

# IOA — 2016 — ACBR



AFRICA COUNTRY BENCHMARK REPORT

Revealing the true country benchmarks of the African continent

The ACBR is produced by In On Africa (IOA)

A large construction crane is silhouetted against a vibrant sunset sky. The sun is low on the horizon, casting a golden glow. In the background, the silhouettes of buildings and hills are visible. The crane's lattice structure and cables are clearly defined against the bright sky. A white curved graphic element is on the left side of the image.

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A construction crane above Addis Ababa, Ethiopia. Ethiopia has averaged double-digit GDP growth for a decade due to a shrewd combination of government-led investment in infrastructure and adopting policies attractive to foreign investors.

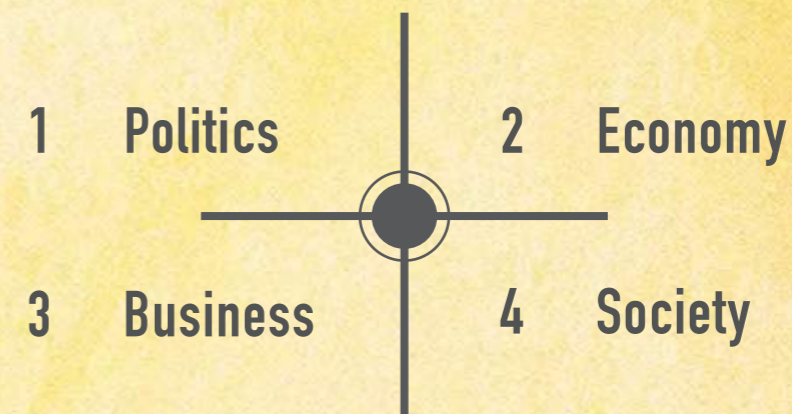
*Photo courtesy Jean Rebiffé/Flickr*

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# INTRODUCTION

Which are the politically stable countries in Africa, and conversely, the chaotic ‘failed states’? Which African economies are performing well, or poorly? Which nations provide the finest standard of living for their peoples, and which consign their populations to ill-health, misery, bloodshed and tyranny? The Africa Country Benchmark Report (ACBR) creates a holistic picture from the sum of pieces. The tiles of this mosaic are provided by key indices that regularly rank and score African countries, based on specific criteria. In the ACBR, these indices have informed an overarching and holistic analysis of African country performance, divided into four focus areas or quadrants:



Sometimes, an individual index can mislead as to a nation’s true situation. Throughout the continent, widespread economic and social inequities have ensured that a majority of Africans are left out of economic advances in their countries. A business or economic index might portray a country as doing well because of its trade in natural resources. However, a societal index would reflect the poor education, dire finances and ill health of the country’s majority whose share of natural resources or trade schemes are not enjoyed by them but are hoarded by a kleptocratic government. Some indices are bellwethers. If freedom of the press is stifled anywhere in Africa, this usually signals wider political trouble – often with economic and social consequences. However, this assumption can only be tested by referencing other societal, economic and political indices. Only by considering all measures of a country can an accurate overall picture be obtained, which is what the ACBR accomplishes.

An artist’s rendition of a Darfuri refugee in Chad. In 2015 the presence of migrants and refugees in places like Kenya, South Africa and elsewhere led to controversy, political demagoguery and violence.

*Image courtesy Surian Soosay/Flickr*

The ACBR approach is macrocosmic, whereas the indices with which this report is compiled are microcosmic. Each index can be considered a puzzle piece, complete in itself but dependant on other pieces to assemble a full picture.

The indices from which the ACBR works are assembled by institutions in accordance with the particular foci or agendas particular to those institutions. Of the four types of indices used for the ACBR – business, economic, political and societal – four indices have been chosen for inclusion and analysis in each, making up a total of 16 indices. These indices are all well established and reputable in their fields, and when combined and analysed within the context of IOA's deep understanding of the African continent (with more than 40 IOA experts across Africa contributing to ACBR's analysis), it is possible to piece together a comprehensive picture of each African country.

## CROSS-REFERENCING ALLOWS FOR INFORMED CONCLUSIONS

The conclusions of the ACBR drawn from the myriad indices and insights from IOA African experts are well-rounded depictions of the overall state of Africa's individual countries. These country conclusions are cross-referenced themselves, and this report compares the performances of the best and worst performing countries within Africa's five regions. Like the individual nation mosaics, these conclusions are a vital snapshot for today and a reliable indicator for the near future.

Each African nation is unique, which makes long-term predictions precarious and assumptions for one country based on the outcomes experienced in another country unwise. Several African countries have

found democracy and concomitant stability and prosperity after the demise of a ruthless dictator. Others have experienced chaos after the release of the dictator's iron but stabilising grip. The ACBR allows for countries to be compared on the basis of the latest indices in the report's four quadrants and time-sensitive, expert analysis of the IOA team.

In many ways, the totality of business, economic, political and societal indices reflect Africa's current events. However, the manners in which these events unfold are often unpredictable. Unforeseeable also are the volatile indices that seek to capture in the form of a chart or a graph the complex conditions of nations.

## A COMPLETE VIEW OF A NATION FROM SEVERAL SPECIALISED INDICATORS

Gauging a nation's performance for the ACBR requires a totality of data that can provide a complete picture of what may be hinted at in individual indicators, but requires more than one outlook to draw a reliable conclusion. The ACBR approach is to base its comparisons and conclusions on the statistically-verifiable rather than the anecdotally-evident, which is the outcome when a variety of indicators for nations are considered in unity.

