



**SUB-SAHARAN
AFRICA**

SUB-SAHARAN AFRICA

Sub-Saharan African countries are distributed primarily within the lower ranks of economic freedom. Nonetheless, a number of countries in the region have substantial growth momentum, and the positive economic results achieved through limited advances in economic freedom have created valuable impetus for the additional institutional reforms that are needed to ensure long-term economic development.

However, the region as a whole continues to underperform in following through on policy changes that would encourage the emergence of a more dynamic private sector. Structural transformation and modernization remain patchy in many African countries. Limited diversification has resulted in less broad-based growth, with exports often concentrated in sectors with little scope for sustained increases in productivity.

Regrettably, in some cases, the signs of repeated government failure continue to be overwhelming. The population-weighted average GDP per capita for the region is only \$5,334, the lowest level of any region. Unemployment hovers at 7.7 percent.

Chart 1 shows the distribution of countries in the Sub-Saharan African region among the five categories of economic freedom. Unlike regions that have a diverse range of free-market economies, in sub-Saharan Africa, there are only distinctions among less free economies. There is no “free” economy in the region, and Mauritius and Botswana are the only “moderately free” economies. A majority of the 47 graded nations are ranked either “mostly unfree” or “repressed.” In fact, 11 of the world’s 23 “repressed” economies are in Sub-Saharan Africa.

As shown in Table 1, the single factor for which the region scores higher than the world average is government size. Ironically, however, it is worse than average in terms of taxation, which might indicate that tax revenues are being stolen rather than spent on government services. Labor freedom is restricted, reflecting in part the region’s lack of progress toward a modern and efficient labor market. Despite ongoing reform efforts in many countries, policies related to regulatory efficiency and open markets have not advanced strongly in comparison to other regions of the world.

More critically, uneven economic playing fields, exacerbated by the weak rule of law, continue to leave those who lack political connections with only limited prospects for a brighter future. The region’s scores on property rights, judicial effectiveness, and government integrity are lower than world averages by 10 points or more.

Nevertheless, Chart 2 confirms that even in this region, the strong relationship between high levels of economic freedom and high GDP per capita holds true, although Equatorial Guinea, the oil-rich “repressed” economy, drives up the average GDP per capita for the region’s least economically free countries.

Also noteworthy is the growing attention that has been given in recent years to the

SUB-SAHARAN AFRICA: QUICK FACTS

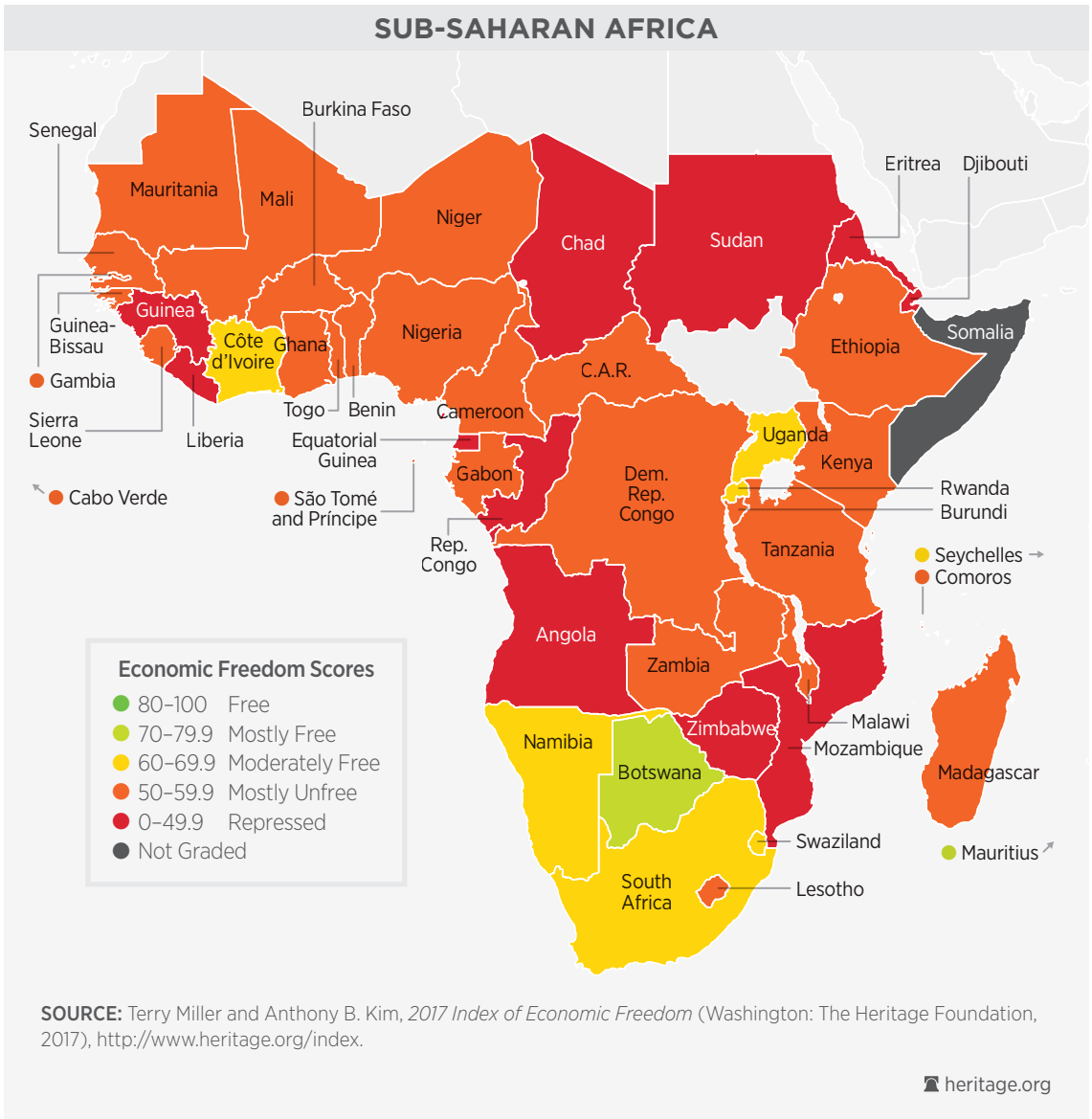
TOTAL POPULATION: 990.8 million

POPULATION WEIGHTED AVERAGES

GDP PER CAPITA (PPP):	\$5,334
GROWTH:	4.5%
5 YEAR GROWTH:	5.3%
INFLATION:	6.5%
UNEMPLOYMENT:	7.7%
PUBLIC DEBT:	42.1%

SOURCE: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>.

