                            | 21.0                                 | 13.8                                     | 52.9                           |
| China                                      | 11.4                                 | 8.4                                      | 20.2                           |
| India                                      | 4.8                                  | 1.4                                      | 18.1                           |
| Middle East                                | 3.9                                  | 5.6                                      | 3.7                            |
| Western Hemisphere                         | 8.6                                  | 5.1                                      | 8.5                            |
| Brazil                                     | 2.9                                  | 1.2                                      | 2.9                            |
| Mexico                                     | 2.2                                  | 1.6                                      | 1.6                            |

Source: IMF

Note: 1) GDP is based on Purchasing Power Parity (PPP). 2) Comprises exports of goods and services.

## Economic Snapshot

|                    | GDP (2009 estimate) |                  | Economic structure (% contribution to GDP) |          |          | Economic Ratios (% of GDP) |                            |
|--------------------|---------------------|------------------|--|----------|----------|----------------------------|----------------------------|
|                    | \$ billion          | GDP CAGR (04-09) | Agriculture                                | Industry | Services | Exports <sup>2</sup> / GDP | Imports <sup>2</sup> / GDP |
| Angola             | 77.3                | 15.7             | 10   | 86       | 4        | 43.1                       | 22.6                       |
| Algeria            | 233.5               | 12.0             | 11   | 52       | 37       | 49.0                       | 24.4                       |
| Botswana           | 12.8                | 2.6              | 2  | 47       | 51       | 25                         | 28.2                       |
| Dem. Rep. of Congo | 11.5                | 6.4              | 42   | 27       | 31       | 24.4                       | 26.1                       |
| Egypt              | 196.7               | 6.1              | 14   | 36       | 50       | 12.8                       | 23.7                       |
| Ghana              | 14.4                | 6.1              | 32   | 26       | 42       | 44.4                       | 54.2                       |
| Kenya              | 30.7                | 4.9              | 21   | 14       | 65       | 16                         | 30.9                       |
| Lesotho            | 1.6                 | 4.5              | 7  | 35       | 58       | 47                         | 111.0                      |
| Madagascar         | 9.0                 | 6.0              | 25   | 18       | 57       | 26                         | 52                         |
| Malawi             | 4.6                 | 6.6              | 34   | 21       | 45       | 22.5                       | 30.5                       |
| Mauritius          | 8.9                 | 4.3              | 4  | 28       | 68       | 15.7                       | 43.6                       |
| Morocco            | 146.2               | 11.5             | 17   | 27       | 56       | 28.1                       | 38.7                       |
| Mozambique         | 9.2                 | 7.3              | 28   | 26       | 46       | 31.7                       | 47.9                       |
| Namibia            | 10.2                | 4.0              | 8  | 22       | 70       | 43.1                       | 55.9                       |
| Nigeria            | 178.3               | 6.3              | 31   | 41       | 28       | 24.6                       | 16.7                       |
| South Africa       | 284.2               | 3.7              | 3  | 31       | 66       | 28.6                       | 30                         |
| Swaziland          | 2.6                 | 2.5              | 8  | 52       | 40       | 80                         | 80                         |
| Tanzania           | 22.2                | 7.0              | 46   | 17       | 37       | 23.4                       | 37.8                       |
| Uganda             | 16.8                | 7.5              | 23   | 26       | 51       | 22.9                       | 31.4                       |
| Zambia             | 13.1                | 5.5              | 21   | 46       | 33       | 28.0                       | 24.7                       |
| Zimbabwe           | 3.5                 | (5.8)            | 19   | 24       | 57       | 43.4                       | 75.5                       |

■ Top 5 by GDP (\$ Billion)

Source: IMF, Central banks, World Bank, Standard Bank Group

Note: 1) The data in this table represents the latest available and not necessarily for the same period. 2) For some countries services are included.

## Size and Population

|                    | Land area | Population number | Population growth (%) | Population urban | Population density | Population under age 15 | Adult literacy rate <sup>1</sup> |
|--------------------|-----------|-------------------|-----------------------|------------------|--------------------|-------------------------|----------------------------------|
|                    | Sq. Km    | Million           | (2005-09)             | % of total       | People / Sq. Km    | % of total              | %                                |
| Angola             | 1,246,700 | 15.0              | 0.9                   | 53.3             | 12.0               | 46.5                    | 67.4                             |
| Algeria            | 2,381,741 | 34.9              | 7.3                   | 60.0             | 14.6               | 30.0                    | 75.0                             |
| Botswana           | 600,370   | 1.9               | 1.0                   | 57.4             | 3.2                | 37.6                    | 82.9                             |
| Dem. Rep. of Congo | 2,345,410 | 64.8              | 3.0                   | 32.1             | 27.6               | 47.3                    | 67.2                             |
| Egypt              | 1,001,450 | 75.7              | 2.0                   | 42.8             | 75.6               | 33.6                    | 66.4                             |
| Ghana              | 239,460   | 23.8              | 1.9                   | 47.8             | 99.4               | 39.0                    | 65                               |
| Kenya              | 582,650   | 39.1              | 2.7                   | 20.7             | 67.1               | 42.8                    | 73.6                             |
| Lesotho            | 30,355    | 2.0               | 0.2                   | 18.7             | 66.4               | 38.6                    | 82.2                             |
| Madagascar         | 587,040   | 19.4              | 0.7                   | 26.8             | 33.0               | 44.0                    | 70.7                             |
| Malawi             | 118,480   | 13.9              | 3.1                   | 17.2             | 117.3              | 47.3                    | 71.8                             |
| Mauritius          | 2,040     | 1.3               | 0.6                   | 42.4             | 622.5              | 24.6                    | 87.4                             |
| Morocco            | 446,550   | 32.0              | 1.2                   | 28               | 71.6               | 30.0                    | 56.0                             |
| Mozambique         | 801,590   | 22.6              | 2.5                   | 34.5             | 28.2               | 44.0                    | 44.4                             |
| Namibia            | 825,418   | 2.1               | 1.2                   | 35.1             | 2.5                | 41.5                    | 88                               |
| Nigeria            | 923,768   | 155.0             | 2.3                   | 48.2             | 167.8              | 44.3                    | 72                               |
| South Africa       | 1,219,912 | 49.3              | 1.0                   | 59.3             | 40.4               | 32.6                    | 88                               |
| Swaziland          | 17,363    | 1.2               | 0.2                   | 24.1             | 67.3               | 41.0                    | 79.6                             |
| Tanzania           | 945,087   | 40.6              | 2.9                   | 24.2             | 43.0               | 42.6                    | 72.3                             |
| Uganda             | 236,040   | 30.2              | 3.3                   | 12.6             | 127.9              | 50.5                    | 73.6                             |
| Zambia             | 752,614   | 12.9              | 3                     | 35               | 17.1               | 45.8                    | 70.6                             |
| Zimbabwe           | 390,580   | 13.5              | 0.2                   | 35.9             | 34.6               | 40.0                    | 92.1                             |

Source: World Bank, UNDP, CIA's World Fact Book

Note: 1) Percentage of population aged 14 and above who can read and write.

