



2015

Ibrahim Index of
African Governance

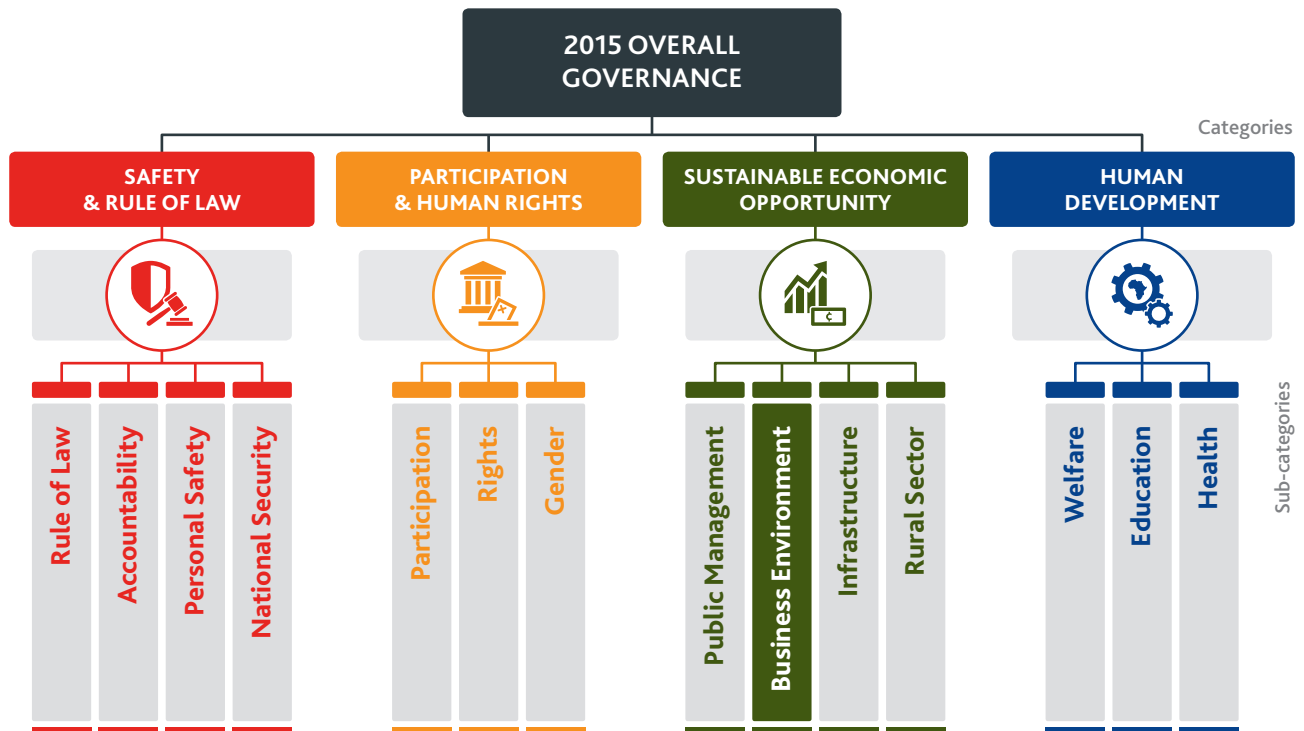
**SUB-CATEGORY
INSIGHTS**

**BUSINESS
ENVIRONMENT**



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> **Business Environment**

Indicators

1. *Competitive Environment*
2. *Customs Procedures*
3. *Investment Climate*
4. *Bureaucracy & Red Tape*
5. *Soundness of Banks*

- *Business Environment* is one of 14 sub-categories of the IIAG.
- *Business Environment* is one of four sub-categories within the *Sustainable Economic Opportunity* category of the IIAG.
- There are five indicators within the *Business Environment* sub-category of the IIAG. These indicator scores are averaged to give the *Business Environment* sub-category score.
- Indicator definitions and sources can be found on page 5.

