



The Prosperity Index in Africa

*The Role of Entrepreneurship and
Opportunity in Sub-Saharan Africa*



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Overview and Key Findings

Celebrating entrepreneurship in sub-Saharan Africa is about recognising the key role entrepreneurs play in fostering wealth and wellbeing for ordinary Africans. Entrepreneurs are 'enablers' of growth who help break down economic barriers and social constraints.

The Legatum Prosperity Index™ demonstrates that the keys to helping entrepreneurship and opportunity thrive are building a strong infrastructure for Information and Communications Technology (ICT) and creating an environment in which access to opportunity is available for all citizens. Many sub-Saharan African countries fall below the global average in these areas – but the African countries that do the best, or that have improved in recent years, are the ones that have made great advancements on these measures.

The Role of Entrepreneurship and Opportunity in Sub-Saharan Africa

Background: Entrepreneurship – the Locus of Growth

Entrepreneurship and local private enterprise are critical components of African economic development.¹ This is because "entrepreneurs innovate and assume risks... hire and manage labor forces... open up markets... [and] find new combinations of materials, processes, and products. They initiate change and facilitate adjustment in dynamic economies."²

The entrepreneurial landscape in Africa is multi-faceted. It includes informal and formal sector, traditional and modern, as well as local and foreign-owned enterprises, all of which are geographically dispersed across rural and urban areas. It ranges from small enterprises (providing employment for a single individual) to large corporations (employing hundreds).

Small and Medium-sized Enterprises (SMEs), however, are the dominant form of entrepreneurial activity in sub-Saharan Africa. SMEs constitute around 90% of sub-Saharan African business operations and create over 50% of employment and GDP.³ SMEs tap into domestic and global markets, engaging in activities from retail to telecommunications. They help to fill a growing demand in the goods and services sector, as consumer demand and discretionary income within Africa rises.⁴ Finally, SMEs act as incubators of specialization and innovation within an economy, allowing the country to diversify and industrialise.

Indeed, entrepreneurial activity of this type has played an important role in the period of sustained and relatively high economic growth that Sub-Saharan Africa has experienced over the last decade. Increased foreign direct investment, rising basic commodities prices, and the growth of export-led industries have all continued to aid economic development. More importantly, however, are the liberal economic reforms and reductions in government expenditures that have helped to foster a new entrepreneurial culture, allowing SMEs to drive new growth in the region.

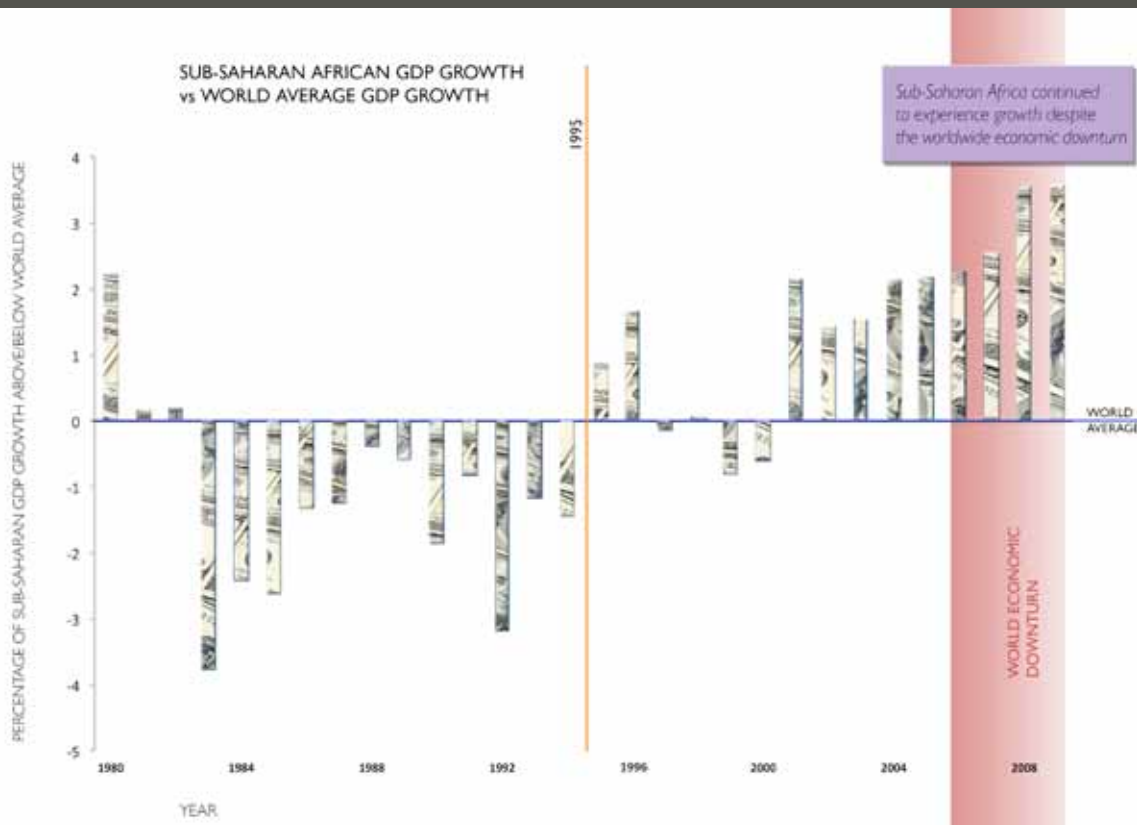
1 See: David Fick, "Entrepreneurship in Africa: A Study of Successes" (Westport, CT: Quorum Books, 2002); P. Jackson, "Business Development in Asia and Africa: The Role of Government Agencies" (New York: Palgrave Publishers, 2002); B.E. McDade, "Industry, business enterprises, and entrepreneurship in the development process", in Aryeetey-Attoh, S. (ed.), *Geography of Sub-Saharan Africa* (Upper Saddle River, NJ: Prentice-Hall, 2002) pp. 406–424; and V. Murinde and A. Woldie, "African Business Finance and Development Policy" (New York: The Haworth Press, 2003).

2 Keith, Marsden, "African Entrepreneurs Pioneers of Development." *The World Bank Discussion Paper No. 9*, (October 1990), 1.

3 IFC, "IFC Approach to SME Development in Africa", 2011, accessed May 23, 2011, http://www.ifc.org/ifcext/africa.nsf/Content/SMED_Home.

4 In the future, the need for SMEs will grow - especially in the goods and services sector. In June 2010, McKinsey estimated that, as a result of strong per capita growth and rapid urbanization, over 200 million additional Africans will enter the market for basic consumer goods by 2015. The number of African households with discretionary income is also projected to rise by 50% over the next 10 years (reaching 128 million), fuelling a boom in the demand for goods and services. (McKinsey Global Institute, "Lions on the move: The progress and potential for African economies", June 2010, accessed May 20, 2011, http://www.mckinsey.com/mgi/publications/progress_and_potential_of_african_economies/index.asp).