■ Top 5 by population

## Size and Population

|                    | Land area | Population number | Population growth (%) | Population urban | Population density | Population under age 15 | Adult literacy rate <sup>1</sup> |
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| Dem. Rep. of Congo | 2,345,410 | 64.8              | 3.0                   | 32.1             | 27.6               | 47.3                    | 67.2                             |
| Egypt              | 1,001,450 | 75.7              | 2.0                   | 42.8             | 75.6               | 33.6                    | 66.4                             |
| Ghana              | 239,460   | 23.8              | 1.9                   | 47.8             | 99.4               | 39.0                    | 65                               |
| Kenya              | 582,650   | 39.1              | 2.7                   | 20.7             | 67.1               | 42.8                    | 73.6                             |
| Lesotho            | 30,355    | 2.0               | 0.2                   | 18.7             | 66.4               | 38.6                    | 82.2                             |
| Madagascar         | 587,040   | 19.4              | 0.7                   | 26.8             | 33.0               | 44.0                    | 70.7                             |
| Malawi             | 118,480   | 13.9              | 3.1                   | 17.2             | 117.3              | 47.3                    | 71.8                             |
| Mauritius          | 2,040     | 1.3               | 0.6                   | 42.4             | 622.5              | 24.6                    | 87.4                             |
| Morocco            | 446,550   | 32.0              | 1.2                   | 28               | 71.6               | 30.0                    | 56.0                             |
| Mozambique         | 801,590   | 22.6              | 2.5                   | 34.5             | 28.2               | 44.0                    | 44.4                             |
| Namibia            | 825,418   | 2.1               | 1.2                   | 35.1             | 2.5                | 41.5                    | 88                               |
| Nigeria            | 923,768   | 155.0             | 2.3                   | 48.2             | 167.8              | 44.3                    | 72                               |
| South Africa       | 1,219,912 | 49.3              | 1.0                   | 59.3             | 40.4               | 32.6                    | 88                               |
| Swaziland          | 17,363    | 1.2               | 0.2                   | 24.1             | 67.3               | 41.0                    | 79.6                             |
| Tanzania           | 945,087   | 40.6              | 2.9                   | 24.2             | 43.0               | 42.6                    | 72.3                             |
| Uganda             | 236,040   | 30.2              | 3.3                   | 12.6             | 127.9              | 50.5                    | 73.6                             |
| Zambia             | 752,614   | 12.9              | 3                     | 35               | 17.1               | 45.8                    | 70.6                             |
| Zimbabwe           | 390,580   | 13.5              | 0.2                   | 35.9             | 34.6               | 40.0                    | 92.1                             |

■ Top 5 by population

Source: World Bank, UNDP, CIA's World Fact Book

Note: 1) Percentage of population aged 14 and above who can read and write.

# Investment Outlook: Answering the Search for Alpha

## Internal Factors

- **Less war (cold or otherwise)**
- **Better macroeconomic management (fiscal and monetary)**
- **Improved political environment (improving accountability)**
- **Healthy population dynamic (increasingly large working population)**
- **Improving infrastructure (telecoms)**
- **Technological leapfrogging**
- **Stronger human resources (returning diaspora)**
- **Plentiful natural resources**
- **Underdevelopment as opportunity**
- **Rapid market development and institutional memory**

## Investment Outlook: Managing the Beta

### External Factors

- Massive growth in global liquidity created asset price inflation, driving search for yield in frontier markets
- Global monetary and fiscal stimulus prevented a deflation spiral following financial crisis
- Policy move opens up a resumption of asset and potentially consumer price inflation
- Rebound in African markets has lagged most market with greater liquidity
- The crisis focused on heavily leveraged mainly develop economies, reinforcing a more natural order of EM bias in investment flows
- Massive expected growth out-performance from EM countries including Africa
- Trend USD weakness especially against EM currencies
- Solid growth in international trade especially intra-EM
- Significant higher prices in commodities both short and longer-term driven by marginal EM demand
- Concerted international aid effort (especially bilateral and multilateral debt relief)

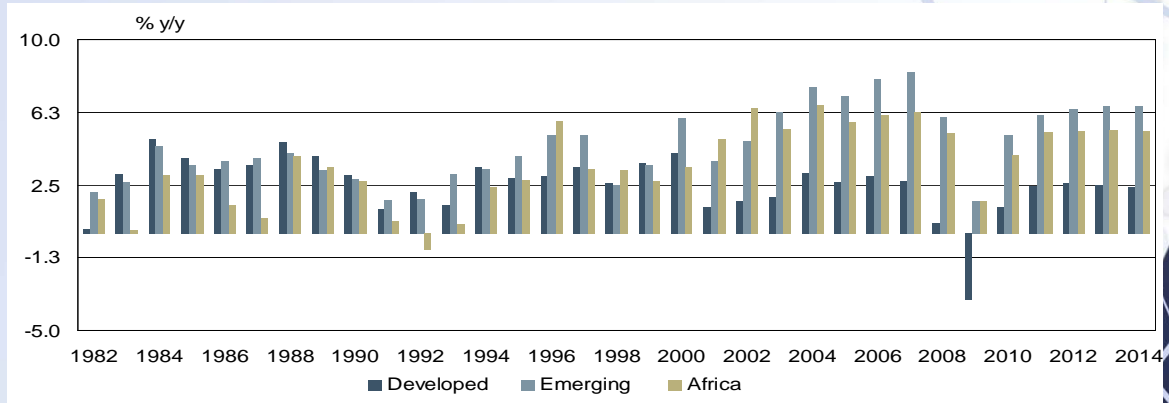


# Dispelling the Myths About Africa

|   |  |  |
|---|--|--|
| 1 | High levels of indebtedness                        | Average external debt now <25% of GDP (>70% 1994)  |
| 2 | Continent ravaged by war and political uncertainty | <ul style="list-style-type: none"> <li>Av1960's-1980's: &gt;16 countries involved in external wars; 2010: &lt;5 have border disputes</li> <li>1960's-1980's: &gt;30 countries had active internal strife; 2000's: &lt;10</li> <li>1960's-1980's: &gt;70 coups; 2000's: &lt;10 coup attempts</li> <li>2000's: Democracy improving – the number of autocratic regimes fell from 36 in 1989 to only 3 in 2004</li> <li>2000's: Stronger and more influential African Union is responding earlier to political challenges</li> </ul> |
| 3 | Dependent on donor aid                             | <p>Donor aid falling dramatically (post-financial crisis, replaced by “real” investment)</p> <p>Financial flows 2010 estimated above USD110bn (1990&lt;USD20bn)</p>  |
| 4 | Simply a commodity warrant                         | Most countries now have diversified industrial and commercial base or are spending significant efforts to diversify.   |
| 5 | Riddled with Institutionalized corruption          | <ul style="list-style-type: none"> <li>Still a challenge but now at local levels, with robust governmental and public institutions</li> <li>Transparency International's 2008 Corruption Perceptions Index shows: <ul style="list-style-type: none"> <li>Botswana, South Africa above Italy and Greece, Turkey</li> <li>Tunisia, Ghana better than China, Brazil</li> <li>Morocco, Senegal, Madagascar above India</li> <li>Niger, Zambia, Egypt, Nigeria rank higher than Russia</li> </ul> </li> </ul>                         |

## African GDP Growth: Part of EM Out-Performance

*Outperforming developed economies but lagging behind Emerging (that is highly impacted by China)*

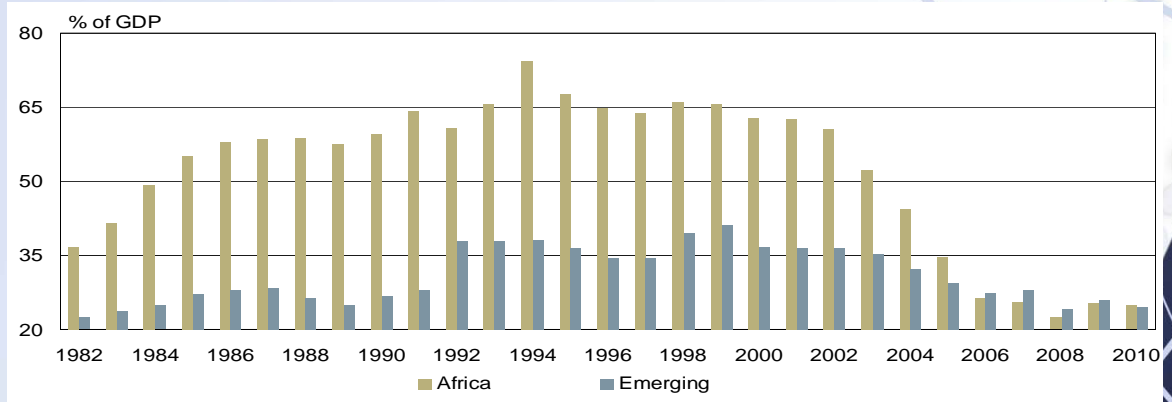


Sources: IMF, WEO

*Emerging GDP growth highly affected by China. In Africa, largest economies, that account for most of the GDP have lower growth than other African nations, thus brining the African overall figure down*

## Africa's External Debt: Forgiven

*Africa's debt as a percentage of GDP has been in line with that of other Emerging Economies for the last 5 years*