 heritage.org

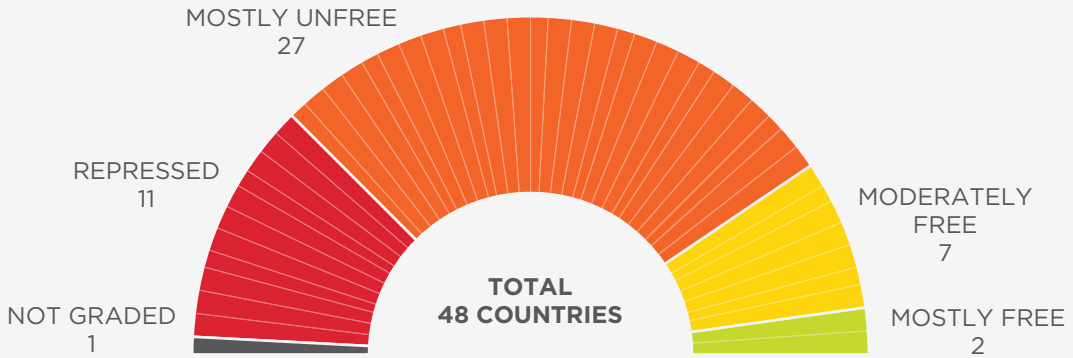


importance of ensuring food security, a critical dimension of fighting poverty, particularly in sub-Saharan Africa. More aid money cannot and will not safeguard food security. The task is multidimensional and closely linked to achieving agricultural development, economic growth, institutional stability, openness to trade, and overall social progress. It is ultimately about advancing and sustaining economic freedom so that a virtuous cycle of growth and development can occur

meaningfully for a greater number of ordinary people. As shown in Chart 3, economic freedom is an indispensable ingredient in enhancing food security in the region.

It remains to be seen whether the region's leaders have the political will to undertake the fundamental economic reforms that are needed to translate narratives of "Africa Rising" into reality. There are some success stories, and they usually involve countries with greater freedom.

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM SUMMARY



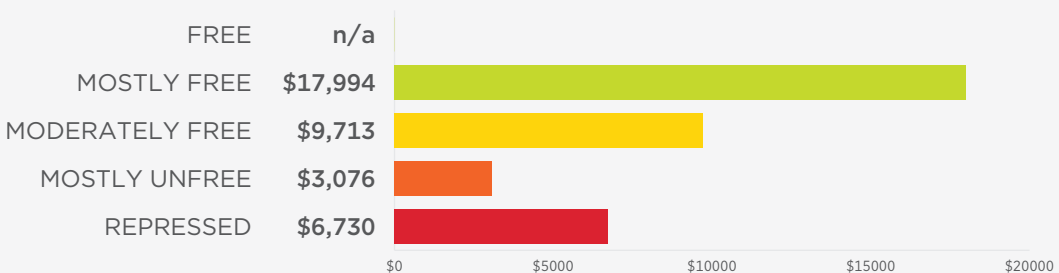
SOURCE: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>.

Chart 1 heritage.org

NOTABLE COUNTRIES

- Côte d’Ivoire’s economic expansion has been notable with a robust GDP growth rate averaging around 6 percent over the past five years. The government has undertaken much-needed reforms to maintain and further enhance the potential for growth. These measures include strengthening management of public finances and regulatory reforms to foster the emergence of a more dynamic private sector. Fiscal policy has focused on promoting investment as well as on funding other development needs.
- Nigeria, Africa’s most populous nation, has sought to improve macroeconomic stability and develop its poor infrastructure, but severe economic policy distortions and

SUB-SAHARAN AFRICA: GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



SOURCES: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>, and International Monetary Fund, *World Economic Outlook Database*, April 2016, <https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx> (accessed December 13, 2016).

Chart 2 heritage.org

SUB-SAHARAN AFRICA: COMPONENTS OF ECONOMIC FREEDOM

LOWER THAN WORLD AVERAGE ● | | ● HIGHER THAN WORLD AVERAGE

		AVERAGES			
		Region	World		
OVERALL		55.0	60.9		
RULE OF LAW	Property Rights	39.1	53.0		
	Judicial Effectiveness	34.3	45.0		
	Government Integrity	31.6	43.0		
GOVERNMENT SIZE	Tax Burden	75.6	77.1		
	Government Spending	74.6	63.4		
	Fiscal Health	62.1	68.0		
REGULATORY EFFICIENCY	Business Freedom	52.6	64.6		
	Labor Freedom	54.5	59.2		
	Monetary Freedom	75.2	76.4		
MARKET OPENNESS	Trade Freedom	68.3	75.9		
	Investment Freedom	52.6	57.2		
	Financial Freedom	39.8	48.2		

SOURCE: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>.

Table 1 heritage.org

a lack of transparency in the economic system continue to deter progress. The government has also struggled to end ongoing security threats in parts of the country that have exacerbated poverty and unemployment. The government's over-reliance on oil, which accounts for over 90 percent of export earnings, has exposed the economy to major risks amid declining oil prices.