SUB-SAHARAN AFRICAN GDP GROWTH VS. WORLD AVERAGE GDP GROWTH



This chart illustrates the upward movement of sub-Saharan Africa's growth rate. Since 1995, this growth has averaged 5.2 per cent annually between 2001 and 2010, and has continued despite the recent economic worldwide downturn.⁵

Prosperity & Entrepreneurship: Understanding Their Relationship

The Legatum Prosperity Index provides a global snapshot of national prosperity on the basis of a country's wealth and its citizens' wellbeing. The Index provides overall prosperity rankings for 110 countries based on the average of their scores across eight different sub-indexes: the Economy, Entrepreneurship & Opportunity (E&O), Governance, Education, Health, Safety & Security, Personal Freedom, and Social Capital.

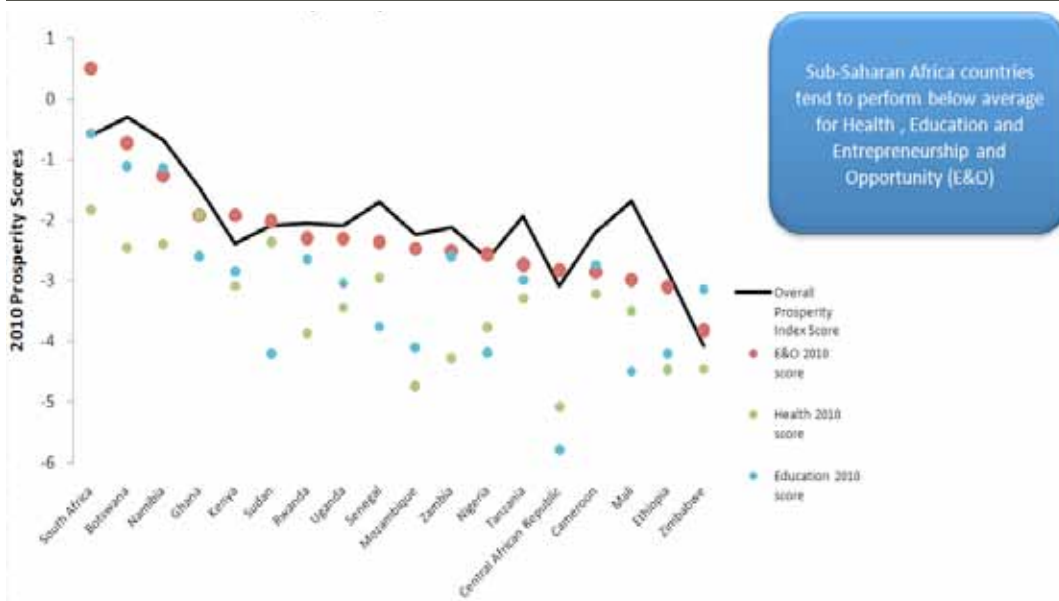
With the exception of Botswana, South Africa, and Namibia, many Sub-Saharan African countries are among the worst-performing in terms of overall prosperity, ranking in the bottom 15 of the Index. The chart to the right provides a list the 19 sub-Saharan countries in the Index, ordered by their overall rankings in the 2010 Prosperity Index (the second column).

The areas that mainly bring down prosperity in the region are the poor performances in Entrepreneurship & Opportunity (rankings are listed in the third column), Health, and Education. The following graph illustrates this dynamic – the circles which represent the countries' performances in E&O, Health, and Education are below the black line, which represents the countries' overall prosperity. Low performance in these three areas generally brings levels of prosperity down in the region.

Sub-Saharan Africa	PI 2010	E&O
Botswana	57	64
South Africa	66	43
Namibia	71	78
Ghana	90	89
Mali	93	108
Senegal	94	99
Tanzania	97	104
Rwanda	98	97
Uganda	99	98
Sudan	100	91
Zambia	101	102
Cameroon	102	107
Mozambique	103	101
Kenya	104	90
Nigeria	106	103
Ethiopia	107	109
Central African Republic	108	105
Zimbabwe	110	110

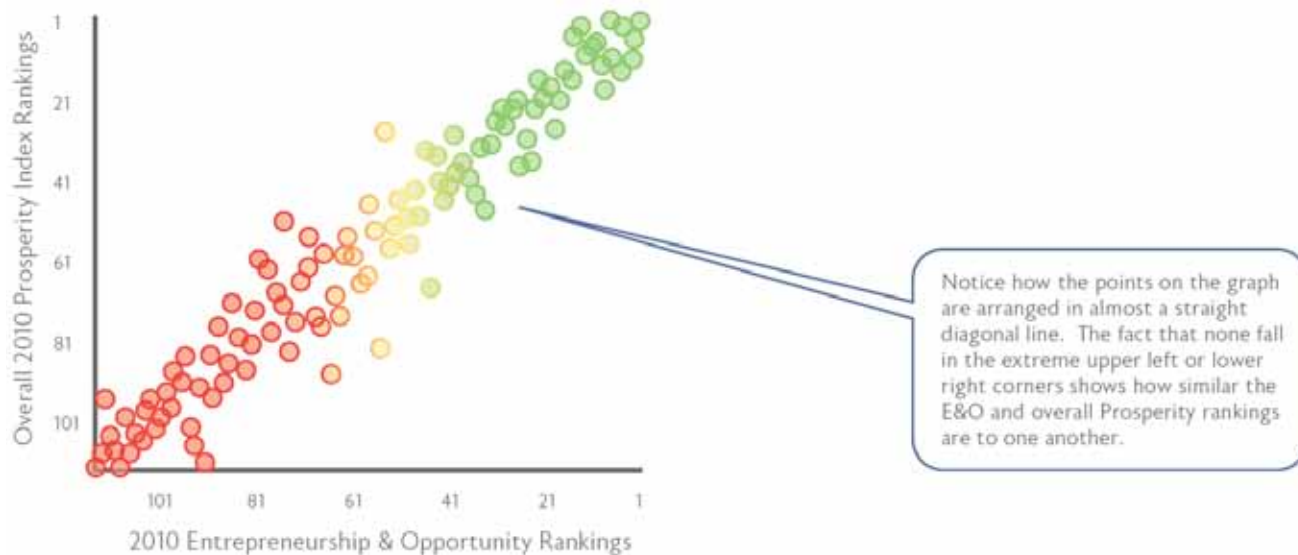
5 World Bank, World Bank Development Indicators (2011).