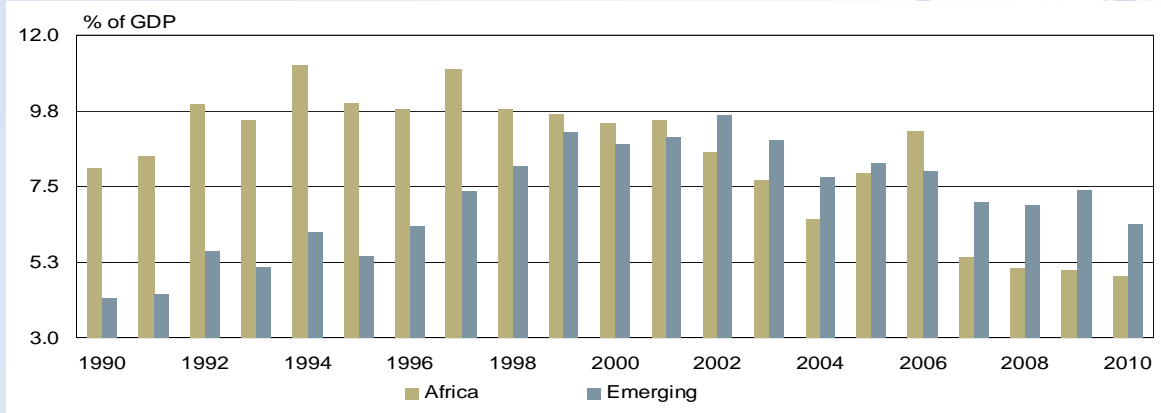


Sources: IMF, WEO

## Africa's External Debt Servicing: Manageable

*As a result of debt forgiveness.*

*In general levels of indebtedness have not increased with the financial crisis*

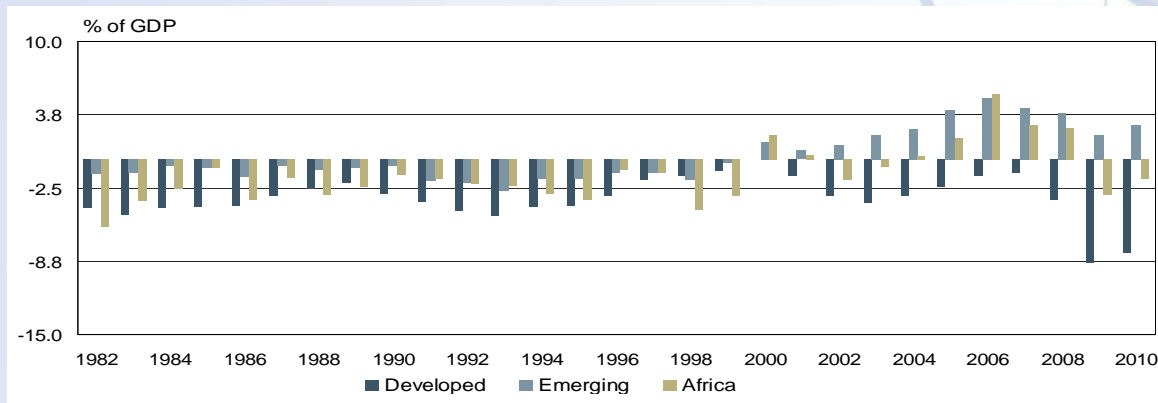


Source: IMF, WEO

## Africa's Fiscal Position: Lessons Well Eearned

*Given the sharpen decline in some of the commodities demand in 2008 and 2009, many African countries have showed a deteriorating fiscal position.*

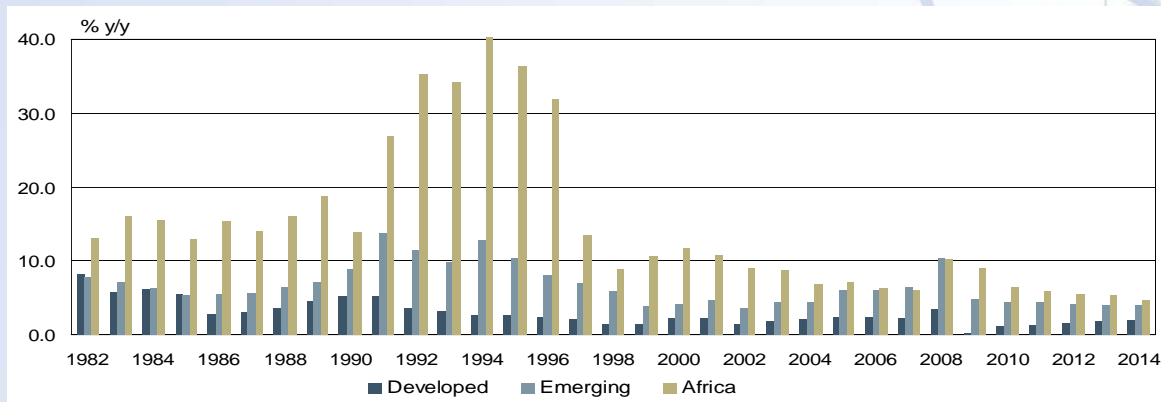
*However, analysts believe recovery should happen in 2010 or 2011 for all countries*



Sources: IMF, WEO

## Africa's Inflation: Greater Macroeconomic Stability

*Inflation under control, but slightly higher than that of Emerging Countries*

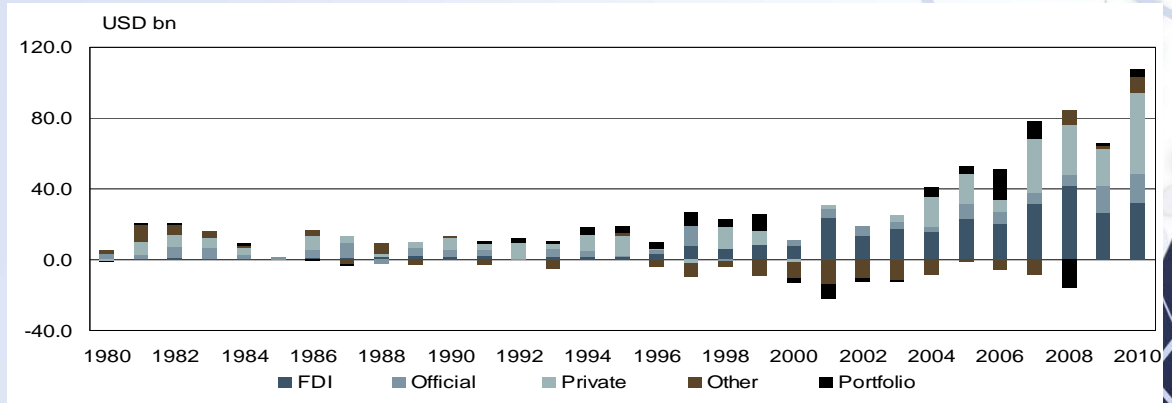


Sources: IMF, WEO

## Africa's Financial Flows Growing in Importance

*Expected flows in 2010 are 3x higher than those at the end of the previous decade.*