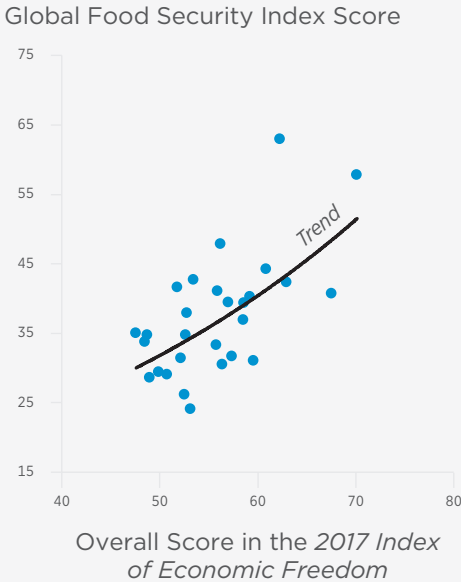
- Performing far below its potential, South Africa's economy has been stifled by political instability and a weakening rule of law. The judicial system has become vulnerable to political interference, and numerous scandals and frequent political infighting have severely undermined

government integrity. Private-sector growth remains constrained by structural and institutional impediments caused by growing government encroachment into the marketplace.

- Grading of Sudan's economic freedom has resumed in the 2017 *Index*, reflecting the improved availability and quality of key economic data. The petroleum sector provides some economic stability and foreign exchange earnings, but other parts of the economy are underdeveloped and face serious structural and institutional headwinds. Continued conflict with rebels and South Sudan promotes uncertainty and undermines investor confidence.

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM AND FOOD SECURITY

Each circle represents a nation in the
Index of Economic Freedom



SOURCES: Terry Miller and Anthony B. Kim, *2017 Index of Economic Freedom* (Washington: The Heritage Foundation, 2017), <http://www.heritage.org/index>, and The Economist Intelligence Unit, *Global Food Security Index*, June 2016, <http://foodsecurityindex.eiu.com/> (accessed December 13, 2016).

Chart 3  heritage.org

- Togo has undertaken a series of economic reforms in recent years, restructuring its key banking, electricity, and transportation sectors. The corporate tax rate, formerly one of the region's highest, has been lowered. The government has also taken steps to divest public enterprises, and there are plans to privatize inefficient public banks. However, an inefficient business environment and weak public administration continue to undermine overall competitiveness.

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2016	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
21	1	Mauritius	74.7	0.0	64.4	72.6	44.3	92.0	81.5	74.9	78.2	68.8	81.1	88.7	80	70
34	2	Botswana	70.1	-1.0	58.1	54.0	57.6	77.1	61.2	99.4	68.8	68.6	77.9	83.8	65	70
51	3	Rwanda	67.6	4.5	64.4	68.8	45.9	79.8	77.3	83.3	59.0	81.8	80.0	70.3	60	40
75	4	Côte d'Ivoire	63.0	3.0	42.6	45.8	34.3	78.4	84.6	87.0	62.1	50.6	73.2	72.3	75	50
78	5	Namibia	62.5	0.6	53.8	50.6	41.3	65.2	55.6	66.4	67.6	84.4	77.2	83.5	65	40
81	6	South Africa	62.3	0.4	67.6	59.7	47.6	70.2	68.4	70.0	62.0	58.9	75.8	77.3	40	50
85	7	Seychelles	61.8	-0.4	55.2	42.6	44.3	78.8	63.9	90.7	63.4	55.9	78.3	83.4	55	30
88	8	Swaziland	61.1	1.4	53.5	33.3	30.9	74.8	71.6	93.2	57.5	64.4	75.6	88.9	50	40
91	9	Uganda	60.9	1.6	39.3	34.6	28.7	73.7	91.0	78.1	42.4	84.6	80.3	78.3	60	40
93	10	Burkina Faso	59.6	0.5	38.2	28.4	31.7	82.6	82.5	88.4	46.4	53.3	84.6	69.2	70	40
96	11	Benin	59.2	-0.1	36.0	29.4	31.3	68.6	85.9	71.3	51.9	52.4	85.4	68.7	80	50
102	12	Mali	58.6	2.1	36.7	33.8	34.3	69.4	88.0	87.8	44.2	51.1	83.0	70.1	65	40
103	13	Gabon	58.6	-0.4	35.9	26.7	37.6	77.0	81.0	96.1	50.6	58.4	83.0	61.8	55	40
105	14	Tanzania	58.6	0.1	33.8	28.8	29.2	80.3	89.5	76.6	50.1	64.3	69.6	76.0	55	50
113	15	Madagascar	57.4	-3.7	34.8	21.4	25.0	91.0	93.2	79.8	43.3	43.8	73.3	78.0	55	50
115	16	Nigeria	57.1	-0.4	35.3	33.2	12.2	85.2	95.2	87.2	48.9	73.9	71.3	62.3	40	40
116	17	Cabo Verde	56.9	-9.6	42.6	50.2	41.8	78.3	70.7	1.2	65.5	43.2	86.7	68.2	75	60
117	18	Congo, Dem. Rep. of	56.4	10.0	40.6	48.7	28.6	73.4	94.7	99.3	59.9	38.4	78.6	64.6	30	20
118	19	Ghana	56.2	-7.3	51.6	40.9	35.5	84.5	76.3	9.2	59.6	57.4	64.5	65.1	70	60
119	20	Guinea-Bissau	56.1	4.3	33.8	48.7	28.7	89.0	87.5	75.3	46.7	60.9	77.7	65.2	30	30
120	21	Senegal	55.9	-2.2	44.0	39.3	42.1	70.9	74.3	51.8	50.8	38.9	86.0	73.1	60	40
121	22	Comoros	55.8	3.4	37.3	22.6	30.0	64.6	81.2	98.6	58.5	50.6	81.5	70.2	45	30
122	23	Zambia	55.8	-3.0	49.6	39.8	35.0	73.1	81.6	21.6	66.6	48.2	70.7	78.3	55	50
124	24	São Tomé and Príncipe	55.4	-1.3	37.7	15.9	39.7	87.8	67.9	67.1	65.0	47.2	69.6	71.8	65	30
131	25	Mauritania	54.4	-0.4	22.5	13.8	29.2	81.2	73.2	77.1	64.4	57.4	81.9	62.3	50	40
134	26	Lesotho	53.9	3.3	51.6	50.9	39.6	55.7	0.0	92.2	52.2	57.7	76.4	80.2	50	40
135	27	Kenya	53.5	-4.0	45.1	42.7	24.7	78.5	77.9	14.4	50.0	62.4	73.8	67.2	55	50
136	28	Gambia	53.4	-3.7	39.1	38.8	38.2	74.9	74.3	3.2	52.8	65.6	63.8	65.0	75	50
138	29	Togo	53.2	-0.4	33.8	39.9	36.8	68.2	79.8	45.1	50.3	46.2	77.5	71.3	60	30
139	30	Burundi	53.2	-0.7	25.7	19.8	24.6	73.8	69.5	69.6	53.5	67.4	75.2	74.2	55	30
142	31	Ethiopia	52.7	1.2	32.6	29.6	37.6	77.1	90.3	86.5	50.0	57.2	65.7	65.1	20	20
145	32	Sierra Leone	52.6	0.3	37.4	27.0	18.9	81.3	90.2	76.2	49.6	29.7	71.1	69.4	60	20
149	33	Malawi	52.2	0.4	36.0	44.2	31.3	79.1	69.8	33.5	45.3	56.9	54.7	70.5	55	50
150	34	Cameroon	51.8	-2.4	43.5	29.6	17.4	75.4	84.4	60.9	44.3	47.8	80.1	53.4	35	50
151	35	Central African Republic	51.8	6.6	12.6	33.0	28.7	65.8	94.1	84.1	27.2	42.7	68.2	55.2	80	30
154	36	Niger	50.8	-3.5	33.8	22.6	35.0	76.3	73.4	38.5	39.1	46.1	83.3	66.4	55	40
158	37	Mozambique	49.9	-3.3	40.6	32.4	30.9	73.2	58.2	22.7	58.8	41.0	79.9	76.7	35	50