We trust that this new holistic approach to assessing African country performance is not only fascinating reading for the illuminations that such a comprehensive approach brings, but will also prove valuable for wide usage, from academic and business to the formulation of social programmes and political interventions.

# METHODOLOGY SUMMARY ○

## THE ACBR METHOD

The creation of index reports is not a new phenomenon, with more and more becoming available on an annual basis. The aim of such indices is to provide an overall view of how a particular country in the world performs in a given category or categories. During the early 1960s, this trend was most prominent in 'political' analysis of country performance. Given the fact that this was during the height of the Cold War, the primary aim of such analysis was to divide democratic from socialist countries. Since then, there has been a substantial evolution of the aspects that various indices analyse.

Two key shortcomings of many of these indices are that:

- (1) only a single overarching focus area is analysed, be it state performance on political, economic, business or social indicators; and
- (2) their global focus and application of the same formulas to assess countries at different levels of development have often left African countries inaccurately and/or inadequately assessed.

With a view of providing a holistic assessment of all 54 African states and revealing the 'benchmarks' and influencing factors at play in business, economic, political and societal performance on the continent, IOA conducted an in-depth assessment of more than 60 reputable indices covering a wide range of focus areas, which were ultimately categorised into four quadrants for analysis – political, economic, business and societal.

## SELECTION AND WEIGHTING OF INDICES FOR INCLUSION IN THE ACBR

From more than 60 indices assessed for relevance, reliability, credibility and ultimate inclusion in the ACBR, IOA selected 16 indices that would combine with IOA expert insights and analysis to provide the comprehensive view of African country performance across the four quadrants and also overall. Each index was assigned a percentage share weighting within its corresponding quadrant based on an analysis of the methodology, strengths and weaknesses of the index, and importantly also to what extent each index would contribute to an overarching view of country performance.




Below is a tabulated breakdown of the 16 indices selected for inclusion in the ACBR analysis, as well as the corresponding weightings and the acronyms used in the ACBR country profiles that follow.<sup>1</sup>

Quadrant	Index Title	Acronyms	Weighting per quadrant	Total weighting for ACBR analysis
Politics	Economist Intelligence Unit Democracy Index	EIU DI	30%	25%
	Freedom House Freedom in the World	Freedom House FWI	25%	
	Transparency International Corruption Perceptions Index	Transparency International GCPI	30%	
	Reporters Without Borders Press Freedom Index	RWB PFI	15%	
Economy	Heritage Foundation Index of Economic Freedom	Heritage Foundation IEF	35%	25%
	CATO Institute Economic Freedom of the World	CATO EFW	25%	
	Global Innovation Index	GII	20%	
	World Economic Forum Human Capital Index	WEF HCI	20%	
Business	World Bank Ease of Doing Business Index	WB EDB	30%	25%
	Trace International Trace MATRIX	Trace International BBI	25%	
	Transparency International Global Corruption Barometer	Transparency International GCB	20%	
	World Economic Forum Global Competitiveness Index	WEF GCI	25%	
Society	Institute for Economics and Peace Global Peace Index	IEP GPI	30%	25%
	FM Global Resilience Index	GRI	15%	
	Happy Planet Index	HPI	25%	
	Social Progress Index	SPI	30%	

<sup>1</sup> Details of the original 60+ indices that were assessed, the process of selecting the final 16 indices for inclusion in the ACBR analysis, as well as details on ACBR's scoring methodology are provided on pages 140 -145.

## ACBR FINAL RANKINGS AND SCORES

The following table summarises the overall ACBR rankings and scores for each of the 54 African states, as well as their rankings and scores across each of the four quadrants. These are colour-coded based on each country's rank overall and per quadrant as follows:

	The country is ranked in the top 10
	The country is ranked #11-20
	The country is ranked #21-30
	The country is ranked #31-40
	The country is ranked #41-54

		OVERALL		BUSINESS		ECONOMY		POLITICS		SOCIETY	
		Rank	Score	Rank	Score	Rank	Score	Rank	Rank	Score	Rank
#1	Mauritius	1	3,23	1	1,52	1	1,36	2	3,85	1	6,22
#2	Botswana	2	8,12	3	5,62	2	6,27	3	4,20	9	16,40
#3	Namibia	3	9,43	5	8,33	10	16,16	5	5,59	2	7,64
#4	Cape Verde	4	9,51	10	15,91	4	10,01	1	2,61	No data	-
#5	Seychelles	5	10,86	6	9,29	7	12,55	10	10,74	No data	-
#6	Tunisia	6	11,79	7	9,76	12	16,21	12	12,97	3	8,21
#7	South Africa	7	12,28	4	8,31	3	9,12	4	5,32	22	26,35
#8	Ghana	8	12,42	13	18,14	9	14,62	6	5,66	4	11,24
#9	Zambia	9	14,71	9	13,96	11	16,17	13	15,23	7	13,48
#10	Morocco	10	15,71	8	12,50	6	12,44	23	24,16	8	13,74
#11	Lesotho	11	17,71	12	17,17	31	32,89	7	7,90	6	12,89
#12	Senegal	12	18,59	25	26,65	21	21,34	9	9,25	10	17,13
#13	Rwanda	13	18,63	2	4,21	5	10,57	33	30,64	30	29,09
#14	São Tomé and Príncipe	14	19,88	14	18,34	30	32,82	8	8,49	No data	-
#15	Gabon	15	22,17	21	24,49	23	26,88	25	25,45	5	11,88
#16	Kenya	16	22,19	18	22,50	13	16,35	26	26,25	17	23,65
#17	Benin	17	22,27	27	26,90	19	20,91	11	12,67	28	28,60
#18	Tanzania	18	23,69	29	28,51	20	21,27	15	17,55	24	27,45
#19	Madagascar	19	24,15	31	29,61	16	19,61	22	23,77	16	23,62
#20	Swaziland	20	24,44	20	23,91	14	17,67	35	32,52	18	23,67
#21	Burkina Faso	21	25,19	37	32,23	22	21,99	17	18,17	26	28,36
#22	Côte d'Ivoire	22	25,39	17	22,45	28	28,74	28	27,07	15	23,30
#23	Mozambique	23	25,59	22	24,61	25	28,18	20	21,14	27	28,42
#24	Gambia, The	24	25,94	16	22,18	15	18,55	43	39,27	19	23,76
#25	Uganda	25	26,07	34	31,09	8	14,55	30	27,67	32	30,97
#26	Egypt	26	26,30	24	25,62	18	20,48	34	32,29	23	26,81
#27	Sierra Leone	27	26,40	19	23,24	35	37,09	19	20,11	20	25,17