*FDI has increased significantly over the last 10 years*

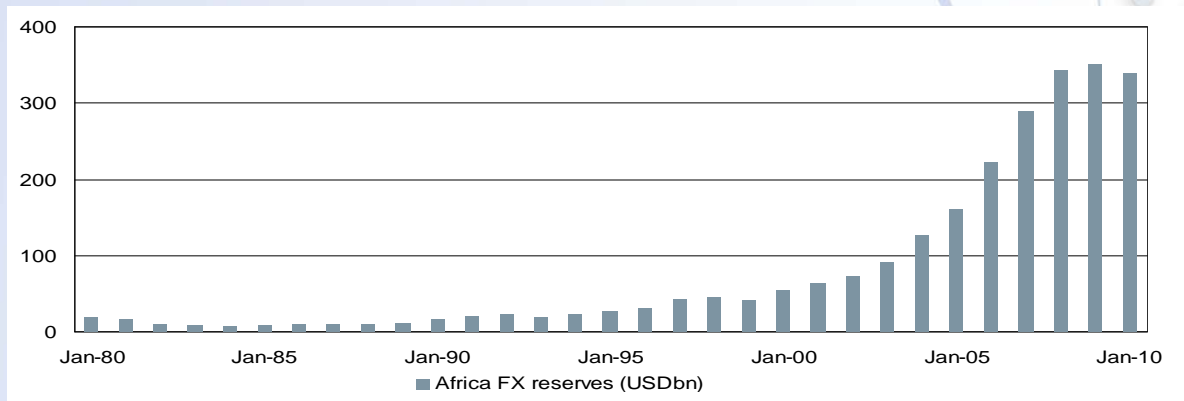


Sources: IMF, WEO

## Africa's FX Reserves Have Improved Massively

*Last 5 years  
have seen FX  
Reserves  
double*

*FX reserves  
not severely  
impacted by  
the financial  
crisis*



Sources: IMF, WEO

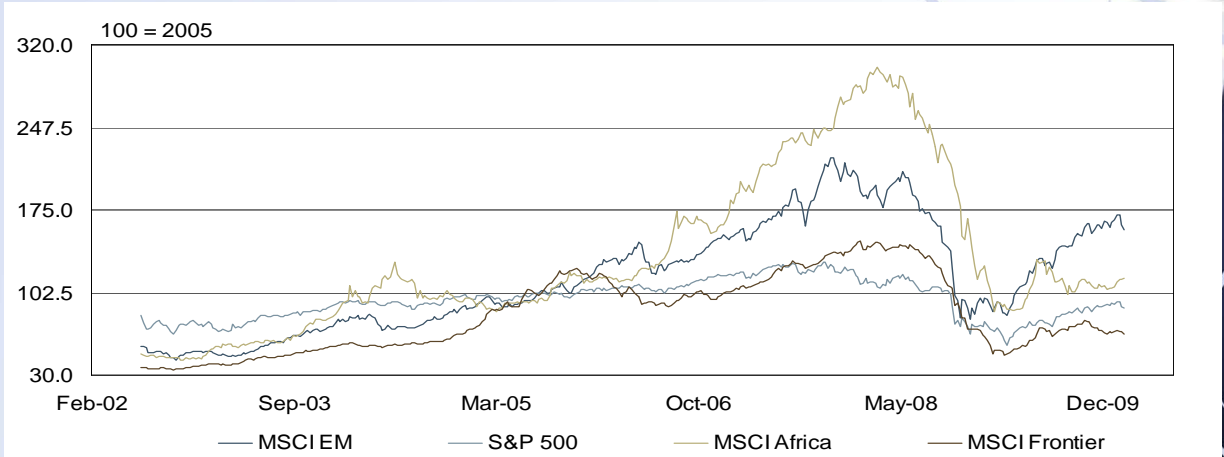
Africa received USD14.0bn of the USD250bn fresh general IMF SDR allocation in 28 Aug 09 and another USD 2.55bn from the USD34bn special allocation on 9 Sep 09



## EM Equities Have Outperformed

*MSCI Africa has outperformed Frontier and S&P but lagging behind MSCI EM*

*Africa has not rebound from crisis as quickly as other  
Emerging due to its over reliance on commodities*



Sources: Bloomberg, Standard Bank Research

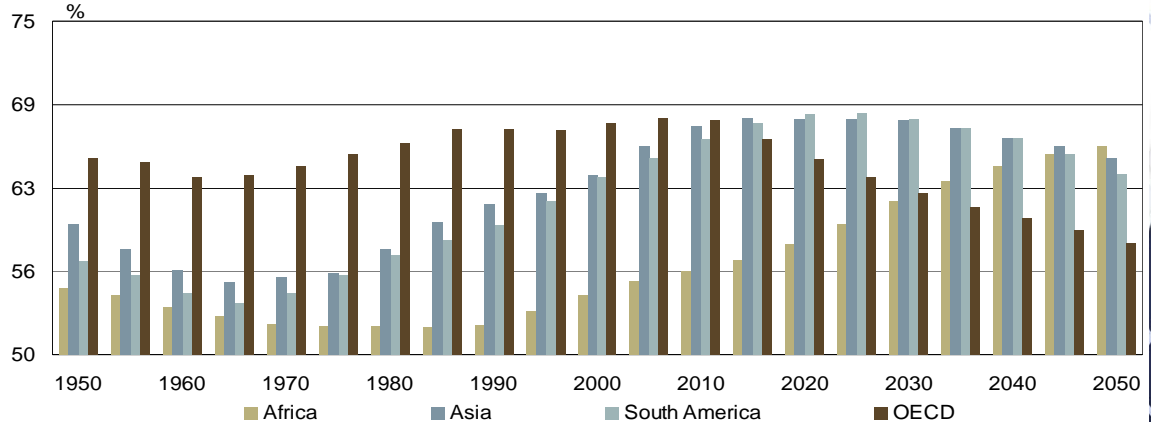
## Africa's Rates Remain High in Relative Terms

|              | 3m    | 6m    | 1y    | 2y    | 3y    | 5y    | 7y    | 10y   |
|--------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Angola       | 24.77 |       |       |       |       |       |       |       |
| Botswana     | 7.14  |       |       |       | 7.40  |       | 7.50  | 7.55  |
| Egypt        | 9.85  | 9.90  | 11.35 | 11.70 | 12.00 | 12.55 | 12.80 | 13.00 |
| Ghana        | 18.64 | 20.36 | 19.00 | 20.00 | 17.50 | 20.00 |       |       |
| Kenya        | 6.50  | 6.90  | 8.01  | 8.13  | 8.55  | 8.25  | 10.80 | 11.21 |
| Mauritius    | 4.40  | 4.64  | 4.78  | 6.58  | 7.06  | 8.51  | 9.44  |       |
| Nigeria      | 3.22  | 4.84  | 5.65  | 5.76  | 6.89  | 7.56  | 7.89  | 8.20  |
| South Africa | 7.20  | 7.45  | 7.01  | 7.37  | 7.82  | 8.40  | 8.68  | 8.98  |
| Tanzania     | 6.28  | 7.02  | 8.96  | 11.51 | 12.50 | 13.77 | 14.15 | 16.95 |
| Uganda       | 4.76  | 5.90  | 7.24  | 14.32 | 11.57 | 12.66 | 13.60 | 14.70 |
| Zambia       | 6.53  | 7.64  | 10.00 | 13.03 | 14.28 | 17.34 | 17.90 | 18.90 |

Sources: Bloomberg, Standard CIB Global Research

## African Carrying Capacity (% of Population Between Ages 15-65)

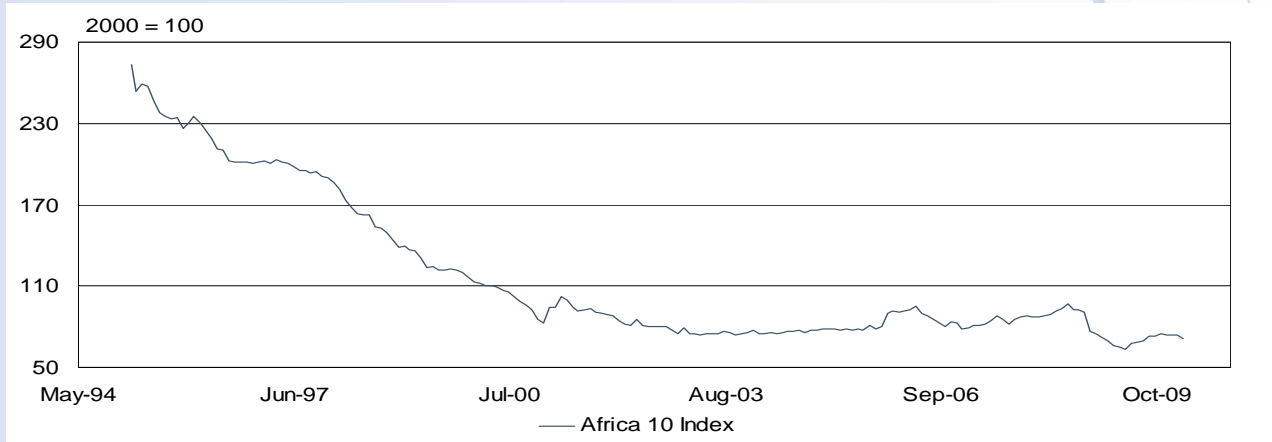
*While OECD population is ageing, Africa's population reflect improvements achieved over the last*