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ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Change from 2016	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
161	38	Liberia	49.1	-3.1	33.6	41.0	31.4	83.6	60.1	36.2	53.1	48.5	71.8	60.1	50	20
162	39	Chad	49.0	2.7	30.6	24.1	24.6	46.0	87.2	74.6	27.5	44.9	74.3	54.7	60	40
164	40	Sudan	48.8	N/A	31.1	19.8	18.9	86.5	95.1	85.5	53.9	49.7	59.3	50.5	15	20
165	41	Angola	48.5	-0.4	36.4	19.8	12.8	87.7	58.6	70.7	58.5	40.4	70.6	56.7	30	40
169	42	Guinea	47.6	-5.7	15.6	13.1	27.5	69.1	78.4	34.2	55.8	54.8	71.1	61.2	50	40
171	43	Djibouti	46.7	-9.3	12.3	10.3	32.6	80.9	39.5	13.8	51.6	59.0	75.3	54.9	80	50
174	44	Equatorial Guinea	45.0	1.3	35.4	13.1	24.6	75.4	53.6	46.4	50.9	38.5	78.3	53.8	40	30
175	45	Zimbabwe	44.0	5.8	27.3	26.1	14.7	61.1	75.2	90.6	36.2	33.1	76.5	52.8	25	10
176	46	Eritrea	42.2	-0.5	36.4	10.3	27.5	81.3	74.7	0.0	56.7	69.7	61.0	69.2	0	20
177	47	Congo, Rep. of	40.0	-2.8	34.8	22.6	30.5	66.8	36.2	11.6	32.1	37.5	76.1	52.2	50	30
N/A	N/A	Somalia	N/A	N/A	6.8	N/A	11.6	100	N/A	0.0	92.3	91.8	N/A	N/A	N/A	N/A

ANGOLA

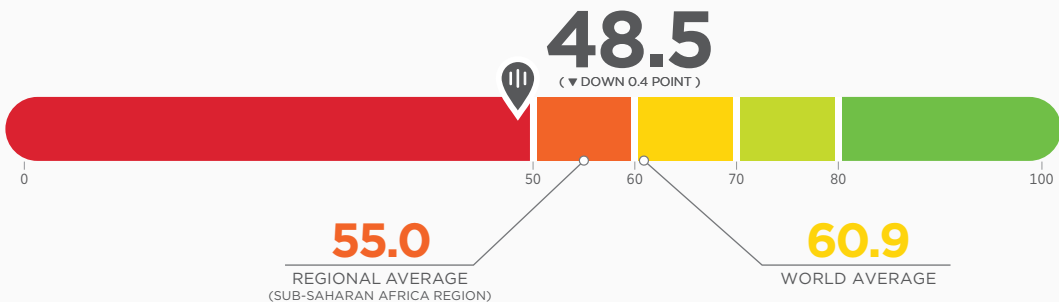
WORLD RANK: **165** REGIONAL RANK: **41**
 ECONOMIC FREEDOM STATUS: **REPRESSED**



Angola's natural resource wealth has helped to attract foreign direct investment and facilitate a decade of notable economic growth. However, the economy recently suffered a major structural shock as a result of lower oil prices, and oil revenues are uncertain. Monopolies and quasi-monopolies still dominate the leading sectors. Modest reforms have somewhat modernized the regulatory environment.

Pervasive corruption and the lack of capable public institutions continue to undermine the implementation of other important reforms. Tariff and nontariff barriers and burdensome investment regulations hamper development of a more dynamic private sector and interfere with diversification of the economic base.