		OVERALL		BUSINESS		ECONOMY		POLITICS		SOCIETY	
		Rank	Score	Rank	Score	Rank	Score	Rank	Rank	Score	Rank
#28	Djibouti	28	26,69	23	25,01	17	20,12	37	35,56	21	26,09
#29	Malawi	29	26,74	45	43,54	27	28,56	14	16,80	11	18,08
#30	Mali	30	28,96	28	28,00	26	28,49	21	22,56	41	36,78
#31	Comoros	31	28,99	33	30,75	34	37,06	27	26,30	14	21,86
#32	Togo	32	29,80	15	18,43	39	41,54	31	27,95	33	31,27
#33	Ethiopia	33	31,08	11	16,89	40	42,04	36	33,13	34	32,26
#34	Liberia	34	31,94	47	44,83	33	36,00	16	18,06	29	28,86
#35	Algeria	35	32,24	41	34,94	45	48,48	29	27,22	12	18,32
#36	Niger	36	32,75	30	29,55	36	37,43	18	18,98	46	45,03
#37	Cameroon	37	33,11	39	33,18	24	27,80	39	37,49	37	33,98
#38	Mauritania	38	33,65	32	30,18	37	39,75	24	25,38	42	39,30
#39	Guinea-Bissau	39	35,36	40	33,90	32	34,85	42	39,22	36	33,48
#40	Nigeria	40	37,59	48	45,12	29	32,34	32	30,52	45	42,39
#41	Burundi	41	38,05	35	31,31	38	40,35	44	39,45	43	41,08
#42	Equatorial Guinea	42	38,13	36	31,68	48	50,82	53	50,57	13	19,44
#43	Libya	43	39,22	38	33,04	51	54,00	45	40,40	31	29,43
#44	Congo, Republic of	44	40,02	43	42,14	49	51,53	41	38,40	25	27,99
#45	Zimbabwe	45	41,61	44	42,51	46	49,79	46	41,14	35	33,03
#46	Sudan	46	41,65	26	26,87	52	54,00	52	50,45	38	35,28
#47	Angola	47	41,82	51	50,20	41	43,54	40	38,23	39	35,31
#48	Guinea	48	42,58	49	48,40	42	43,83	38	36,18	44	41,91
#49	Congo, Democratic Republic of	49	45,53	46	44,35	43	46,91	47	45,07	47	45,80
#50	South Sudan	50	46,60	42	38,89	No data	-	49	46,91	51	54,00
#51	Eritrea	51	47,34	53	50,76	50	51,88	51	50,01	40	36,72
#52	Central African Republic	52	48,83	50	49,18	44	47,68	48	45,58	50	52,86
#53	Chad	53	49,52	52	50,70	47	50,01	50	47,02	48	50,36
#54	Somalia	54	51,88	No data	-	No data	-	54	51,93	49	51,84

## DEEPENING THE ANALYSIS

While the ACBR country rankings are based on the assessment of each country's performance on the 16 selected indices across the four segments, the analysis that follows throughout the ACBR are informed by decades of experience and expertise held by IOA's team of experts across the African continent. More than 40 IOA consultants and team members on the ground

throughout Africa contributed to the ACBR analysis to ensure that the report offers its readers deep, valuable insights in each country, in addition to the holistic assessment of country performance on the selected indices.

Profiles of many of the IOA team members that were involved in the development of the ACBR are provided on page 14-23, illustrating IOA's wide reach and vast array of expertise and experience in and on Africa.



Africa's ever changing landscapes are reflected in the ACBR analysis. Here in Ethiopia, the physical landscape is being transformed by a Chinese-owned road construction firm.

*Photo courtesy SarahTz/Flickr*





# Assessing African benchmarks across business, economy, politics and society

## ACBR ANALYSIS

# ACBR REVELATIONS

Africa is comprised of 54 independent nations and the disputed territory of Western Sahara. While some nations are blessed with abundant natural resources and others are harsh desert environments or isolated volcanic islands, all have the potential for greatness. The ACBR shows a wide divergence in African countries' success at obtaining economies, political systems and social welfare benefits for their people. Some countries do very well, while others are virtual 'failed states' – dangerous, miserable places with dysfunctional political and social systems.

Failure or success when applied to a country can be objectified statistically, which is what the component indices of the ACBR do. With numerical ratings and charts, data show the rise or fall of gross domestic products and other indicators of national prosperity. Education levels and health measurements are determined mathematically by the social welfare indices rather than being rooted in anecdotal evidence. Some index data relies on subjective analysis, such as a corruption perception index in which business people provide input; however, by relying on expert opinion, this data becomes credible rather than whimsical. The indices used to compile the ACBR have earned their reputation for probity. From its findings, the ACBR draws larger conclusions that are more than generalisations because they are founded on data from the constituent indices.