Source: UN Population Division

# African FX looks cheap even against the USD

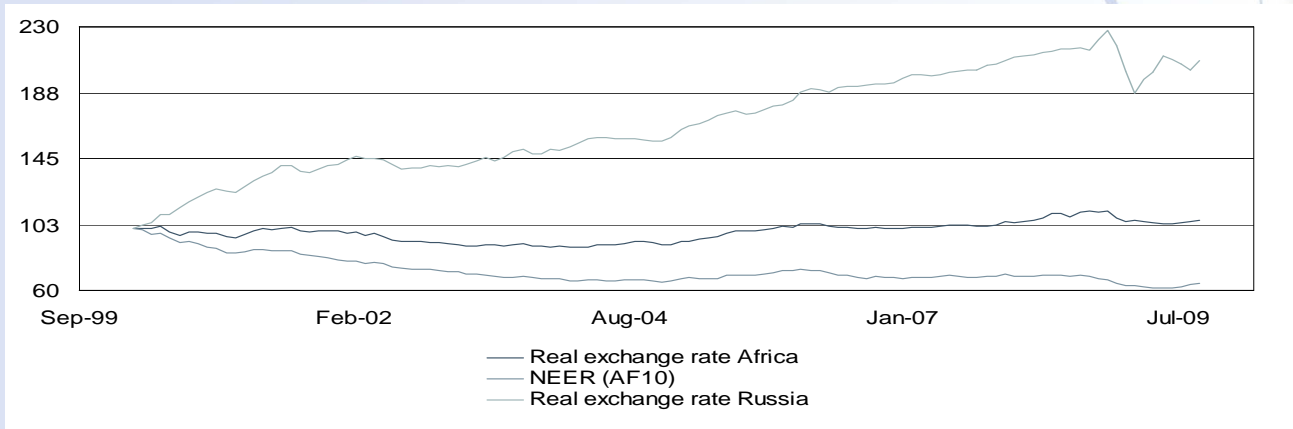
AF10 is Botswana, Egypt, Ghana, Kenya, Mauritius, Nigeria, South Africa, Tanzania, Uganda and Zambia



Sources: Bloomberg, Standard Bank Global Market Research

# African FX: real effective exchange rate looks cheap

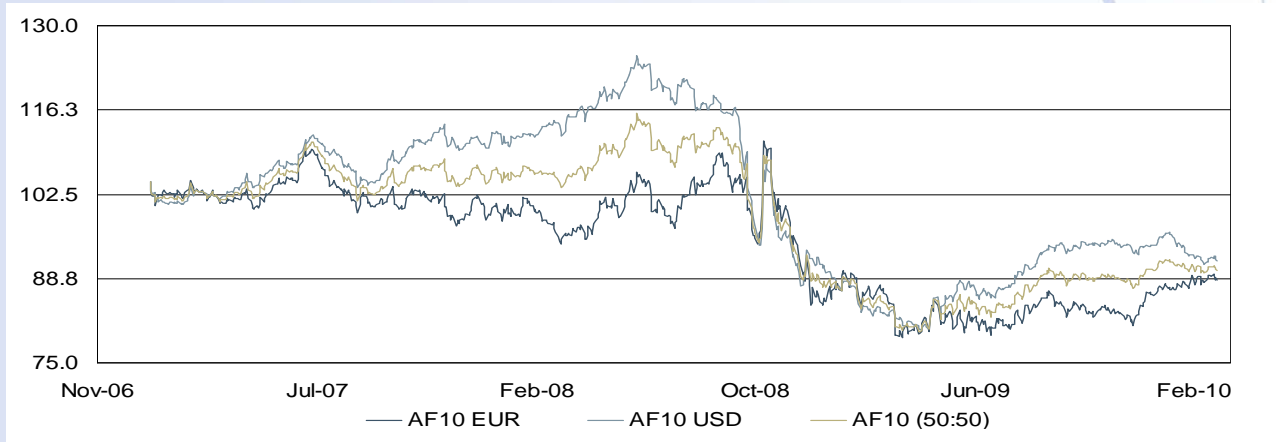
AF10 is Botswana, Egypt, Ghana, Kenya, Mauritius, Nigeria, South Africa, Tanzania, Uganda and Zambia



Source: Bloomberg, Standard Bank Global Market Research

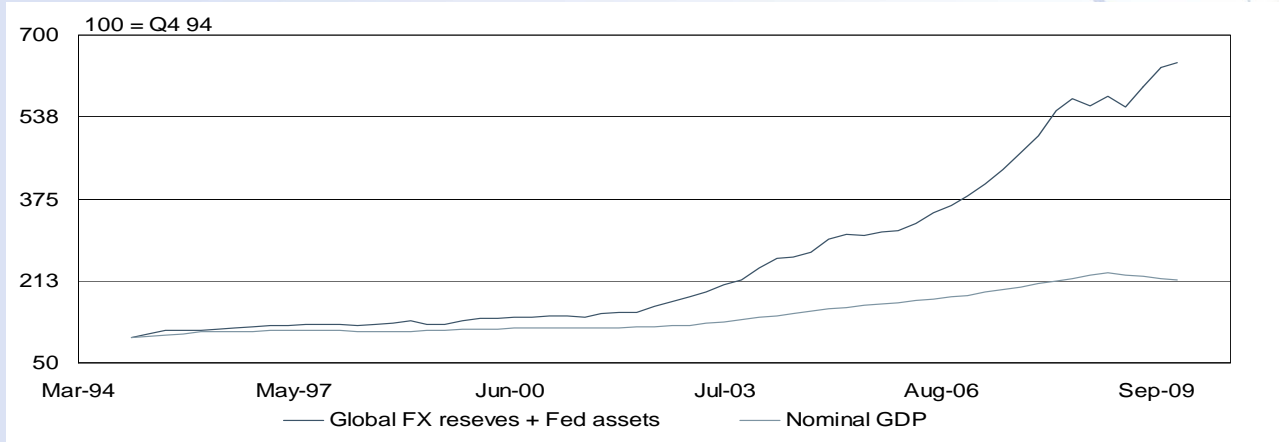
## African FX: still some 20% below mid-2008 levels versus a EUR50:USD50 basket

AF10 is Botswana, Egypt, Ghana, Kenya, Mauritius, Nigeria, South Africa, Tanzania, Uganda and Zambia



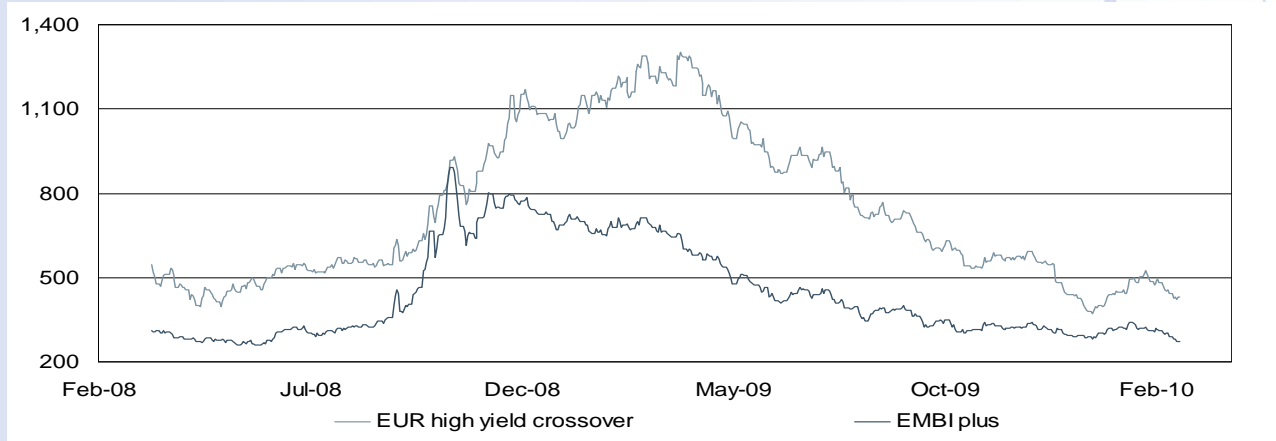
Source: Bloomberg, Standard Bank Global Market Research