Business Environment shows a negative continental average trajectory, registering the largest sub-category deterioration across the IIAG, and contributing to the downturn in performance in its parent category *Sustainable Economic Opportunity*. Only 20 countries have shown any improvement in this sub-category since 2011, with deterioration seen across the spectrum of high and low-scoring countries.

At the regional level, all countries in North Africa except for Morocco have shown deterioration; a similar pattern is also seen in Southern Africa where ten (out of 12) countries have declined.

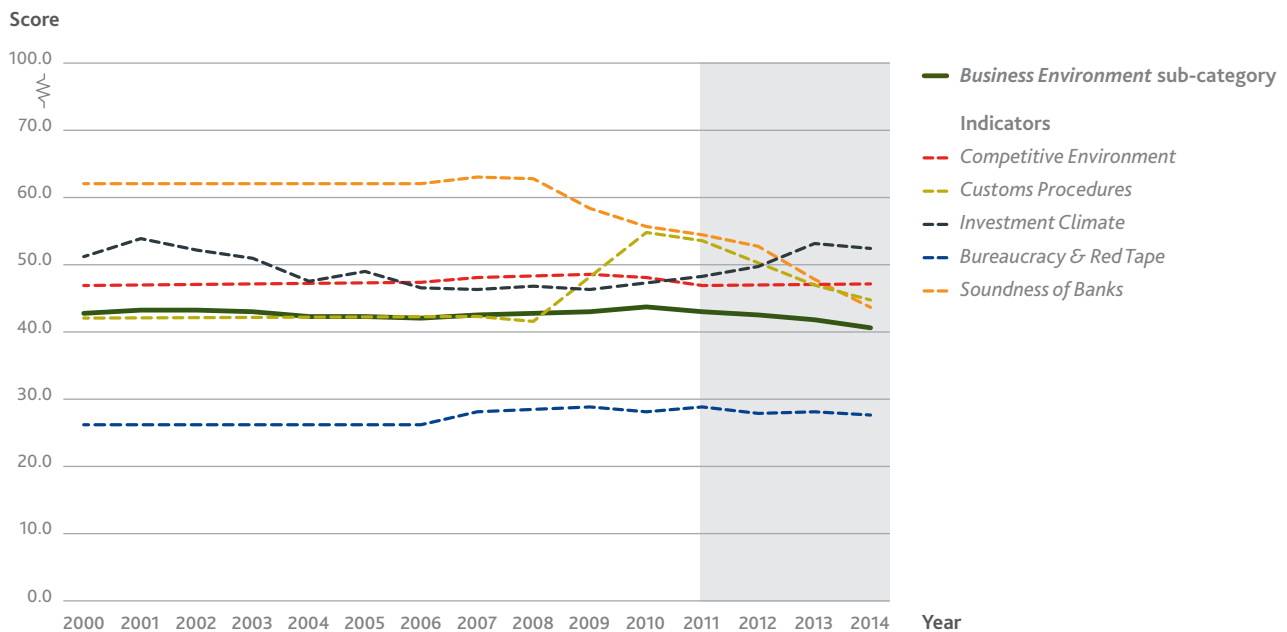
Performance at the indicator level is a mixed picture. *Soundness of Banks* demonstrates the largest average deterioration of all indicators on the continent, followed by *Customs Procedures*. At the same time *Investment Climate* and *Competitive Environment* show strengthened performance at the continental level, yet not considerable enough to balance out declines elsewhere.