ECONOMIC FREEDOM SCORE

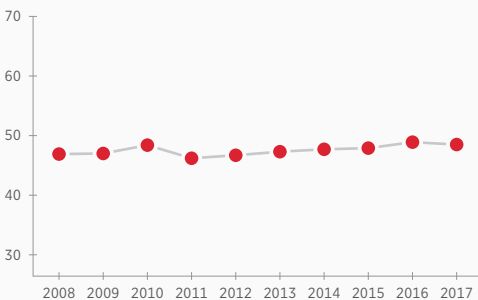


NOTABLE SUCCESSES:
 Tax Policy, Fiscal Policy, and
 Monetary Stability

CONCERNS:
 Rule of Law, Financial Freedom, and
 Investment Freedom

**OVERALL SCORE CHANGE
 SINCE 2013:**
 +1.2

FREEDOM TREND



QUICK FACTS

POPULATION:
 25.1 million

GDP (PPP):
 \$184.4 billion
 3.0% growth in 2015
 5-year compound
 annual growth 4.7%
 \$7,344 per capita

UNEMPLOYMENT:
 7.6%

INFLATION (CPI):
 10.3%

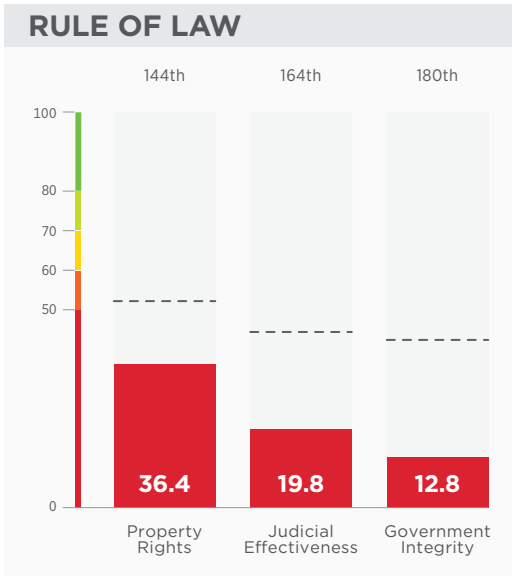
FDI INFLOW:
 \$8.7 billion

PUBLIC DEBT:
 62.3% of GDP

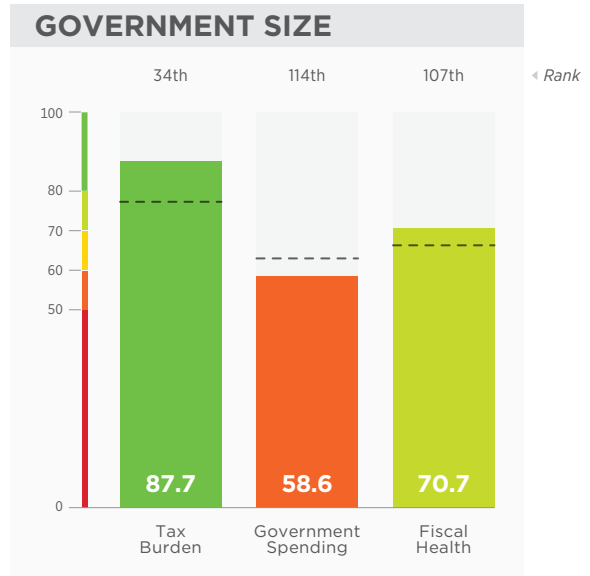
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: José Eduardo dos Santos's Popular Movement for the Liberation of Angola won parliamentary elections in August 2012, the second such election since the end of the 27-year civil war in 2002. Angola is Africa's second-largest oil producer, with much of its proven reserves concentrated in Cabinda province, which is plagued by a separatist conflict. Despite the country's oil, diamonds, hydroelectric potential, and rich agricultural land, most Angolans remain poor and dependent on subsistence farming. The slump in global oil prices has battered the oil-dependent economy. As part of its response, the government borrowed more than \$11 billion between November 2015 and June 2016. Angola served as a nonpermanent member of the United Nations Security Council for the 2015–2016 term.

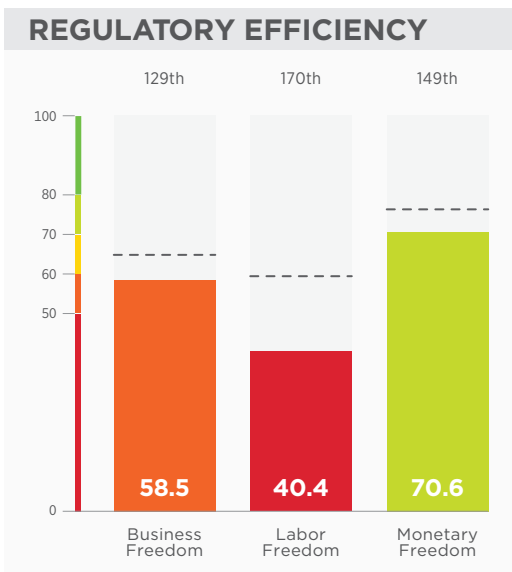
12 ECONOMIC FREEDOMS | ANGOLA



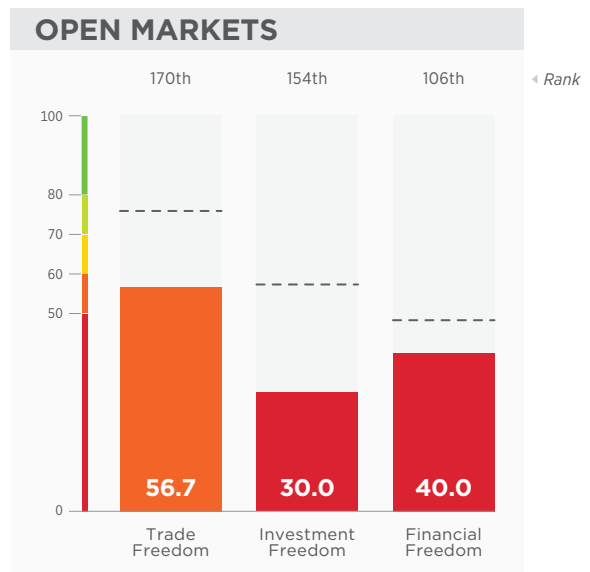
Protection of property rights is weak. Property registration is time-consuming and can be prohibitively expensive. The judiciary is subject to extensive political influence from the executive, and courts suffer from a lack of trained legal professionals, poor infrastructure, and a large case backlog. Government corruption is widespread. In June 2016, the president placed his eldest daughter in charge of Sonangol, the state-owned oil company.