## Liquidity: problem and solution



Source: IMF, IFS

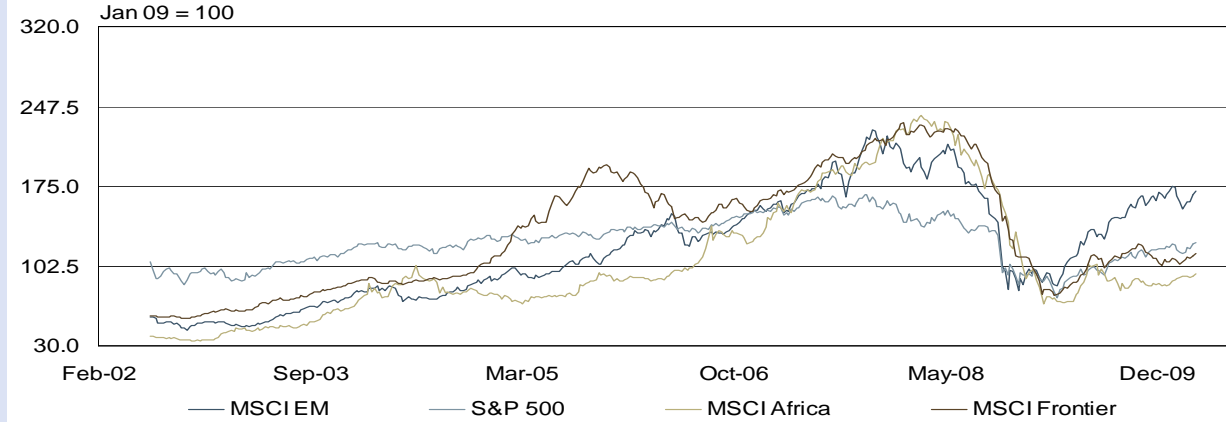
## EM credit sold off less and rebounded swifter



Source: Bloomberg, Standard Global Market Research

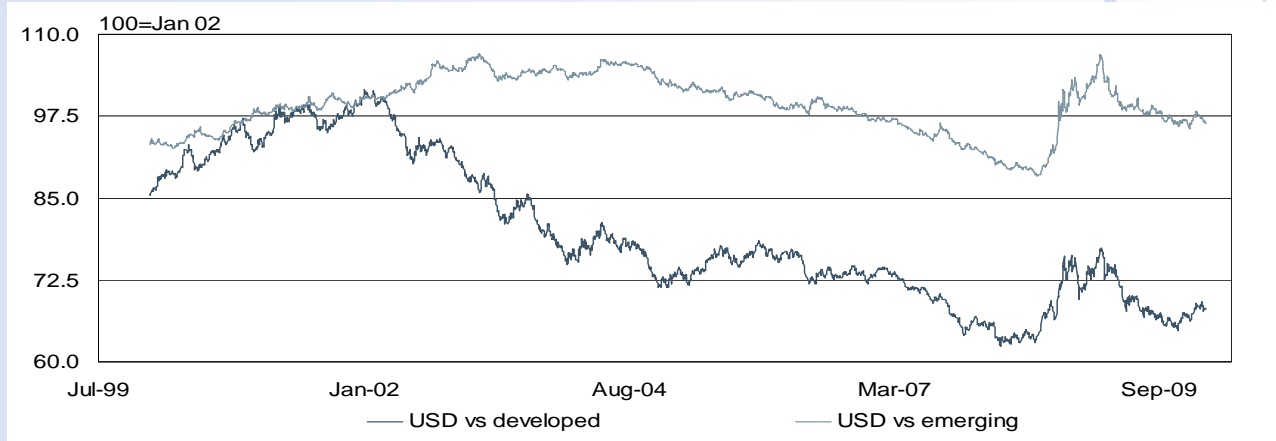


## EM equities have outperformed



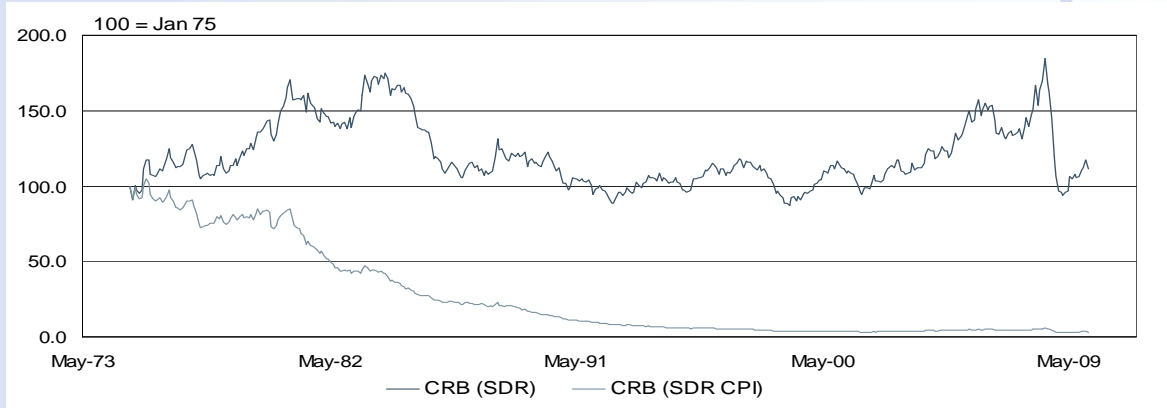
Source: Bloomberg, Standard Global Market Research

# Emerging currencies have underperformed developed currencies



Source: Bloomberg, Standard Global Market Research

## Commodities look cheap on a real and longer-term basis



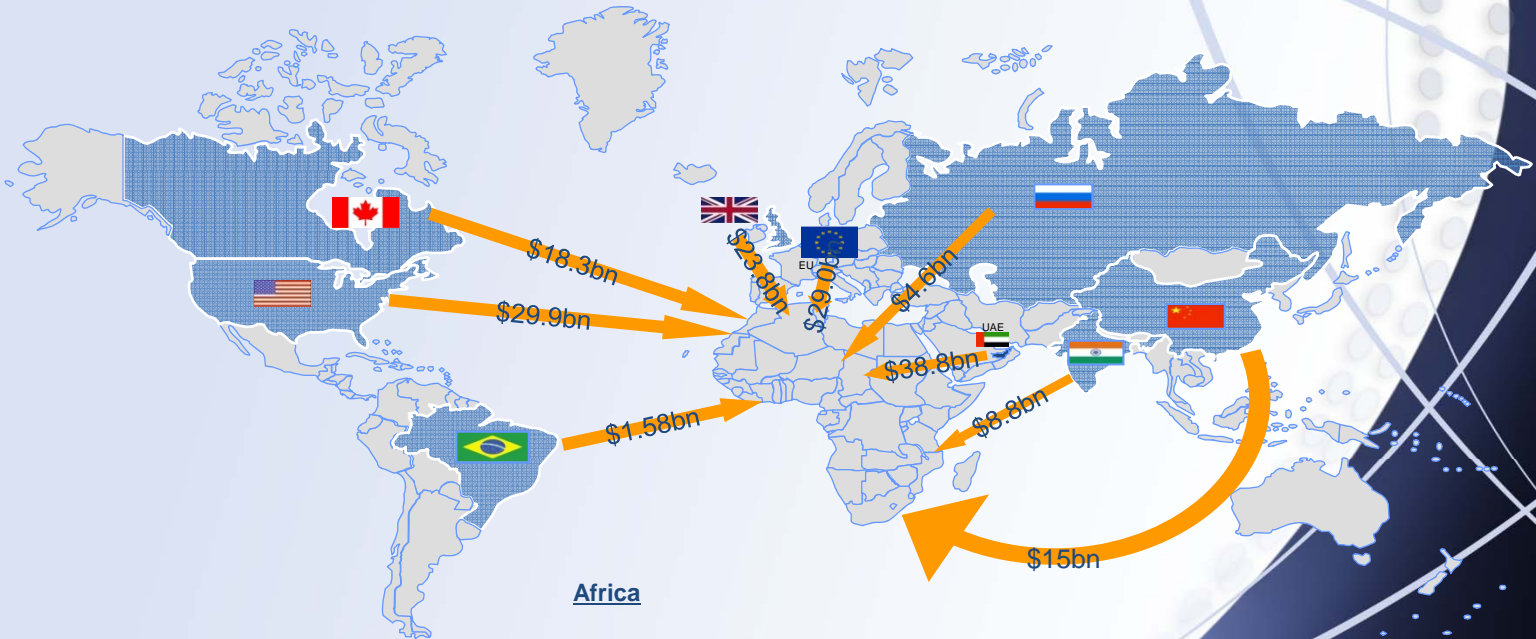
Source: Bloomberg, Standard Global Market Research