TRENDS IN PROSPERITY ACROSS SUB-SAHARAN AFRICA



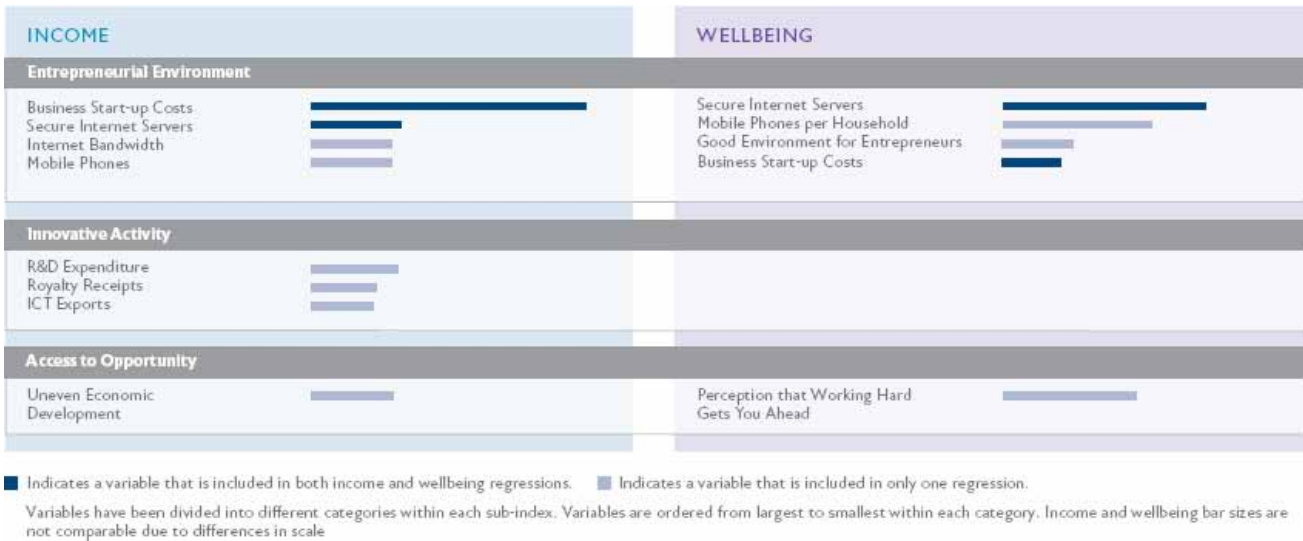
Significantly, the E&O sub-Index is more closely correlated with the overall prosperity rankings than any other sub-Index (see the chart below that shows the linear relationship). This has powerful policy implications, as it highlights that policies which promote an entrepreneurial and meritocratic culture enable a country to both grow the economy and improve citizens' levels of life satisfaction. It is particularly important to note that the sub-Saharan African countries that performing the best in the region, also perform well on the E&O sub-Index – which measures the strength of the entrepreneurial environment, the level of innovative activity, and the access to opportunity that exists in the country.

CORRELATION BETWEEN ENTREPRENEURSHIP & OPPORTUNITY AND OVERALL PROSPERITY



Statistical analysis shows that on a global scale, entrepreneurial factors such as low business start-up costs and strong ICT infrastructure (internet, mobiles) are related to higher levels of average income and wellbeing. Countries that focus on developing these areas, will likely see higher levels of income in the future. Additionally, a lack of access to opportunity, which is evident when there is pervasive and uneven economic development across socio-economic groups, will hinder economic growth and improvements in the wellbeing of citizens.

The perception that working hard gets one ahead in society is also all linked to higher levels of income and wellbeing. The following bar graph demonstrates the relative strengths of these relationships.



African entrepreneurs face many systematic hurdles, such as weak rule of law, unrecognized property rights, and a lack of security. Unless these challenges are addressed, economic growth and wellbeing will be difficult to foster in these countries. These barriers have been a focus of the international community and investors, who have pressured African governments to reform, but limited progress has been made. What, then, are some of the factors that can help African entrepreneurs overcome the obstacles they face?

The 2010 Legatum Prosperity Index points to two areas that can be catalysts for change: ICT development, and increased access to opportunity.⁶ Of course, there needs to be continuous improvements on all fronts – ICT development will be difficult without security, for example. However, focusing on improvement in these areas can have a domino effect – breaking down barriers to business by empowering citizens to be creative, seek opportunity, demand better governance, and ultimately improve their own lives. The following two sections document the importance of each of these factors on entrepreneurship and opportunity.

ICT Infrastructure

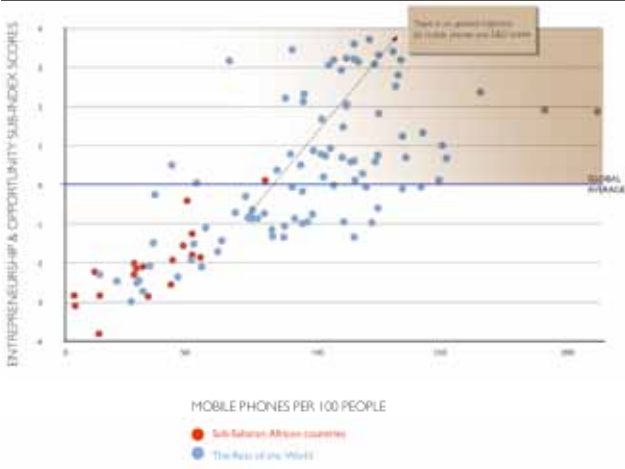
SMEs can benefit from ICT development because such infrastructure can help reduce transaction and communication costs, improve availability of information, expand access to global markets, lower barriers for firm entry, and offer new sources of revenue. This development has already accompanied the recent economic growth in sub-Saharan Africa. For example, mobile usage in the region has taken off in recent years, with cellular telephone subscriptions (per 100 people) rising from 1.7 in 2000 to 37.3 in 2009.⁷ This growth has also led to many social benefits, such as enabling rural doctors or patients to seek medical advice and expertise through a two-way texting system called FrontlineSMS using only a mobile signal.

6 There are other empirical works that support this notion as well. See: Africa Progress Panel, "Africa Progress Report 2011", accessed 20 May, 2001, <http://www.africaprogresspanel.org/>; Fjose, Grünfeld and Green, "SMEs and growth in Sub-Saharan Africa: Identifying SME roles and obstacles to SME growth", Menon report no. 14/2010, 2010; C.J.; Green, C. Kirkpatrick, and V. Murinde, "How does finance contribute to the development process and poverty reduction?", in C. J. Green, C. H. Kirkpatrick and V. Murinde (eds.), Finance and Development: Surveys of Theory, Evidence and Policy, Cheltenham: Edward Elgar, Chapter 1, 2005, pp. 1-26; McKinsey Global Institute, "Lions on the move: The progress and potential for African economies", June 2010, accessed May 20, 2011, http://www.mckinsey.com/mgi/publications/progress_and_potential_of_african_economies/index.asp; A. Molla, "Explaining the reality of ecommerce benefits among businesses in a developing country", IDPM Development Informatics Working Paper No.22, Institute for Development Policy and Management, University of Manchester, 2005; UNECA (United Nations Economic Commission for Africa), "Unleashing the private sector in Africa: summary research report" (Addis Ababa: UNECA, 2005); World Bank, "Doing Business Report 2011", 2011, accessed on May 20, 2011 <http://www.doingbusiness.org/>; and World Economic Forum, "World Competitiveness Report 2010-2011", 2011, accessed on May 20, 2011 <http://www.weforum.org/issues/global-competitiveness>.