The top income tax rate is 17 percent. The top normal corporate tax rate is 30 percent, but rates for the mining and oil industries are as high as 50 percent. The overall tax burden equals 6.5 percent of total domestic income. Government spending has amounted to 37.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.7 percent of GDP. Public debt is equivalent to 62.3 percent of GDP.



Despite the recent implementation of more streamlined business start-up procedures, burdensome regulations still hinder private-sector development. Overall, the regulatory system lacks clarity, and regulations are enforced inconsistently. The formal labor market is underdeveloped. In 2016, the government ended subsidies and raised prices significantly on gas, asphalt, and heavy and light oil; it continues to subsidize electricity.



Trade is important to Angola's economy; the value of exports and imports taken together equals 75 percent of GDP. The average applied tariff rate is 11.7 percent. Quotas on some products deter imports, and all land is owned by the government. Banking continues to expand, but public use of banking services remains low; only about 10 percent of the population maintains a bank account. The capital market is underdeveloped.

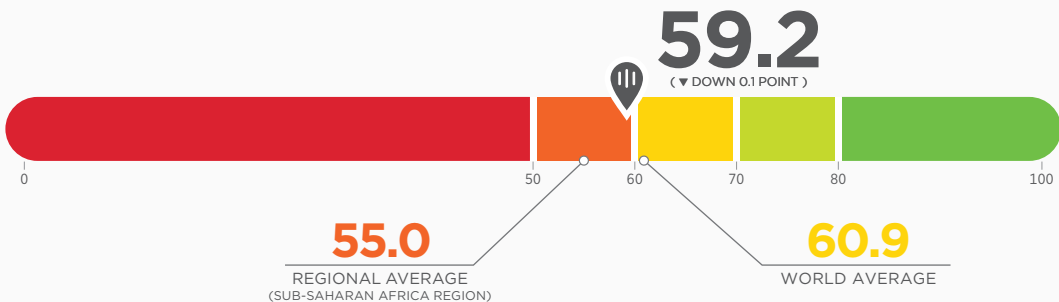
BENIN

Entrepreneurs in Benin benefit from a relatively stable political and macroeconomic environment. The government has introduced structural reforms to promote diversification and modernization. However, inefficient regulations and the lack of political momentum to fully implement necessary reforms remain serious obstacles to the advancement of economic freedom.

The most visible constraints on private-sector development are related to fiscal pressure, administrative complexities, and the lack of respect for contracts. Bureaucratic inefficiency and corruption affect much of the economy. Court enforcement of property rights remains vulnerable to political interference. The lack of economic freedom has fueled the growth of the informal sector, which accounts for about 60 percent of GDP.



ECONOMIC FREEDOM SCORE

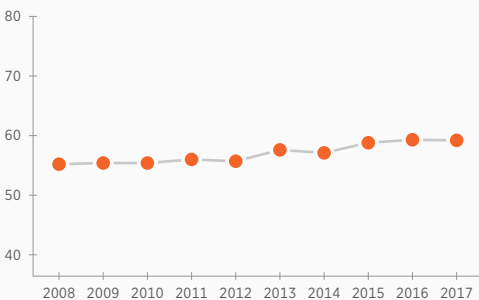


NOTABLE SUCCESSES:
Monetary Stability and Investment Freedom

CONCERNS:
Rule of Law, Financial Freedom, and Business Freedom

OVERALL SCORE CHANGE SINCE 2013:
+1.6

FREEDOM TREND



QUICK FACTS

POPULATION:
10.9 million

GDP (PPP):
\$22.9 billion
5.2% growth in 2015
5-year compound annual growth 5.2%
\$2,113 per capita