# Front month oil still heading for USD100 pb in 2010



Source: Reuters

## Africa Inward FDI Flows 2008



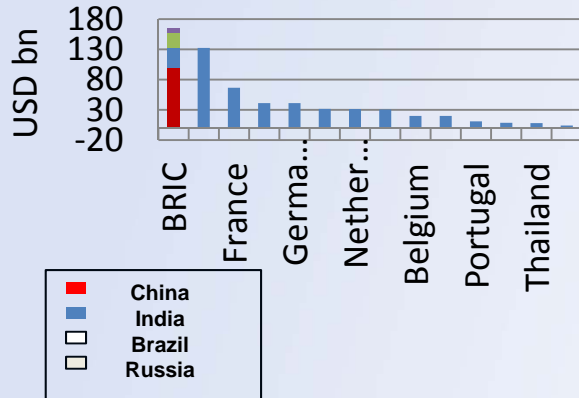
Africa

2008

Total Inward FDI Flows: \$219.6bn

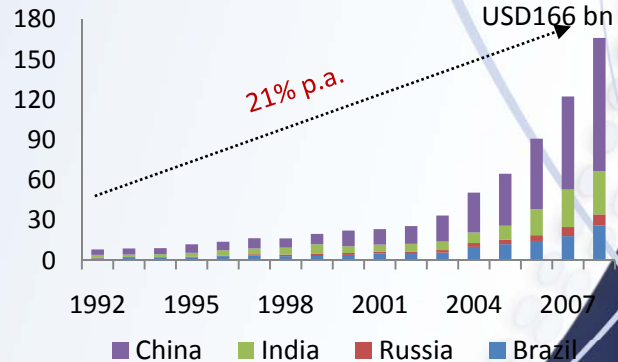
## BRIC Trading Partners

### BRIC dominates African trade



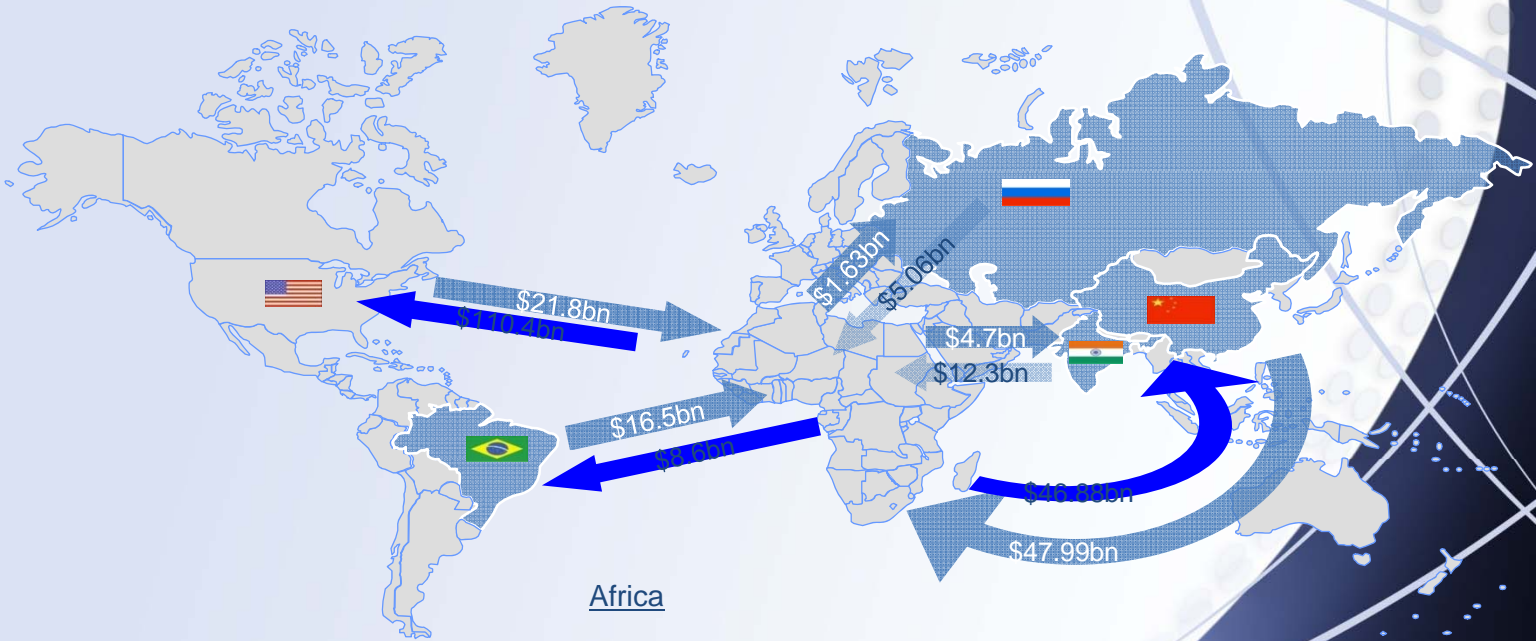
India and China's trade with Africa as a proportion of GDP are 2.6% and 2.3%, while Brazil's stands at 1.7% and Russia's at 0.5%.

### China leads the way



China-Africa trade has increased from USD 3.5 bn in 1990 to over USD 100 bn in 2008, which equates to roughly two-thirds of Africa's total BRIC trade.

## Africa-BRIC Trade 2008



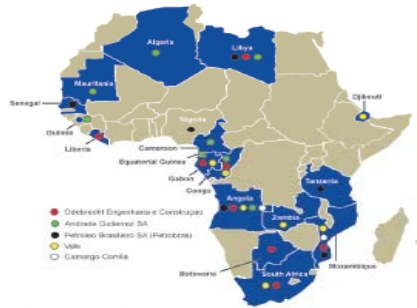
Africa

Total (world) Exports: \$435.4bn

Total (world) Imports: \$433.2bn

# BRIC Sector Focus

Figure 8: Select Brazilian resource & construction companies in Africa

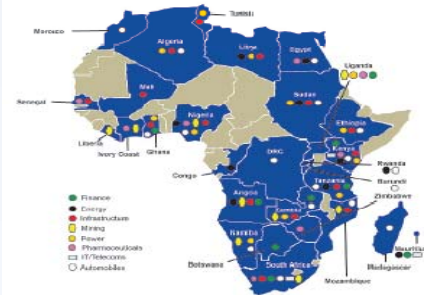


Source: Various company websites, 2009

BRAZIL

INDIA

Figure 16: Footprint of Indian firms in Africa



Source: Frontier Advisory research

Figure 21: Chinese Infrastructure Financing: Natural resources (2001-09)



Source: World Bank (2008), Frontier Advisory research

CHINA

RUSSIA

Figure 10: Russian commercial footprint in Africa

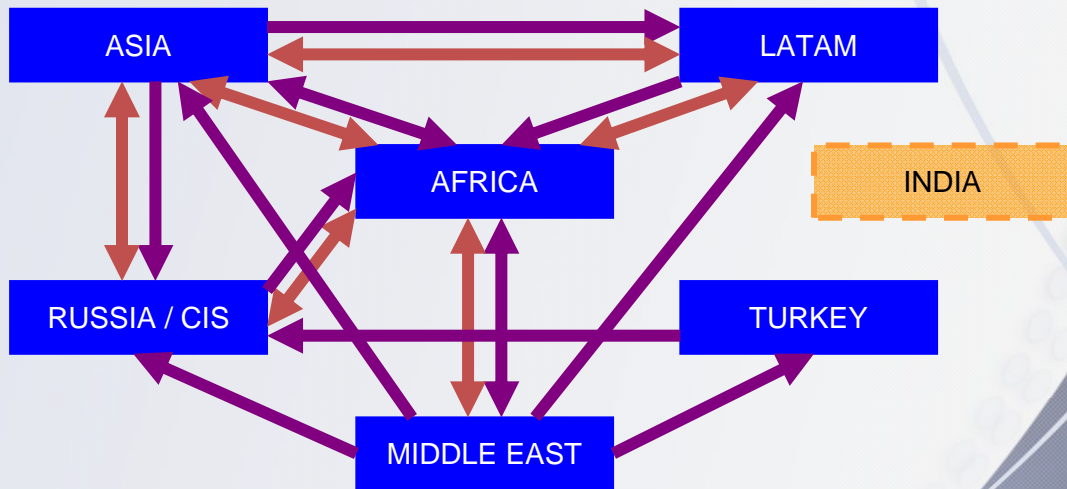


Source: Various company websites, 2009

Figure 11: Russian companies operating in selected African countries



Connecting the emerging markets to each other.....