7 World Bank, World Bank Development Indicators (2011).

The Legatum Prosperity Index supports this finding. Globally, access to ICT, as measured by mobile phones, is linked to higher levels of wealth and wellbeing. The graphs below show that better access to mobiles phones and internet, which facilitate entrepreneurship, are linked to higher levels of wealth and wellbeing. Sub-Saharan countries, which are in red (located toward the lower left quadrant) tend to have relatively low levels of both.

ENTREPRENEURSHIP & OPPORTUNITY VS. MOBILE PHONES



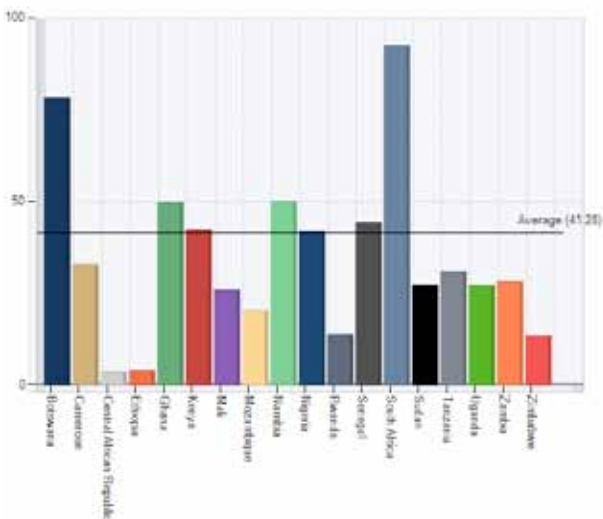
ENTREPRENEURSHIP & OPPORTUNITY VS. ACCESS TO INTERNET



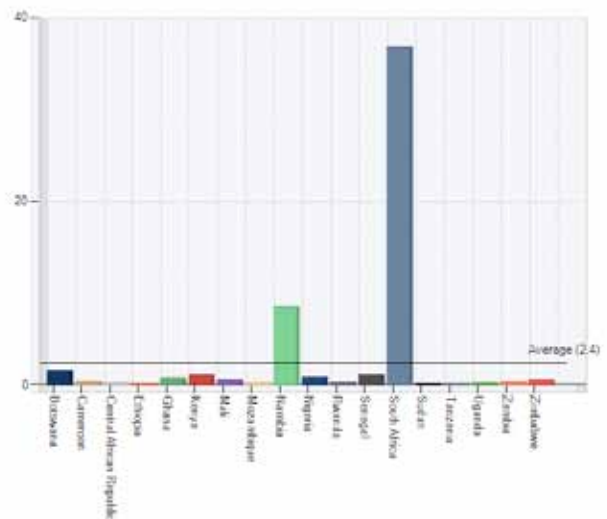
It is also notable that most countries that score below the global average have nearly zero access to secure internet servers, but those above the average display an expansive upward trajectory. This suggests the importance of ICT in allowing entrepreneurship to flourish.

We can see, however, that the picture is not an altogether negative one. The two graphs below show individual sub-Saharan country performances on mobile phones and secure internet servers. South Africa and Botswana perform well above average for these two indicators. (Please note: countries are listed in alphabetical order and the black line denotes the global average performance.)

MOBILE PHONES



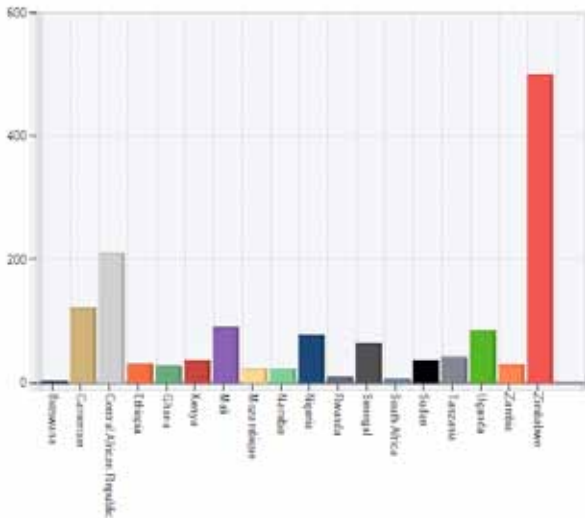
SECURE INTERNET ACCESS



Access to Opportunity

Access to opportunity is also critical, both for income growth and citizen wellbeing. One factor that measures access to opportunity is people's ability to get financial services. Studies have shown that access to credit can make a significant contribution to economic growth.⁸ The IFC estimates that up to 84% of all micro, small, and medium enterprises in Africa do not have access to credit. However, by meeting that need, positive effects can resonate throughout the whole economy. For example, in Tanzania, between 2001 and 2004, bank credit to the private sector increased by 2½ times in real terms. That period also saw economic growth of over seven percent each year, from 2001 to 2005.⁹

BUSINESS START-UP COSTS (%)

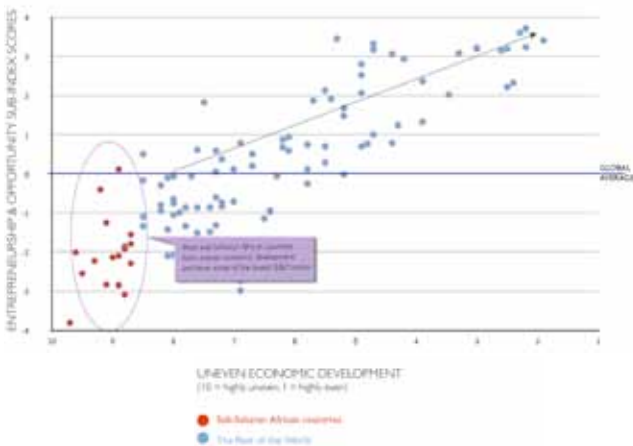


Another major barrier opportunity is the amount of work necessary to start a business. To that end, business start-up costs function as a good proxy measurement for barriers to opportunity for entrepreneurs.

We can see this clearly in the graph to the right, which shows business start-up costs as a percentage of Gross National Income (GNI) for each sub-Saharan country in the Prosperity Index. The black line represents the global average. The poorest performers include Zimbabwe, CAR and Cameroon. For a comparison, both the UK and USA's percentages are only 0.7%.¹⁰

The Legatum Prosperity Index also uses the level of uneven economic development as a measure of limited access to opportunity. When there is pervasive and unequal economic development between large sub-groups of society, this reflects an uneven access to opportunity across society.

ENTREPRENEURSHIP & OPPORTUNITY VS. UNEVEN ECONOMIC DEVELOPMENT



In the graph to the right, countries that have higher levels of uneven economic development are located in the bottom left corner. These countries also score lowest in the Entrepreneurship & Opportunity sub-Index. Sub-Saharan countries, which are in red (located at the lower left quadrant), tend to have relatively low levels of both.