## Noting common denominators for successful nations and poorly performing countries.



Tunisian youth gather to celebrate the third anniversary of the country's Jasmine Revolution that launched the Arab Spring in 2011. In Africa, like elsewhere, the embrace of democracy by a country's citizenry and political class is a key determinant of national prosperity.

*Photo courtesy Magharebia/Flickr*



How to account for the successes and failures as presented by the indices used to compile the master ACBR? What are the commonalities that influence how a nation performs on the index? With the ACBR a holistic approach is used, in which data from several sources is combined. Having done this, the opportunity is at hand to look at these 'complete country pictures' and examine them for clues as to the reasons for good versus bad rankings in the report. What are the microcosmic features that determine the larger picture of a country's overall standing?

Overall, an analysis of the continent's 54 nations to determine which succeed and which fail does find a common thread: political maturity in African countries corresponds with stable governance and sound economic development. Such political maturity, in which Rule of Law is enshrined above the power of the leader or faction and where human rights are respected, term limits are honoured by presidents and separation of power guides governing institutes, is not a result of a country's age but of the will of a country's people to be ruled by equitable governments that respond to their needs and which put laws above men. Where political maturity is absent, where autocrats run roughshod over oppressed populations and governance institutions are no more than the will of one powerful man, a state falters on instability and its people are mired in armed conflict, ill health and poverty.



A billboard in Uganda paints a colourful picture of the link between corruption and inadequate housing. Corruption in its various forms is arguably the largest obstacle to sustained economic progress across Africa.

*Photo courtesy futureatlas.Com/flickr*

As the ACBR examines the business, economic, political and societal indices compiled by a variety of organisations throughout the world, Africa's best performing countries in terms of prosperity, security and stability are all grounded in Rule of Law. From an examination of myriad charts and graphs on which organisations as diverse as Human Rights Watch and the World Bank seek to illustrate in numerical form the fortunes of nations, it is clear that some qualities are closely bound to other qualities; indeed, they cannot exist in isolation from each other. Good governance goes hand in hand with economic prosperity. Pluralism is linked to the state of a nation's security. Quality of life is best enjoyed by those living in democracies.

On the opposite end of the scale are the miseries of nations under dictators and autocrats. Non-democratic states drain an economy's vitality through corruption, overregulation, nepotism and cronyism. The greedier and more power-hungry a leader, the less free, healthy and prosperous are his subjects.

For instance, South Africa enjoys Africa's most economically advanced economy and a human rights-based democratic government that is the governance ideal of the continent. However, nothing is static in any country's development. Having liberated South Africa from the apartheid era, the African National Congress (ANC) is becoming insular and allegedly corrupt, and shows a desire for a state-controlled command economy that is opposed to the free market economy that has been so successful. The result has been a business confidence crisis and street protests against government's inability to provide social services. If the ANC government continues with its current policies, the economic and political data that inform the ACBR will reflect a shift in the country's fortunes.



A memorial service for Nelson Mandela at the Green Point Stadium, Cape Town, December 2013. Mandela's legacy has not been translated into substantive social transformation in South Africa.

*Photo courtesy Kyle Hiebert*





A farmer adjusts his cap while standing in a lush rice field in Burundi. The political crisis in Burundi that erupted in April 2015 has brought agricultural exports to a virtual halt. *Photo courtesy International Rice Research Institute/Wikimedia Commons*



Now that Libya is united under a government made up of former civil war rivals, which have put aside their principal agendas of total power, the country's upward movement on business, economic, political and societal indices is assured; and just as assured the movement will be downward if civil war returns. South Sudan is at a critical turning point now that its civil war antagonists have also embraced a government of national unity. The bloody conflict that destroyed the country is over, again because political ambition has been set aside in favour of nation building, and while post-war reconstruction will be long, there will likely be improvements on the next assessment of the country.

Mozambique's post-civil war economic recovery has been remarkable and is set to advance even more dramatically once new energy reserves go into production. However, the economy will falter and the country's rankings on political and societal indices will fall if political discord between an entrenched ruling party with a sense of entitlement and a resentful, alienated opposition results in further armed conflict. Then there are the autocrats, the Presidents for Life whose tenures will be terminated by mortality, from Jose Eduardo Dos Santos in Angola to Yoweri Museveni in Uganda and Robert Mugabe in Zimbabwe. The calm or chaos that follows the departure of such men who have been decades-long fixtures in their nations' lives will determine how well or poorly their countries fare in future indices and in the macrocosmic ACBR overview. Meanwhile, the ambitions of a new generation of Presidents for Life, such as Burundi's Pierre Nkurunziza, the Democratic Republic of Congo's Joseph Kabila and Rwanda's Paul Kagame have already destabilised their nations or undermined basic democratic principles that influence the upcoming fortunes or failures of their people.

Politically, then, countries do well that have gained a grounding in democracy that curbs political ambitions for the greater good of all citizens. The countries' performances in the remaining categories considered in the ACBR follow accordingly. Where political tyranny exists, rankings on societal indices decline. Countries may have high per capita incomes according to the indices, and these may be real in the case of Mauritius where national wealth is relatively evenly distributed, or the statistic may be illusory, such as in Angola and Equatorial Guinea where corrupt leadership commands a lion's share of the GDP at the expense of ordinary citizens.