UNEMPLOYMENT:
1.1%

INFLATION (CPI):
0.3%

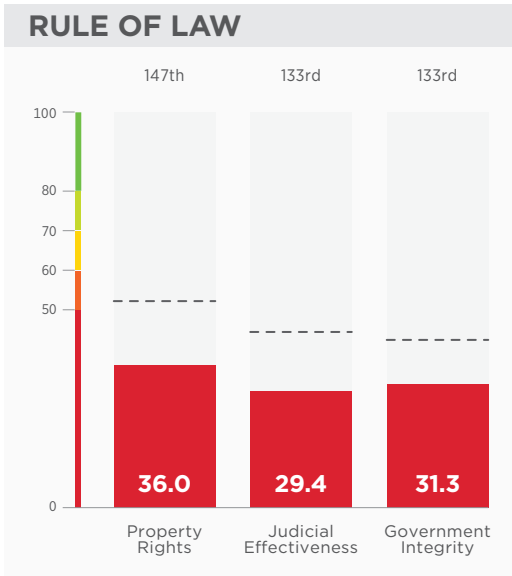
FDI INFLOW:
\$229.3 million

PUBLIC DEBT:
37.5% of GDP

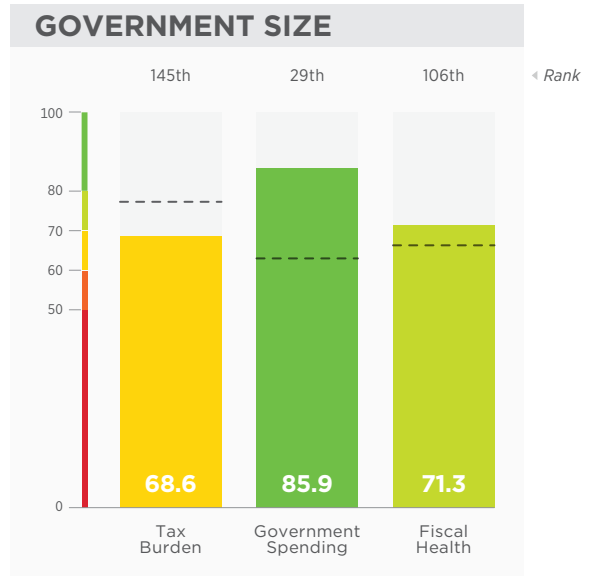
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: President Patrice Talon, a wealthy businessman, was elected in a runoff vote in March 2016 to succeed Thomas Boni Yayi, who stepped down pursuant to the constitution's two-term limit on the presidency. Talon ran as an independent and defeated Lionel Zinsou of the ruling Cowry Forces for an Emerging Benin party. One of Africa's largest cotton producers, Benin nevertheless remains underdeveloped and dependent on subsistence agriculture and regional trade, particularly with Nigeria. In September 2015, the government signed its second Millennium Challenge Corporation compact for \$375 million to increase power generation in a country where two-thirds of the population lacks access to electricity.

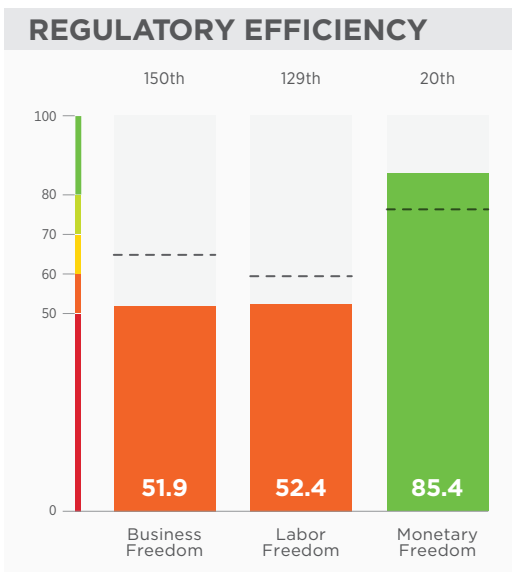
12 ECONOMIC FREEDOMS | BENIN



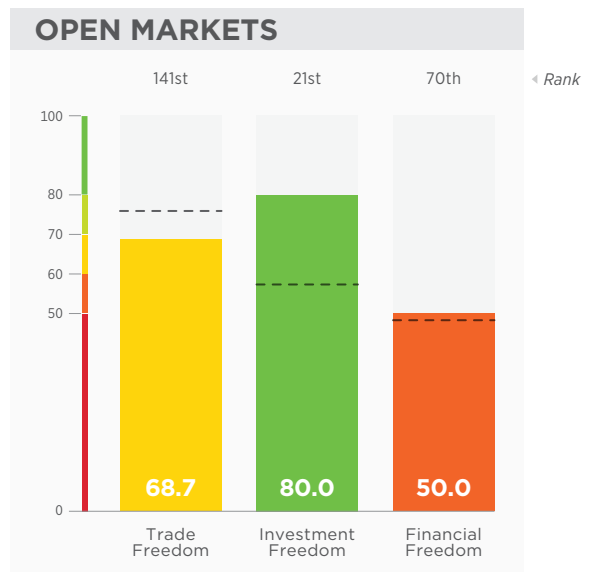
In 2016, the new government proposed reforms to increase state transparency and accountability and strengthen judicial independence. If they are adopted, a national Court of Accounts will be established to conduct thorough and independent reviews of public finances in the wake of a major embezzlement scandal in 2015. The courts are highly inefficient and susceptible to corruption, largely due to persistent lack of funding.



The top income tax rate is 45 percent. The top corporate tax rate is 30 percent, with oil companies subject to a 45 percent rate. Other taxes include a value-added tax. The overall tax burden equals 14.8 percent of total domestic income. Government spending has amounted to 21.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.0 percent of GDP. Public debt is equivalent to 37.5 percent of GDP.



The overall entrepreneurial environment remains burdensome. Obtaining necessary business licenses is time-consuming and costly. Agriculture accounts for nearly 70 percent of the workforce, and outmoded employment regulations hinder overall job creation. The government subsidizes cotton production. Low-priced gasoline and diesel fuel are smuggled illegally from Nigeria and subsidized by the Nigerian government.



Trade is important to Benin's economy; the value of exports and imports taken together equals 63 percent of GDP. The average applied tariff rate is 10.6 percent, and bureaucratic barriers to trade and investment have been reduced. Banking is highly concentrated and predominantly private, and foreign ownership is allowed. Despite the development of microfinance institutions, overall access to credit remains low.

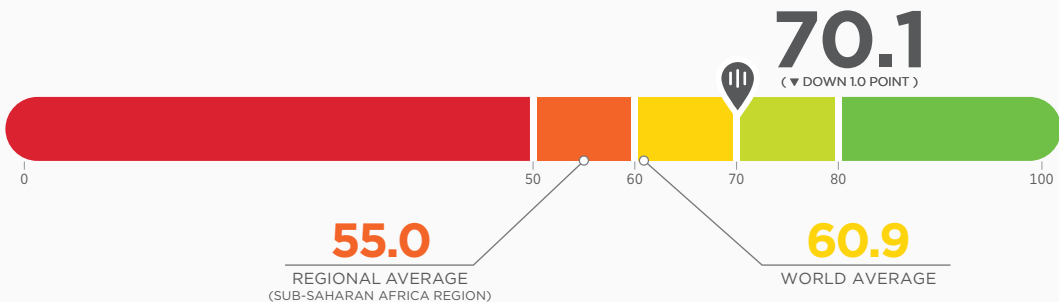
BOTSWANA

WORLD RANK: **34** | REGIONAL RANK: **2**
 ECONOMIC FREEDOM STATUS: **MOSTLY FREE**

Botswana's economy has rebounded from the 2008 global economic downturn. Good management of public finance has resulted in budget surpluses in recent years. The regulatory environment encourages growth, and openness to foreign investment and trade promotes competitiveness and resilience.