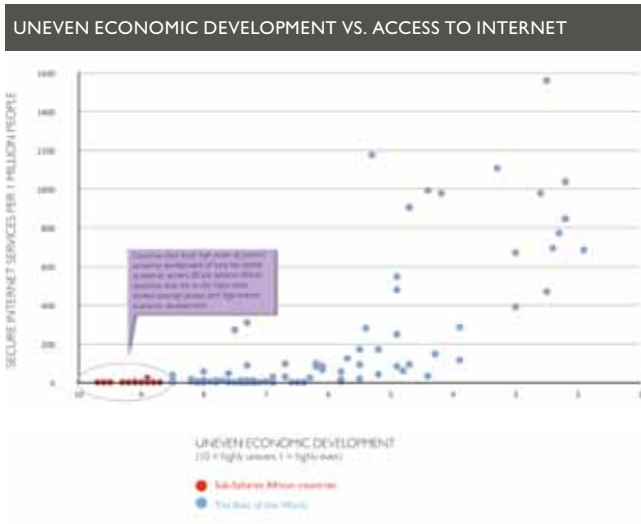
8 See: Ross, Levine, "Finance and growth: Theory and evidence," in Handbook of Economic Growth, ed. P. Aghion, S. Durlauf, (Amsterdam: North-Holland, Elsevier, 2006); and Asli Demirciguc-Kunt and Ross, Levine, "Bank-based and market-based financial systems - cross-country comparisons," Policy Research Working Paper Series 2143, The World Bank, 1999.

9 Emilio Sacerdoti, "Access to Bank Credit in Sub-Saharan Africa: Key Issues and Reform Strategies", IMF Working Papers 05/166, International Monetary Fund, 2005.

10 GNI comprises of GDP together with its income received from other countries (notably interest and dividends) minus similar payments made to other countries.

ICT Development & Access to Opportunity

Improving access to opportunity and ICT infrastructure are complementary efforts that enable mutually-reinforcing economic growth. African efforts, such as the role of mobile banking in Kenya with M-PESA (spawning numerous imitators like YuCash, Orange Money and Airtel Money) represent local efforts to meet the needs of ICT development and access to credit by enabling people to access money through their mobile phones. Whilst representing the best of African entrepreneurship, it is also important to recognize the role these efforts play in furthering the opportunities of other budding entrepreneurs.



For example, M-PESA has led to new opportunities for existing and new businesses that have been able to take advantage of growing local demand for goods and services. That new demand has been driven by increased money circulation through M-PESA, and lower transactions costs for vendors using M-PESA to obtain their stock.

The graph to the right demonstrates the positive relationship between greater access to the internet and more even levels of economic development across socio-economic groups. Sub-Saharan countries (shown in red, and located toward at the bottom left quadrant), lack both these key assets. In other words, the more uneven economic development, the less access there is to the internet in these countries.

Looking forward: The Entrepreneurial Winds of Change



Policy efforts in these areas are starting to have an impact. Sub-Saharan African countries are showing signs of improvement on their Entrepreneurship & Opportunity scores. The graph to the right shows the changes in E&O scores from 2009 to 2010, and illustrates that a pattern is indeed emerging of increasing entrepreneurship and opportunity on the African continent.

Rwanda offers one recent example. In 2010, it ranked only 97 out of 110 countries in the Entrepreneurship & Opportunity sub-Index, but, as illustrated to the right, had experienced the largest score increase from the previous year.

Though Rwanda does poorly on many factors, in terms of the level of uneven economic development across socio-economic groups (and therefore access to opportunity), it does better than South Africa (which is the best ranking sub-Saharan country at 43). In the graph below, Rwanda displays better performance on this variable compared to both South Africa and Zimbabwe.



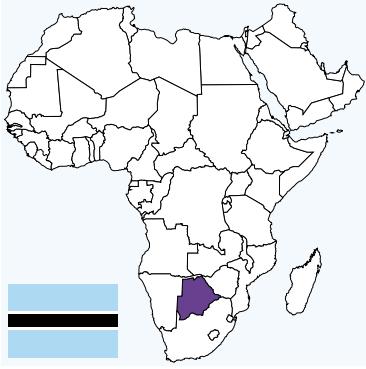
The countries that have improved their prosperity have done so because of their ability to foster the pillars of prosperity, especially improving in the areas of entrepreneurship and opportunity. Supporting businesses or investments that improve ICT development in countries such as the Central African Republic, Ethiopia, or Rwanda, can help these countries see the growth that South Africa and Ghana have experienced.

Continuing to support the efforts of entrepreneurs, by celebrating their successes, is a key way to illustrate their importance in sub-Saharan Africa's future. Attached you will find a country-by-country analysis that on the performance of each sub-Saharan country on key areas affecting their prosperity.

Appendix I
Country-by-country view

Rank		Country
2010	2009	

Notes

57	59	BOTSWANA ▲ 2
		
73	71	Economy ▼ -2
85	85	Education ●
64	69	E & O ▼ 5
25	24	Governance ▼ -1
96	96	Health ●
21	22	Personal Freedom ▲ 1
59	56	Safety & Security ▼ -3
60	74	Social Capital ▲ 14


Botswana improved by 2 places this year to 57th overall – this is the highest ranking of any Sub-Saharan African country, and the second highest in Africa as a whole (only Tunisia ranks higher at 48th).

Botswana's high score rests primarily on its relatively good performance in the areas of Governance (25th) and Personal Freedom (21st), which place it in the top 30 countries on those variables.

Its overall score remains weighted down, however, by relatively poor performance in the areas of Education (85th) and Health (96th), which place it in the bottom 30 countries on those variables.

Botswana's improvement this year has likely been helped by the fact that:

- Its score on Entrepreneurship & Opportunity has improved by 5 places since last year (to 64th place on this variable).
- Its score on Social Capital has increased by 14 places (to 60th).

66	67	SOUTH AFRICA ▲ 1
		
77	73	Economy ▼ -4
78	74	Education ▼ -4
43	42	E & O ▼ -1
40	49	Governance ▲ 9
88	90	Health ▲ 2
51	37	Personal Freedom ▼ -14
97	98	Safety & Security ▲ 1
71	77	Social Capital ▲ 6

South Africa increased one place in the overall rankings to 66th, holding on to its position as the second most highly ranked country in Sub-Saharan Africa, and the fourth highest ranked in Africa as a whole.


South Africa places in the 'middle 50' in almost every sub-index, except for Health (88th) and Safety & Security (97th). The encouraging news, however, is that it has shown mild improvement in both of these sub indexes – indicating that it may be headed in a better direction in these areas.

South Africa also showed dramatic improvements in Social Capital (up 6 places to 71st) and Governance (up 9 places to 40th).

The country showed declines in the Economy, Education, and E&O sub-indexes, as well as a dramatic decline in Personal Freedom (down 14 places to 51st).