# ACBR BUSINESS ANALYSIS

African countries that perform best overall in the business quadrant have governments that strongly support entrepreneurs both local and foreign, and strive to stimulate business growth. These countries are aware that there are few things more detrimental to the healthy growth of a country than a poorly structured environment for business development. In order for African countries to move away from natural resource dependency in an age of services and value-added resources via manufacturing, countries with successful business models have in place structures that attract foreign as well as domestic investors, and both understand and implement pro-business policies.

BENCHMARK INDICATORS	
GOOD PERFORMERS	POOR PERFORMERS
Have a conducive business environment	Have cumbersome business landscape
Exhibit capacity for civil society oversight	Poorly enforce anti-bribery laws
Exercise control over bribery in business	Lack transparency in civil service & government
Enhance efficiency and stimulate innovation	Are not competitive to foreign investors

A **conducive business environment** for start-ups and new entrants alike is a pre-requisite for good performance in the business quadrant. Countries such as Ghana, Mauritius, Namibia, South Africa, Tunisia and Zambia have all put in place mechanisms that enhance the functioning of businesses from registering property to dealing with construction permits. These nations have enshrined policies that protect minority investors and ensure smooth trade across borders. Unlike countries favoured by the possession of natural resources who become complacent with the income from extractives and, in effect, become poorer because they do not diversify their economies, nations with successful business models constantly look to expand their economies in bold new directions. A common denominator between countries that enjoy good foreign investment are policies that offer incentives to both foreign and local investors.

Top performers within the business quadrant have another commonality: a strong capacity for **civil society oversight** with regard to business operations. Countries such as Mauritius, Rwanda, South Africa, Tanzania and Zambia have in place means to monitor business fair play. Without oversight, businesses would be able to flaunt laws of governance in an attempt to maximise profit at the expense of local communities, as has been the case throughout Africa where totalitarian regimes look to benefit from multinational deals to the detriment of the domestic population.

Illicit business activities have been one form of corruption that has most negatively impacted nations' business environments. A system of checks and balances in business deals is essential for any country seeking to provide an environment that will favour business development and growth. African nations that perform well in the business quadrant have in place systems to **control bribery in business activities**. These same countries also look to **enhance efficiency** and stimulate innovation within the business sector, leading to policy reforms if these prove necessary. New technologies being introduced into the markets can stimulate innovative solutions to problems while also maximising the available output on a daily basis.

Conversely, the worst performers in the business quadrant show similar ailments that necessarily deter business development and drive away investors who then seek out more feasible markets. Poor business and poor governance environments go hand in hand, as witnessed by the **problematic business** landscapes of the Central African Republic, Chad, Eritrea and South Sudan. From starting a business and dealing with construction permits, through to registering property, getting credit and paying taxes, these four nations all perform poorly. Without the necessary tools and mechanisms for





business operations to function optimally, new enterprises generally do not survive beyond the first 24 months. These countries also fail at stimulating the private sector and necessarily leave business operations up to government, which is invariably inefficient. In the current global sphere of capital markets, African nations with command economies cannot compete with freer markets and their businesses are at a disadvantage in cross-border deals.

Further deteriorating the business environment is **poor enforcement of anti-bribery laws**. Angola, Burundi, Chad and Guinea are foremost amongst nations that fail to stifle illicit business activities. Some nations, as in the case of Angola, even encourage corruption as a means to enrich the political leadership. **Lack of civil society oversight and transparency in government** invariably accompany poorly enforced anti-bribery laws in these countries. If a nation is not willing to decentralise power to its citizens and restricts information on the true state of the economy and government actions, the business environment becomes untenable for the success of local and international businesses. The only firms that survive are those that are subservient to government demands that come with government-controlled financial opportunities. Angola again is a case in point – there is a lack of government transparency in business operations and also restrictions on the involvement of civil society at any level, so that profits from Southern Africa’s most lucrative oil industry line the pockets of the ruling Dos Santos family.

“ Kenya, Rwanda, Tanzania, and Uganda have created a stable business environment and support services, combined with good air and road links to many other countries. There is also increased consumerism because of growth in the middle class.  
– Meshach Ampwera, IOA Consultant based in Uganda ”



“ The Namibian economy has been opening up and diversifying away from mining, which has been the anchor of growth. The country has been strategically positioning itself within the region in a bid to become the region’s logistics hub. The government’s Logistics Masterplan is aimed at taking advantage of Namibia’s geographic position as gateway for trade into the region.  
– Suta Kavari, IOA consultant based in Namibia ”

“ Despite a challenging business environment, Nigeria is a great place to be for business as the success of many indigenous and foreign nationals has shown. This success would not have been possible without its large population and conducive environment created for investors. Investors are free to stake their resources in almost all sectors, make profit and repatriate without any hindrance. Nigerians and other nationals are friendly, thus making it possible for business to thrive. There are also strong regulatory agencies, the police and courts to play different roles.  
– Udeme Akpan, IOA Consultant based in Nigeria ”

# ACBR ECONOMIC ANALYSIS

African countries that enjoy the best economic performance possess characteristics of strong institutions that guide economic development that are in line with international law on trade governance. Political and economic development go hand in hand and the economies of these countries are well governed through enacted laws and regulations that maximise the benefit accrued by economic growth. Through the implementation of appropriate laws and structures, property rights, business, investment and trade freedoms are enshrined in business activities and operations and are made evident through consistent growth and development.

**Regulation and strong institutions** are other common factors that the top performers exhibit. Countries such as Kenya, Rwanda and Uganda look to exercise less regulation over business activities, but have put in place increasingly adaptable institutions to steer economic development. The Rwandan market is small but it is dynamic and looks to constantly re-position itself to attract investment. Such a system of de-regulation coupled with good governance seeks to enhance the independent growth of business activity while also ensuring that procedures and laws are followed.