- The African average score for *Business Environment* is 40.7 (out of 100), making it the third highest scoring sub-category in *Sustainable Economic Opportunity* in 2014. It ranks 12th out of the 14 sub-categories in the IIAG.
- There has been a year-on-year deterioration in the African average score (-2.5) since 2011. This makes it the most deteriorated sub-category in the IIAG.
 - This deterioration has been driven by the indicators *Customs Procedures* (-9.0), *Bureaucracy & Red Tape* (-1.4) and *Soundness of Banks* (-11.0).
 - *Soundness of Banks* and *Customs Procedures* are the two most deteriorated indicators in the IIAG, at the African average level.
- The ten highest scoring countries in 2014 are: Mauritius (87.7), South Africa (79.6), Rwanda (76.5), Botswana (75.3), Morocco (69.2), Namibia (66.0), Zambia (59.4), Ghana (57.9), Cabo Verde (56.8) and Senegal (54.3).
 - The range in score between these ten countries is 33.5 points.
- South Africa, Rwanda and Morocco perform particularly well, in that they rank highly and show some of the largest improvements since 2011.
- The ten lowest scoring countries in 2014 are: Eritrea (4.2), Somalia (5.3), South Sudan (11.5), Zimbabwe (12.1), Sudan (12.7), Libya (16.4), Comoros (19.7), Angola (20.7), Guinea-Bissau (21.2) and Equatorial Guinea (21.3).
 - The range in score between these ten countries is 17.1 points.
- Although Somalia, Comoros and Equatorial Guinea feature in the bottom ten scoring countries, they show some of the largest improvements since 2011.
- South Sudan, Zimbabwe, Sudan, Libya and Angola all feature in the lowest scoring countries, and show some of the largest deteriorations in score since 2011.
- The ten most improved countries since 2011 are: Togo (+11.6), Comoros (+9.3), Morocco (+8.9), Democratic Republic of Congo (+7.4), South Africa (+6.8), Kenya (+6.4), Liberia (+5.5), Somalia (+5.3), Rwanda (+4.5) and Equatorial Guinea (+3.7).
- The ten most deteriorated countries since 2011 are: South Sudan (-18.8), Central African Republic (-18.3), Egypt (-13.6), Ethiopia (-12.3), Madagascar (-11.8), Libya (-11.3), Angola (-10.9), Sudan (-10.9), Zimbabwe (-10.0) and Mozambique (-9.3).
- Eight countries show their best ever score in *Business Environment* in 2014: Comoros, Democratic Republic of Congo, Kenya, Liberia, Morocco, Somalia, South Africa and Togo.
- Southern Africa is the highest scoring region (51.4) on the continent in 2014.
- Only one out of the five regions has shown improvement since 2011: West Africa (+0.4). Central Africa (-1.8), East Africa (-2.6), North Africa (-5.3) and Southern Africa (-5.0) all show deterioration.

Business Environment Spotlight

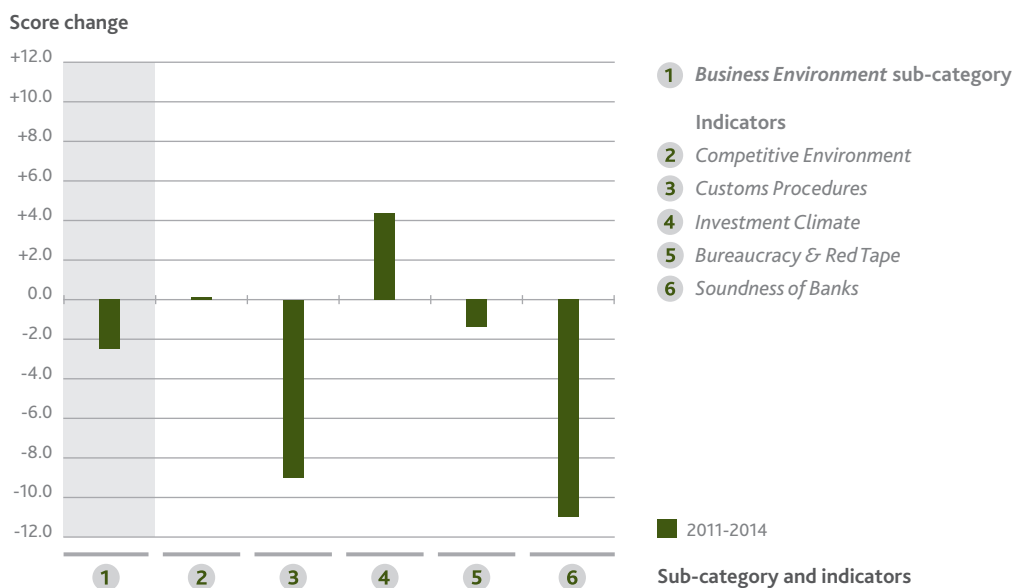
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African average performance since 2000, in the *Business Environment* sub-category and its indicators