Rank		Country
2010	2009	

Notes

71	74	NAMIBIA ▲ 3
		
68	72	Economy ▲ 4
87	86	Education ▼ -1
78	70	E & O ▼ -8
44	48	Governance ▲ 4
93	94	Health ▲ 1
35	35	Personal Freedom ●
67	68	Safety & Security ▲ 1
70	78	Social Capital ▲ 8

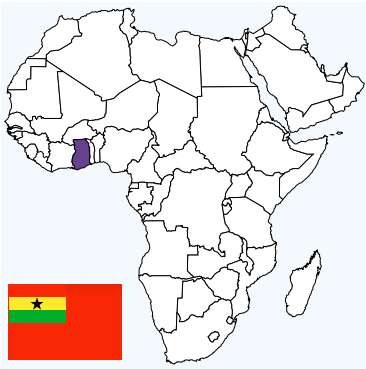
Namibia increased 3 places in the overall rankings to 71st, making it the 3rd highest ranked Sub-Saharan country, and the 5th highest ranked in African as a whole.

Namibia places in the 'middle 50' in every sub-index, except Education (87th) and Health (93rd), which both place in the bottom thirty.

Social Capital improved greatly in Namibia over the last year (up 8 places to 70th), as did its Economy and Governance (both up 4 places). Health and Safety & Security also improved mildly by one place each.

Personal Freedom remained static, but it should be noted that Namibia's ranking on this variable (at 35th) is its highest for any of the sub-indexes, and almost breaks into the top 30.

Finally, Education dropped by one ranking (to 87th) and Entrepreneurship & Opportunity dropped by a dramatic 8 places (to 78th).

90	89	GHANA ▼ -1
		
109	109	Economy ●
95	93	Education ▼ -2
89	93	E & O ▲ 4
56	53	Governance ▼ -3
89	88	Health ▼ -1
31	26	Personal Freedom ▼ -5
51	53	Safety & Security ▲ 2
101	95	Social Capital ▼ -6

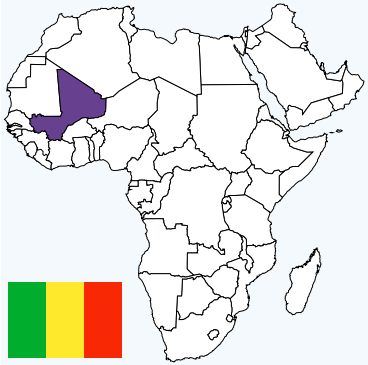
Ghana dropped one place to 90th in the overall Index rankings.

Ghana places in the 'middle 50' on Personal Freedom (31st), Safety & Security (51st), and Governance (56th). It ranks in the 'bottom 30' on every other sub-index.

Ghana only improved in two sub-indexes: Entrepreneurship & Opportunity (moving four places to 89th), and Safety & Security (moving 2 places to 51st).

The most notable declines for Ghana were in the areas of Personal Freedom (down 5 places to 31st) and Social Capital (down 6 places to 101st).

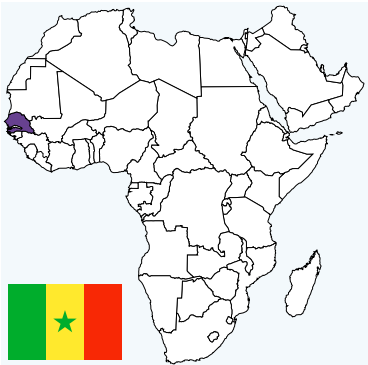
Rank		Country	Notes
2010	2009		

93	94	MALI ▲ 1
		
87	86	Economy ▼ -1
109	109	Education ●
108	108	E & O ●
76	85	Governance ▲ 9
103	104	Health ▲ 1
48	46	Personal Freedom ▼ -2
54	51	Safety & Security ▼ -3
57	39	Social Capital ▼ -18

Mali improved one place to 93rd in the overall Index rankings.

Mali places in the 'middle 50' on Governance (at 76th), Personal Freedom (at 48th), Safety & Security (at 54th) and Social Capital (at 57th). It places in the 'bottom 30' on the remaining sub-indexes.

Mali only showed improvements in the areas of Governance (by 9 places to 76th) and Health (by 1 place to 103rd). With the exception of Education and E & O (where it held at the low places of 109th and 108th respectively), Mali dropped in the Economy, Personal Freedom, Safety & Security and, most notably, Social Capital (by 1, 2, 3 and 18 places respectively).

94	92	SENEGAL ▼ -2
		
101	98	Economy ▼ -3
104	102	Education ▼ -2
99	91	E & O ▼ -8
73	81	Governance ▲ 8
97	99	Health ▲ 2
43	30	Personal Freedom ▼ -13
63	58	Safety & Security ▼ -5
67	71	Social Capital ▲ 4

Senegal dropped by 2 places to 94th in the overall Index rankings.


Senegal places in the 'middle 50' on Governance (at 73rd), Personal Freedom (at 43rd), Safety & Security (at 63rd) and Social Capital (at 67th). It places in the 'bottom 30' on the remaining sub-indexes.

Senegal only showed improvements in the areas of Governance (by 8 places to 73rd), Health (by 2 places to 97th) and Social Capital (by 4 places to 67th)

Senegal dropped in the Economy, Education, E & O, Personal Freedom and Safety & Security. Of particular note is the drop in Personal Freedom by 13 places to 43rd.

Rank		Country
2010	2009	

Notes


97	96	TANZANIA ▼ -1
		
95	100	Economy ▲ 5
99	100	Education ▲ 1
104	101	E & O ▼ -3
74	68	Governance ▼ -6
101	101	Health ●
78	81	Personal Freedom ▲ 3
98	95	Safety & Security ▼ -3
58	55	Social Capital ▼ -3

Tanzania dropped one place to 97th in the overall Index rankings.

Tanzania places in the 'middle 50' on Social Capital (at 58th), Governance (at 74th) and Personal Freedom (at 78th). It places in the 'bottom 30' on every other sub-index.

Tanzania only showed improvements in the areas of Personal Freedom (by 3 places to 78th), the Economy (by 5 places to 95th, and Education (by one place to 99th).

With the exception of Health (where it held at a bleak 101st place), Tanzania dropped in the other sub-indices, most notably Governance by 6 places.

98	105	RWANDA ▲ 7
		
94	102	Economy ▲ 8
96	97	Education ▲ 1
97	109	E & O ▲ 12
58	61	Governance ▲ 3
105	105	Health ●
84	87	Personal Freedom ▲ 3
64	73	Safety & Security ▲ 9
107	108	Social Capital ▲ 1

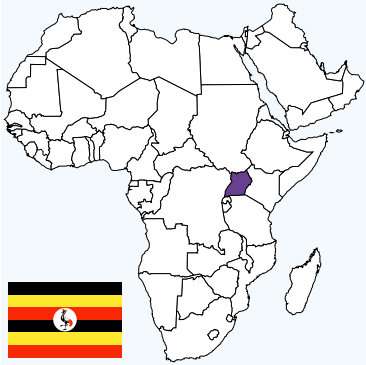
Rwanda improved by 7 places to 98th in the overall Index rankings.