## BENCHMARK INDICATORS

GOOD PERFORMERS	POOR PERFORMERS
Show market and business sophistication	Have overbearing government involvement
Have strong institutions & calculated regulation	Have weak knowledge and technology output
Possess adequate human capital	Lack infrastructure
Make provision for property rights	Underutilise the labour force

Those countries that have performed well in the economic quadrant have developed strong **market** and **business sophistication**. Again, countries such as Mauritius and South Africa, but also Seychelles and Tunisia, have evolved their markets in a way that is conducive to economic development and entrepreneurial growth. Although small countries geographically and in terms of populations, both Mauritius and the Seychelles have looked to diversify their economies over time and attract investment in sectors that have been targeted for development. South Africa has also looked to more than resource exploitation and given substantial attention to a variety of sectors, including agriculture, financial services and tourism.



Rwanda is one of the best economic performers. [It has a] reformist government and much easier regulations for new investors seeking to set up in the country.

- Prof Israel Kodiaga, Head of IOA East Africa



Botswana is one of the best economic performers in Africa. The country has a stable economic and political environment, high literacy levels and a skilled workforce.

- David Kalea, IOA consultant based in Malawi





African countries that are excelling in the economic realm also make use of the **human capital** at their disposal and ensure **property rights**. Countries throughout Africa that excel economically are incorporating their young citizens in development initiatives. Botswana, Ghana and Zambia perform well in this regard. Each of these countries has the ability to tap into a large pool of under 25-year-old human capital that will both be included in development and contribute to economic growth from a consumer perspective. Though South Africa is another top performer, there is still a way to go in terms of the government's development plans to incorporate greater portions of the youth into the labour force.

African nations that are the worst performers in the economic quadrant display commonalities that inhibit stable and consistent economic growth. Foremost of these is overbearing levels of **government involvement** in economic activities. At the same time, they also show a dire need for **infrastructural development** to stimulate economic growth. Economically failing states such as the Central African Republic, Chad and Zimbabwe highlight a consistent inability to allow free market forces to dictate supply and demand. Other countries with poorly performing economies, such as Burundi and Somalia, fail to stimulate economic development or to step back from the overregulation of their markets.

**Weak knowledge** and **technology outputs** have also been the downfall of economic growth in African states. Burundi and Swaziland are examples of conflicted or undemocratic countries where little innovation takes place and output is confined primarily to natural resource extraction. Such countries tend to have totalitarian regimes in power that show no interest in economic growth to benefit the general population, but rather growth that directly enriches the governing regime. King Mswati III of Swaziland and Pierre Nkurunziza of Burundi are both notorious for benefitting from state coffers while allowing their citizens to live in poverty. As a result, they also have an **underutilised labour force** that is poorly educated and lacks the knowledge to participate meaningfully both in the economy of their countries and the political development thereof. Nigeria, with nearly 180 million people, also makes poor use of the available labour force, far preferring a dependency on oil revenue without the necessary economic diversification one would expect from the largest economy in Africa.

Given the dominance of capitalism and free markets in Africa since the 1990s, it is an inevitability that countries need to open up their markets to foreign investment and trade. Regulation is necessary but it must be calculated to generate the greatest returns possible both for governments and the citizenry. Africa's best performing countries economically are those that have allowed free market

mechanisms to dictate supply and demand trends, but also have in place strong institutions to steer market forces. They also look to increasingly adjust and adapt their markets and businesses that function within them to accommodate the evolution of the economy. Business owners are provided with property rights to take control of their enterprises, while labour is well utilised in areas of growth and demand. By comparison, African nations that perform poorest economically have overbearing government regulation of the market space that makes it difficult to conduct business. They also tend to lack efficient energy and transportation infrastructure, which makes it difficult for businesses to thrive and grow. Compounding these maladies is a poorly educated and underutilised labour force. An environment of poor knowledge and technology output tends to leave countries at the mercy of foreign aid and donors in times of economic instability.

Meanwhile, governments that are successful at stimulating economic growth are those that have managed the right balance between governing economic growth and making the best use of their human capital. Those that fare poorly allow government to meddle in economic initiatives, resulting in stagnant growth while also restricting avenues to free market forces.



South Africa remains a regional hub, with the most sophisticated financial, legal and banking system, as well as good infrastructure.

- Fritz Nganje, IOA consultant based in South Africa



Mauritius is a most attractive business destination. The country has a stable record of government and has been able to curb corruption.

Through a creative mix of policy choices and aligning social policy to industrialisation needs, poverty and inequality have also been reduced.

- Prof Joleen Steyn Kotze, IOA consultant based in South Africa



# ACBR POLITICAL ANALYSIS

Countries performing the best overall in the benchmark assessments have strong democratic institutions, whose governance follows rule of law as enshrined in a national constitution. All state institutions from the bureaucracy, courts, executive, legislature, military and police are subservient to the law and no one is above the law. Laws are enacted through popular input, usually through elected legislatures. Social maladies like corruption, conflict and crime do exist in these countries, but are handled through the guidance of law, through transparent processes. The correlation between sound, law-based governance and a sound economy is apparent in evaluation indices and illustrated in the relative well-being of their citizens whose property as well as personal rights are protected by law.