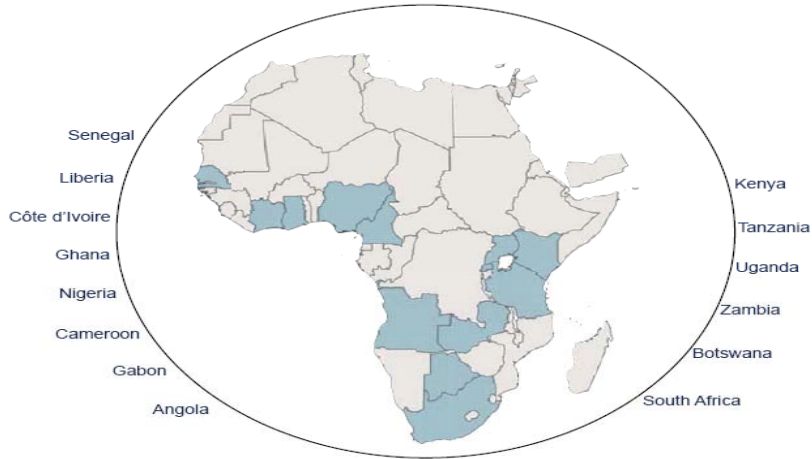
Capital Flows  
Trade Flows

# Greylock Capital Management Snapshot

- Greylock Capital was founded in 1997
- The firm has offices and professionals in New York, Singapore & Ghana
- 16 employees, including in-house operation, finance, legal & marketing teams
- Active in emerging markets, including Africa, since firm inception
- 14 year track record is one of the longest among emerging markets fund managers

# Depth of Experience in Africa

A significant portion of Greylock's portfolio has been continuously invested in Africa since the fund's inception in 1997



# Why Africa, Why Now?

Many countries in Sub Saharan Africa (SSA) are displaying economic conditions similar to those of the BRIC countries fifteen years ago

Political and legal reforms

Sustained commodity demand, especially from Asia

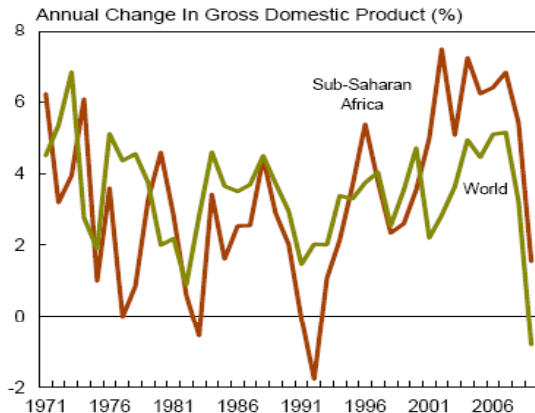
Growth of domestic capital markets and international capital

Support from the multi-lateral donor community

Growth of a middle class

# Positive Growth Trends

Despite the economic downturn of 2008 and 2009, SSA GDP growth has outpaced the world average since 2001



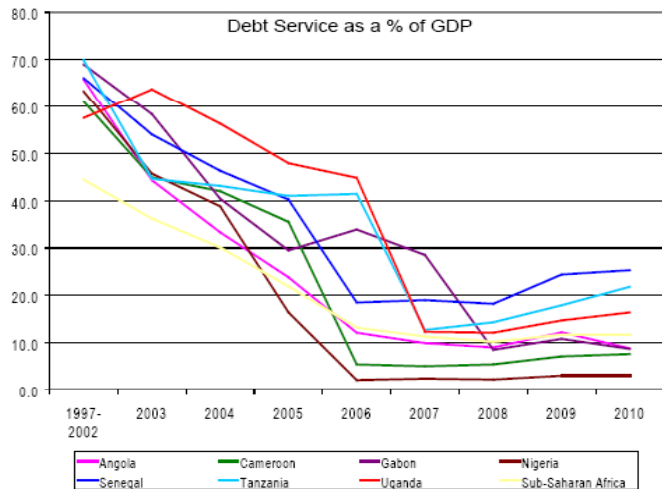
Data Sources: The International Monetary Fund, World Economic Update & Regional Economic Update for Sub Saharan Africa

The 2009 GDP growth for SSA remained double that of advanced economies, marking the 8th consecutive year that the SSA GDP outpaced the world average.

Estimates are that a 1 percentage point slowdown in GDP in the rest of the world leads only to a 0.5 percentage point slowdown in SSA.

The IMF forecasts that SSA economic growth will average 5% annually in 2010-2011, more than double the growth rate for developed countries.

# Comprehensive Debt Relief



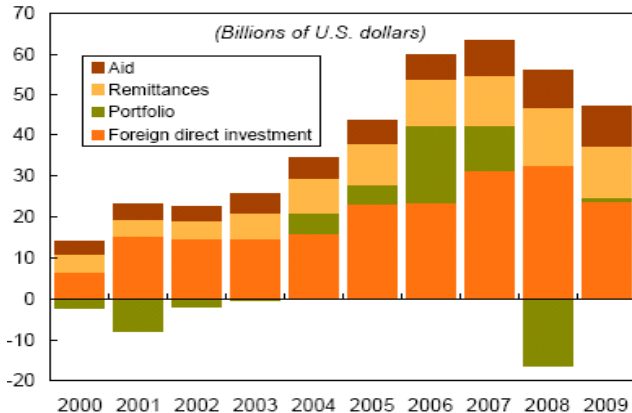
Data Sources: The International Monetary Fund, October 2009

Multi-lateral debt relief has allowed many SSA countries to address poverty alleviation and infrastructure development, investments with long-term economic multiplier effects.

The high debt levels of the 1980's and early 1990's were largely commercial loans taken on by dictatorial regimes with little oversight.

Multi-lateral involvement in debt restructurings & management, combined with the growth of democratically elected governments, provides a strong counter to debt mismanagement of the past.

# Private Capital Flows to SSA



Data Sources: The International Monetary Fund, October 2009

Private capital flows in 2008 and 2009 have declined but still remain double the level of several years ago.

Estimates show, however, that the bulk of private capital goes to a handful of mineral or oil exporting countries, resulting in many underserved markets.

Instead of focusing solely on the crowded telecom, petroleum or mining sectors, investors can realize equity-like returns through investments in less explored markets throughout SSA.

## Example of Current Greylock Deal: Waste Management

- Greylock invests in companies seeking to expand to provide essential goods and services to support the expected high growth rates of SSA economies.
- Currently in discussion with a West African waste management company.
- Company growth prospects are high given expansion to new cities, but the lack of long-term capital has constrained growth.
- Past expansion has been financed through short-term, high coupon local debt.
- Company has never taken on significant debt, and will use the proceeds to buy new trucks for expansion to additional cities.
- Greylock and the company are discussing a long-term (5-6 year) investment instrument which combines debt and equity components.
- In this way, interests are aligned between investors and company owners.





# Greylock Recommendations: AGOA

- The Africa Growth and Opportunity Act (AGOA) was enacted by the USA in 2000.
- Was designed to assist the economies of SSA and to improve economic relations between the United States and the region.
- AGOA in place through 2015 after 2004 extension, but should be made permanent.
- Additional considerations:
  - For every \$2 million forgone in opportunity cost on reduced tariffs over the last 10 years, estimates are that over 300,000 jobs were created and \$28 billion in non-oil exports were generated.
  - Extend and enhance reach of AGOA to additional sectors, areas and products (i.e. creation of additional tariff-free zones).
  - Support additional regional AGOA integration.
  - De-link AGOA from Doha Round outcome.

# Greylock Recommendations: Additional Investment

- The USA and multi-laterals can play a greater role in facilitating additional investor interest in SSA.
- Increase financing for American exports to Africa through the US Ex-Im Bank.
- Increase support for the Overseas Private Investment Corporation (OPIC).
- Establish a 'Super-AGOA' that could be a one-stop shop for US investors to SSA.
  - Perhaps this could be done by wrapping USAID, OPIC, Ex-Im, the MCC and the Department of Commerce into a unified group for Africa?

# Greylock Recommendations: Multi-lateral Cooperation

- Establish alternatives to traditional European Union economic agreements.
- Propose additional American, Chinese and European co-operation in Africa.
- Deepen co-operation with the African Union.