Rwanda ranks in the 'bottom 30' on almost every sub-index; the exceptions are Governance (at 58th) and Safety & Security (at 64th).

However, Rwanda improved its ranking in every sub-index, with the exception of Health where it held steady at a bleak 105th place. The runaway story here is that it improved by 12 places on the Entrepreneurship & Opportunity sub-index.

Rwanda also showed dramatic improvement in the areas of Safety & Security (up 9 places to 64th) and its economy (up 8 places to 94th).

Rank		Country	Notes
2010	2009		

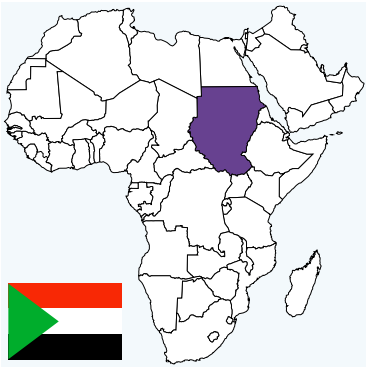
98	102	UGANDA ▲ 4
		
91	97	Economy ▲ 6
100	99	Education ▼ -1
98	102	E & O ▲ 4
80	77	Governance ▼ -3
102	102	Health ●
75	90	Personal Freedom ▲ 15
106	106	Safety & Security ●
65	84	Social Capital ▲ 19

Uganda improved 4 places to 98th in the overall Index rankings.

Uganda ranks in the 'middle 50' for Social Capital (at 65th), Personal Freedom (at 75th), and Governance (at 80th). Uganda ranks in the 'bottom 30' on every other sub-index.

Uganda improved dramatically in the areas of Social Capital (up 19 places to 65th), and Personal Freedom (up 15 places to 75th). It also showed strong improvement in its Economy (up 6 places to 91st) and E&O (up 4 places to 98th).

Uganda held steady, but continues to perform poorly, in the areas of Health (102nd) and Safety & Security (106th). Uganda's ranking declined in Governance (down 3 places to 80th) and Education (down 1 place to 100th).

100	106	SUDAN ▲ 6
		
83	80	Economy ▼ -3
107	107	Education ●
91	92	E & O ▲ 1
109	109	Governance ●
92	92	Health ●
92	100	Personal Freedom ▲ 8
108	110	Safety & Security ▲ 2
21	69	Social Capital ▲ 48

Sudan improved by 6 places to 100th in the overall Index rankings.

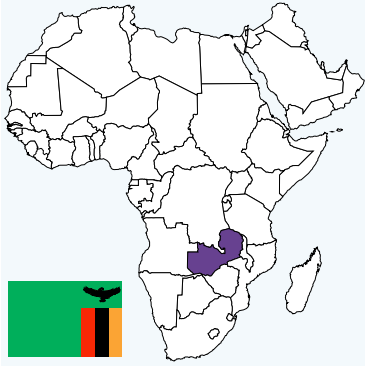
Sudan places in the 'bottom 30' for all sub-indexes except for Social Capital (at 21st place).

With the exception of the Economy, where Sudan dropped 3 places to 83rd, the remaining sub-index rankings either remained stable or improved.

The largest improvement for Sudan was Social Capital, where the Sudan jumped 48 places to 21st, placing it in the 'top 30'. This ranking is the highest for Social Capital for any sub-Saharan country and is joint with Botswana's Personal Freedom ranking for any African country having a 'top 30' ranking for a sub-index.

Rank		Country
2010	2009	


Notes

2010	2009	Country
101	98	ZAMBIA ▼ -3
		
103	107	Economy ▲ 4
94	96	Education ▲ 2
102	100	E & O ▼ -2
68	71	Governance ▲ 3
106	106	Health ●
73	80	Personal Freedom ▲ 7
81	81	Safety & Security ●
91	90	Social Capital ▼ -1

Zambia dropped 3 places to 101st in the overall Index rankings.

Zambia places in the 'middle 50' for Governance (at 68th) and Personal Freedom (at 73rd) – areas where it also showed moderate to good levels of improvement. It ranks in the 'bottom 30' on every other sub-index.

In addition to improvements in Governance (up 3 places) and Personal Freedom (up 7 places), Zambia improved in the areas of Education (up 2 places to 94th) and the Economy (up 4 places to 103rd). Zambia held steady in the area of Safety & Security (at 81st) and in Health (where it continues to perform poorly at 106th). However, Zambia evidenced lower levels of Social Capital (down 1 to 91st) and Entrepreneurship & Opportunity (down 2 to 102nd).

2010	2009	Country
102	99	CAMEROON ▼ -3
		
87	79	Economy ▼ -8
97	98	Education ▲ 1
107	103	E & O ▼ -4
107	108	Governance ▲ 1
100	103	Health ▲ 3
65	75	Personal Freedom ▲ 10
100	92	Safety & Security ▼ -8
102	100	Social Capital ▼ -2

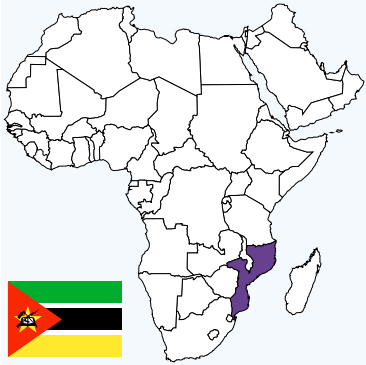
Cameroon fell 3 places to 102nd in the overall Index rankings.

Cameroon ranks in the 'bottom 30' on almost every sub-index. The only exception is in the area of Personal Freedom, where Cameroon also saw its most dramatic improvement this year – improving 10 places (to 65th).

Cameroon also improved in the areas of Education (up 1 to 97th), Governance (up 1 to 107th), and Health (up 3 to 100th).

Its most notable declines were by 8 places in both the Economy (to 87th) and Safety & Security (to 100th). Cameroon also saw declines in E&O (down 4 to 107th) and Social Capital (down 2 to 102nd).

Rank		Country	Notes
2010	2009		

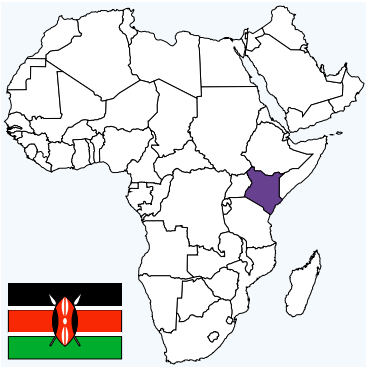
103	104	MOZAMBIQUE ▲ 1
		
82	93	Economy ▲ 11
105	106	Education ▲ 1
101	97	E & O ▼ -4
82	83	Governance ▲ 1
109	109	Health ●
85	86	Personal Freedom ▲ 1
73	69	Safety & Security ▼ -4
93	96	Social Capital ▲ 3

Mozambique improved one place to 103rd in the overall Index rankings.