AFRICAN AVERAGE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2011-2014
BUSINESS ENVIRONMENT	42.9	43.4	43.3	43.1	42.3	42.6	42.0	42.7	42.8	43.1	43.8	43.2	42.5	41.9	40.7	-2.5
Competitive Environment (AfDB/WB/BS/GI)	47.0	47.0	47.0	47.0	47.0	47.2	47.3	48.3	48.5	48.6	48.4	47.0	47.2	47.1	47.1	+0.1
Customs Procedures (WEF)	42.2	42.2	42.2	42.2	42.2	42.2	42.2	41.7	48.1	54.9	53.7	50.5	47.0	44.7	44.7	-9.0
Investment Climate (HER)	51.2	53.8	52.5	51.2	47.7	49.0	46.6	46.2	46.8	46.2	47.3	48.3	49.9	53.1	52.6	+4.3
Bureaucracy & Red Tape (EIU)	26.3	26.3	26.3	26.3	26.3	26.3	26.3	28.0	28.5	28.8	28.2	29.0	28.1	27.9	27.6	-1.4
Soundness of Banks (WEF)	62.3	62.3	62.3	62.3	62.3	62.3	62.3	63.1	62.9	58.6	55.8	54.5	52.8	47.8	43.6	-11.0

African average performance since 2011



Indicator name	Definition	Data Provider Acronym
1 <i>Competitive Environment</i>	Business regulatory environment; the level of market-based competition; and the quality of the competitive bidding process. It consists of four sub-indicators.	AfDB/WB/BS/GI
2 <i>Customs Procedures</i>	Level of efficiency of customs procedures relating to the entry and exit of merchandise.	WEF
3 <i>Investment Climate</i>	Degree of economic freedom, based on constraints on the flow of investment capital.	HER
4 <i>Bureaucracy & Red Tape</i>	Extent of red tape, including bureaucratic delay and complexity in obtaining the appropriate documentation or authorisation to engage in business activities.	EIU
5 <i>Soundness of Banks</i>	Soundness of banks, ranging from the requirement of recapitalisation to being generally healthy with sound balance sheets.	WEF

For data provider acronyms see page 7.

The 2015 IIAG was calculated using data from 33 independent institutions.

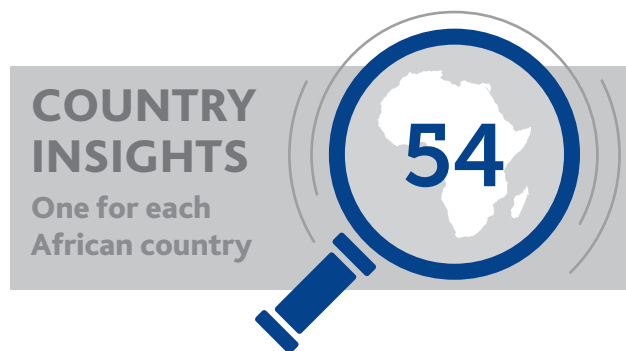
African Development Bank (AfDB)
 African Union Commission (AUC)
 Armed Conflict Location & Event Data Project (ACLED)
 Bertelsmann Stiftung (BS)
 Economist Intelligence Unit (EIU)
 Freedom House (FH)
 Ghana Center for Democratic Development (CDD-Ghana)
 Global Integrity (GI)
 Institut de Recherche Empirique en Economie Politique (IREEP)
 Inter-agency Group for Child Mortality Estimation (IGME)
 Internal Displacement Monitoring Centre (IDMC)
 International Centre for Tax and Development (ICTD)
 International Fund for Agricultural Development (IFAD)
 International Telecommunication Union (ITU)
 Inter-Parliamentary Union (IPU)
 Joint United Nations Programme on HIV/AIDS (UNAIDS)
 Office of the High Commissioner for Human Rights (OHCHR)
 Office of the United Nations High Commissioner for Refugees (UNHCR)
 Organisation for Economic Co-operation and Development (OECD)
 Political Terror Scale (PTS)
 Reporters sans frontières (RSF)
 The Heritage Foundation (HER)
 United Nations Children's Fund (UNICEF)
 United Nations Department of Economic and Social Affairs (UNDESA)
 United Nations Development Programme (UNDP)
 United Nations Economic Commission for Africa (UNECA)
 United Nations Educational, Scientific and Cultural Organization (UNESCO)
 United Nations Office of Legal Affairs (UNOLA)
 United States Department of State - Office to Monitor and Combat Trafficking in Persons (USDS)
 Uppsala University, Department of Peace and Conflict Research - Uppsala Conflict Data Programme (UCDP)
 World Bank (WB)
 World Economic Forum (WEF)
 World Health Organization (WHO)