BENCHMARK INDICATORS	
GOOD PERFORMERS	POOR PERFORMERS
Have strong electoral processes	Have a poorly functioning government
Make provision for civil liberties	Show weak political participation
Show low levels of corruption	Stifle media freedom
Allow for high freedom of the media	Show structural corruption

The countries that have performed well in the political quadrant have in place strong **electoral processes** and **civil liberties**. Countries such as Botswana, Cape Verde, Mauritius and South Africa have put in place systems that are characterised by active citizen participation in elections and transparent governance. Although South Africa has been a de facto one-party state since the end of apartheid in 1994, citizens robustly criticise and put pressure on government during times of elections, and opposition parties have growing influence. Similarly, the electoral processes of Botswana, Cape Verde and Mauritius have been transparent and allowed general participation from all segments of society.

The top performers in the political quadrant also score well in terms of restricting **corruption** levels in their respective countries. Although corruption in South Africa is generally bad, it is not as entrenched as it is in Nigeria, where it permeates various government institutions. Systems to tackle corruption are a necessity for a well-functioning government as they curb the ability of individuals to take advantage of their influence within the public sector. A system of checks and balances necessarily constrains the ability of individuals to act alone in their own self-interests.



Mauritius is Southern Africa's political benchmark...The country has had peaceful transitions of power in a region characterised by dominant party systems and where very few have had peaceful transitions of power from one party to the other.

- Game Dibeela, IOA consultant based in Zimbabwe



The political benchmarks in Africa are Botswana and Mauritius. Both countries have been quite successful in curbing patronage and corruption within the realm of the state. This laid a foundation for strong state institutions and the ability to drive economic development through facilitating political stability.

- Prof Joleen Steyn Kotze, IOA consultant based in South Africa





Countries that set the standard for political excellence in Africa also have substantial respect for **freedom of the media and press**. These countries enjoy unfettered free speech and media, allowing free expression of negative opinions on government. Without a strong foundation for press freedom there is nothing to restrict governments from censoring information and allowing only positive views of the ruling regime to be expressed. When comparing SADC neighbours South Africa and Zimbabwe, there are stark differences between how the media operates in the former compared to the latter – media in South Africa is pluralised with a number of independent broadcasters, while media in Zimbabwe is monopolised in favour of the ruling party. Governments that are afraid of being removed from power would seek to restrict such movements of information, while those that believe they are acting in the best interests of citizens look for constructive criticism of their actions and decisions.

By comparison, the worst performers in the political quadrant also show a number of common factors that pull down their governance structures and the ability of each country to support a stable political system. Each of the bottom 5 performers overall scored extremely poorly on the **functioning of government** as well as the ability of citizens to exercise the right of political participation. The most politically backward states on the continent such as the Central African Republic, Chad, the Democratic Republic of Congo, Equatorial Guinea and Somalia share histories of substantially malfunctioning or totalitarian governments – or no government at all. Somalia struggled to rise from its failed state status for over two decades, and is making progress, while the more recent fractions within the Central African Republic have highlighted the ineptitude of government to adequately run a country. Without the ability of citizens to participate in the decision-making processes of their countries in non-democratic states, national development is constrained.

**Corruption** is also well evident in the countries that have no systems or very fragile systems of governance. Although Equatorial Guinea has one of the highest GDP's per capita on the continent, the country is rife with corruption, emanating from the country's ruling dictatorship. Though Nigeria boasts the largest economy in Africa, the level of corruption within public and private institutions compromises efforts to achieve a well-governed country, although there are now sincere efforts to remedy institutionalised corruption. A core prerequisite of a strong democracy is the ability of the state to curb maladministration in the public sector to instil confidence in local citizens and foreign investors. Countries such as Equatorial Guinea, Eritrea, Somalia and Sudan also have no tolerance for **media freedom**. These countries have little regard for the ability of the press to function independently, and press freedom is suppressed, at times violently. Each of these countries were the worst performers in the political quadrant, generally and in terms of media freedom – both in Africa and globally.

Once the decision is made to embrace democracy and fully elevate Rule of Law as the supreme governing power, nations improve in all sectors, from better education through to increased lifespans. The best performing countries have strong systems of political governance that allow citizens to actively participate in decision-making processes while also making provisions for civil liberties. They also exercise high levels of transparency in policy formulation and have in place systems of checks and balances that curb the spread of corruption. To bolster these systems, they further allow the press to actively inform citizens of current initiatives and what the impacts of such developments will be.

On the opposite end of the spectrum, the worst performers are those that seek to marginalise opposition in favour of one-party systems that look to restrict political participation and culture in favour of the ruling elite. In addition to this, they have highly opaque systems of governance that lack transparency and, in essence, allow much room for corruption to take place. These governments have little tolerance for criticism and look to restrict the flow of information so that only favourable views of the ruling regime are communicated. If government is democratic, allowing for accountability and transparency to cast light on malpractices that arise in all human governments, then the groundwork has been laid and the foundation cast on which to build economies and social progress. Conversely, if a country's governance is confined to the caprices or madness of a dictator buttressed by his militia or ruling party, economic degradation and social misery is assured.



Botswana has fairly strong institutions e.g. police, regulatory bodies, independent judiciary and others, [that] have, over time, instilled an ethical attitude in the political arena where politicians abide by the national constitution and do not break the rules rampantly."

– David Kalea, IOA consultant based in Malawi



Namibia is the political benchmark on the continent. Even though the country has one dominant party and a passive opposition, the country has enjoyed sustained political stability.