Mozambique only scores in the 'middle 50' on one sub-index, Safety and Security, which declined this year by 4 places (to 73rd). It ranks in the 'bottom 30' on every other sub-index.

Mozambique improved most dramatically in the Economy sub-index (up 11 places to 82nd). It also showed moderate improvements in Governance (up 1 to 82nd), Personal Freedom (up 1 to 85th), Social Capital (up 3 to 93rd), and Education (up 1 to 105th).

Mozambique performs very poorly on Health (holding steady in second to last place at 109th), and evidence decline in E&O (by 4 places to 101st) in addition to its decline in Safety & Security.

104	97	KENYA ▼ -7
		
107	108	Economy ▲ 1
98	94	Education ▼ -4
90	89	E & O ▼ -1
100	93	Governance ▼ -7
99	97	Health ▼ -2
77	85	Personal Freedom ▲ 8
109	101	Safety & Security ▼ -8
77	79	Social Capital ▲ 2

Kenya dropped 7 places to 104th in the overall Index rankings.

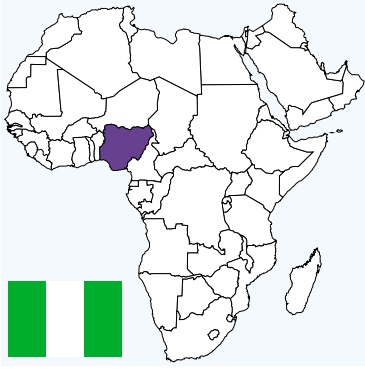
Kenya only ranks in the 'middle 50' for Personal Freedom and Social Capital – among the only areas where it showed improvement. It ranks in the 'bottom 30' on every other sub-index.

Per the above, Kenya only showed improvement in three areas this year: Personal Freedom (up 8 to 77th), Social Capital (up 2 to 77th), and the Economy (up 1 to 107th).

Kenya declined in every other sub-index.

Rank		Country
2010	2009	

Notes

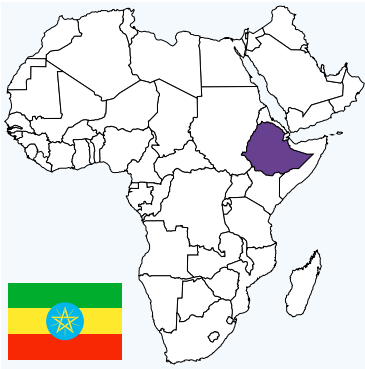
2010	2009	Country
106	103	NIGERIA ▼ -3
		
90	88	Economy ▼ -2
106	105	Education ▼ -1
103	105	E & O ▲ 2
108	104	Governance ▼ -4
104	100	Health ▼ -4
94	78	Personal Freedom ▼ -16
104	105	Safety & Security ▲ 1
89	66	Social Capital ▼ -23

Nigeria dropped 3 places to 106th in the overall Index rankings.

Nigeria scores in the 'bottom 30' countries on every sub-index.

Nigeria only improved in two areas: Entrepreneurship & Opportunity (up 2 places to a very poor 103rd place), and Safety & Security (up 1 place to a similarly poor 104th place).

The most significant drops in sub-index rankings for Nigeria were in the areas of Social Capital (down a dramatic 23 places to 89th) and Personal Freedom (down 16 places to 94th).

2010	2009	Country
107	108	ETHIOPIA ▲ 1
		
106	106	Economy ●
108	108	Education ●
109	107	E & O ▼ -2
99	96	Governance ▼ -3
108	107	Health ▼ -1
93	93	Personal Freedom ●
103	107	Safety & Security ▲ 4
85	91	Social Capital ▲ 6

Ethiopia improved one place to 107th in the overall Index rankings.

Ethiopia scores in the 'bottom 30' countries on every sub-index. Ethiopia scores best in the area of Social Capital (at 85th).

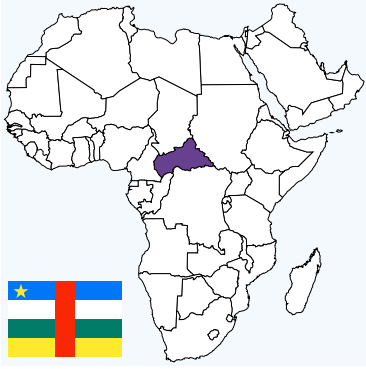
Ethiopia improved in the areas of Safety & Security (up 4 places to 103rd) and Social Capital (up 6 places to 85th).

Ethiopia holds steady, but performs very poorly, in the areas of Personal Freedom (93rd), Economy (106th), and Education (108th).

Ethiopia declines in the areas of Entrepreneurship & Opportunity (down 2 to 109th), Governance (down 3 to 99th), and Health (down 1 to 108th).

Rank		Country
2010	2009	

Notes

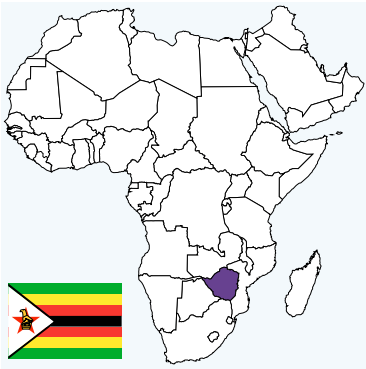
2010	2009	Country
108	109	C.A.R. ▲ 1
		
105	105	Economy ●
110	110	Education ●
105	99	E & O ▼ -6
106	107	Governance ▲ 1
110	110	Health ●
69	69	Personal Freedom ●
102	104	Safety & Security ▲ 2
103	104	Social Capital ▲ 1

Central African Republic (C.A.R.) fell 1 place to 108th in the overall Index rankings.

C.A.R. places in the 'bottom 30' on all sub-indexes except Personal Freedom where C.A.R. is in the 'middle 50' (at 69th place).

C.A.R. only showed improvements in the areas of Governance (by 1 place to 106th), Safety & Security (by 2 places to 102nd) and Social Capital (by 1 place to 103rd).

The only area where C.A.R. dropped was E & O which dropped by 6 places to 105th. The Economy, Education, Health and Personal Freedom remained stable.

2010	2009	Country
110	110	ZIMBABWE ●
		
110	110	Economy ●
101	101	Education ●
110	110	E & O ●
110	110	Governance ●
107	108	Health ▲ 1
104	106	Personal Freedom ▲ 2
110	109	Safety & Security ▼ -1
88	82	Social Capital ▼ -6

Zimbabwe remained at the bottom of the overall Index ranking at 110th place.

Zimbabwe places in the 'bottom 30' on all its sub-indexes, with the highest ranking for Social Capital at 88th place.

Improvements were limited to Health (by 1 place to 107th) and Personal Freedom (by 2 places to 104th).

Whilst Safety & Security and Social Capital dropped (by 1 and 6 places respectively), the remaining sub-indexes remained stable.



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