To explore the 2015 IIAG further, including information on the IIAG methodology and data sources, download the IIAG Data Portal, Executive Summary or Country Insights from www.moibrahimfoundation.org/iiag/downloads/.



The IIAG Data Portal is an interactive Excel-based application, available for in-depth analysis of the results of the IIAG, in English or French.

- > EXPLORE KEY FINDINGS
- > EXPLORE BY COUNTRY
- > EXPLORE BY REGION, REC OR GEOGRAPHICAL GROUP
- > EXPLORE BY INDICATOR
- > COMPARE COUNTRIES OR GROUPS



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The 2015 IIAG covers a 15-year data period from 2000 to 2014. The full IIAG data set, including underlying raw data and normalised scores, as calculated for the expressed purposes of the Index, is available online at: www.moibrahimfoundation.org/iiag/downloads/.

All figures are displayed to one decimal place within this report. For this reason, countries may appear to have the same score, or the same trend over time, but do not when decimal places are taken into account. This is also why countries may appear to have a trend over time of $-/+0.0$. Countries have been ranked, trends have been described and graphs have been designed based on the numbers to full IIAG precision (ten decimal places), not the rounded numbers.

Analysis of trends over time (improvements and deteriorations) take into consideration a four-year period: 2011-2014. References to the past four years refer to this time period.

Thirty-three indicators were formed by clustering together a number of underlying sub-indicators which each measure the same dimension or a similar concept. For each indicator the sub-indicators may come from the same or multiple sources. The value of a clustered indicator is the average of the underlying sub-indicators.

Following the secession of South Sudan in 2011, both South Sudan and Sudan were excluded from the IIAG due to inadequate data availability. These two countries are included in the 2015 IIAG, receiving data for 2011-2014 inclusive. South Sudan and Sudan are not included in the calculation of any average values for groupings prior to 2011.

Somalia has no underlying raw data for all indicators in the *Rural Sector* sub-category (2000-2014) and South Sudan has no underlying raw data for all indicators in the *Education* sub-category (2012 and 2014). In these instances Somalia and South Sudan do not receive a score or rank and the cases are indicated by ".".

The Mo Ibrahim Foundation (MIF) is aware that some sources update their data sets after our documentation is sent to print. IIAG raw data are correct as per the date "last accessed", which is stated for each indicator within the Data Portal.

Regional Groups

Central Africa	Cameroon, Central African Republic (CAR), Chad, Congo, Democratic Republic of Congo (DRC), Equatorial Guinea, Gabon, São Tomé & Príncipe.
East Africa	Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, South Sudan, Sudan, Tanzania, Uganda.
North Africa	Algeria, Egypt, Libya, Mauritania, Morocco, Tunisia.
Southern Africa	Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, Zimbabwe.
West Africa	Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo.

Source: African Economic Outlook (AEO) 2015 (AfDB/OECD/UNDP)

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