– Suta Kavari, IOA consultant based in Namibia



# ACBR SOCIETY ANALYSIS

African nations performing well in the society quadrant demonstrate a commitment to the well-being of their citizens. Such countries enhance the lives of their people by continuously striving to provide better health care, better education and more opportunities to improve the individual's opportunities in society. Although such countries do contend with issues such as illiteracy, malnutrition and poverty, they seek to curb and mitigate these maladies through corrective policies. A country that cares for its citizens experiences more rapid economic and social growth than another country where the majority of citizens live in squalor at the expense of the privileged few.

BENCHMARK INDICATORS	
GOOD PERFORMERS	POOR PERFORMERS
Peaceful societies with less crime & violence	Turbulent and violent societies
Are resilient to tough conditions	Are less resilient to regional and global forces
Exhibit higher experienced well-being	Fail to cater for basic human needs
Offer opportunities to citizens	Provide few opportunities

African nations excelling in the society quadrant exhibit more **peaceful societies** where citizens' rights are upheld. Such countries generally show less crime and violence. Botswana, Ghana, Mauritius, Namibia and Zambia fare well by this measure as a consequence of governing institutions upholding the Rule of Law as the paramount factor in citizen interactions. Although these countries have relatively small populations, their citizens are instilled with a sense of unity that comes from confidence that their governments act in the best interests of the majority rather than for a few rulers at the top.

The top national performers in the society quadrant are **resilient to tough conditions** – whether economic, political or other. These countries are able to cope with crises because they enjoy the unity

of purpose that comes from a social cohesion ingrained in society. Though South Africa has been performing poorly in social welfare indicators in recent years, its citizens are still bound by opposition to oppression and tyranny. The nation that sparked the Arab Spring uprising of 2011, Tunisia, has been one of the few North African countries to move beyond post-revolutionary turbulence and this year's terrorist activity thanks to a united citizenry and the involvement of civil society.

A good gauge of how a country's society fares is the **experienced well-being of its citizens**. Catering for basic needs such as housing, food, healthcare, water and sanitation are some of the prerequisites that a healthy society requires. Having access to these amenities allows citizens to live longer and healthier lives. North African countries have performed well in this regard, with Algeria, Morocco and Tunisia reaching life expectancy levels of 72-73 years on average, due to the provision of basic services to their people. Sub-Saharan countries such as Ghana, Ethiopia and Malawi have lower life expectancies, but the experienced well-being of their citizens is relatively high for their region, and growing. Ghana and Tunisia, along with Mauritius and South Africa, also offer more opportunities to their citizens.

In the society quadrant, African nations that rank the lowest exhibit numerous similarities that account for their lack of social progress. These maladies undermine any attempts to improve the lives of their people.

Such nations tend to be **turbulent and violent** in nature. The Central African Republic, Somalia, Sudan and Africa's youngest state, South Sudan, have suffered divisions that retard progress in all areas, including social development. These societies have failed to build a sense of cohesion among their citizens. Rather, ethnic and cultural divisions are at the heart of social unrest. The governments of such societies tend to be totalitarian in nature and look to promote the values and needs of their own ethnic groups as opposed to the country as whole. Civil wars are the most extreme results of these divides.

**Resilience** is not a strong point for these states. Natural disasters require international aid to save citizens, as governments are nonresponsive. Governments' inability to shield their people from external forces leaves populations at the mercy of global market trends that, in turn, have left states such as Chad, Mali, Niger and even a relatively prosperous nation like South Africa unable to sufficiently cater for **basic human needs**. As the quality of life for citizens decreases, so does their ability to meaningfully contribute to national development. A vicious circle ensues whereby



governments who are reluctant to empower their citizens do not provide **opportunities** that will lead to a citizenry able to overcome crises through ideas and work. The ultimate condition for such states is that of perpetual instability.

In order to address such social issues, states need to have strong and unified governments, comprised of all segments of society. Without such unity, the development and well-being of citizens is left at the mercy of oppressive leaders. The best performing countries in the society quadrant are those whose societies look to resolve their differences peacefully and through established state institutions. Such institutional order in times of chaos leaves these societies more capable of dealing with malevolent forces. Strong societies offer their citizens opportunities to excel that raise standards of well-being over time and lessen dependency on the state. Societies where there is a lack of equality are the most turbulent and violent. Concurrent with the state's lack of provisions for impoverished citizens is an absence of opportunities for these citizens to better their standing. Government leadership's lack of concern over the welfare of the people is reflected in the country's fragmented condition, where a lack of unity allows crises to spread unchecked by a common purpose to overcome, and the only option is to flee as a refugee.



Tunisia is one of the best society performers. The country has a vibrant civil society and the situation for women has considerably improved.

- Laurence Aïda Ammour, IOA consultant based in Europe



Ghana is the best society quadrant performer. The government of Ghana has put in place major social and other utilities, most notably electricity, roads, water and telecoms to boost investment. Social unrest and other forms of instability are rare in the nation. Ghana's intolerance of corruption serves as a benchmark for other nations to follow. It clearly shows that an African nation that experienced internal instability, economic destabilisation and massive killings can emerge to rebuild amenities and grow its economy without foreign intervention because of the determination of the people.

- Udeme Akpan, IOA consultant based in Nigeria



...Ethiopia has a good policy on centering government policy [around] a single goal - poverty reduction - and taking a multidimensional approach that can encourage ministries to work more comprehensively and consistently.

- Prof Abdi Jama Ghedi, IOA consultant based in Somalia





Street-side shops in Kinshasha, the capital of the Democratic Republic of Congo (DRC). Poor governance and chronic instability have stymied efforts to develop the DRC's abundant wealth of natural resources. The DRC ranks 49<sup>th</sup> out of the 54 African states in the ACBR. *Photo courtesy Irene2005/Flickr*