The financial sector is fairly well developed, with an independent central bank and little government intervention. The independent judiciary provides strong protection of property rights. In an effort to lessen dependence on diamond production, the government has instituted competitive corporate tax rates, streamlined the application process for business ventures, and committed to increased transparency.

ECONOMIC FREEDOM SCORE

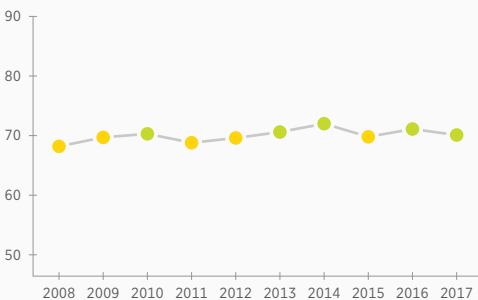


NOTABLE SUCCESSES:
 Fiscal Policy, Trade Freedom, and Monetary Stability

CONCERNS:
 Rule of Law and Government Spending

OVERALL SCORE CHANGE SINCE 2013:
 -0.5

FREEDOM TREND



QUICK FACTS

POPULATION:
 2.1 million

GDP (PPP):
 \$34.8 billion
 -0.3% growth in 2015
 5-year compound annual growth 4.6%
 \$16,368 per capita

UNEMPLOYMENT:
 18.6%

INFLATION (CPI):
 3.0%

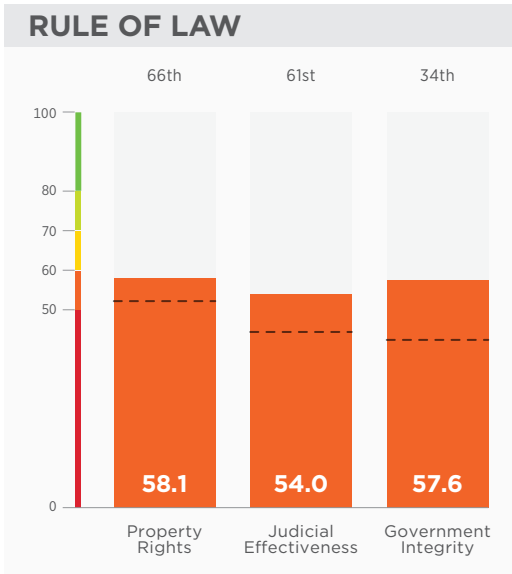
FDI INFLOW:
 \$393.6 million

PUBLIC DEBT:
 17.8% of GDP

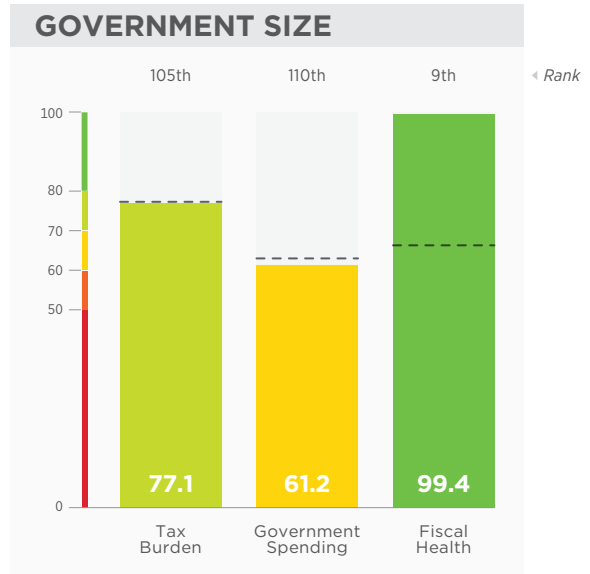
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: The Botswana Democratic Party has governed this multi-party democracy since independence from Britain in 1966. The most recent elections, held in 2014, were the most competitive in the country's history. President Ian Khama won a second term in October 2014, though the BDP for the first time won less than 50 percent of the vote as opposition groups gained significant support from young and urban middle-class voters. Botswana and the U.S. cooperate closely on military issues and are in talks to have Botswana host a U.S. military airfield. Botswana has abundant natural resources, a market-oriented economy, and one of Africa's highest sovereign credit ratings. In an attempt to diversify the economy through tourism, Botswana focuses on conservation and developing its extensive nature preserves.

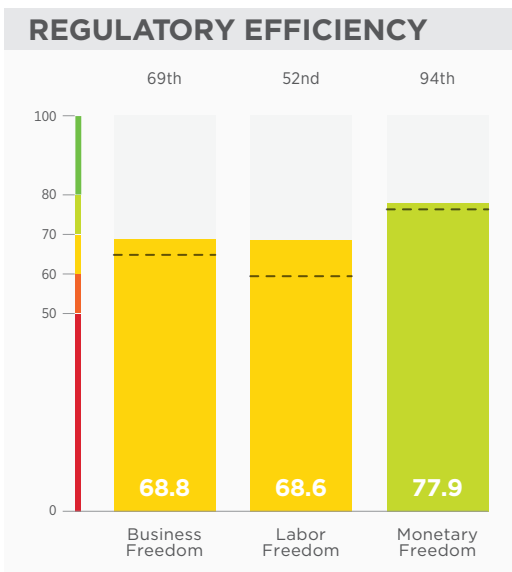
12 ECONOMIC FREEDOMS | BOTSWANA



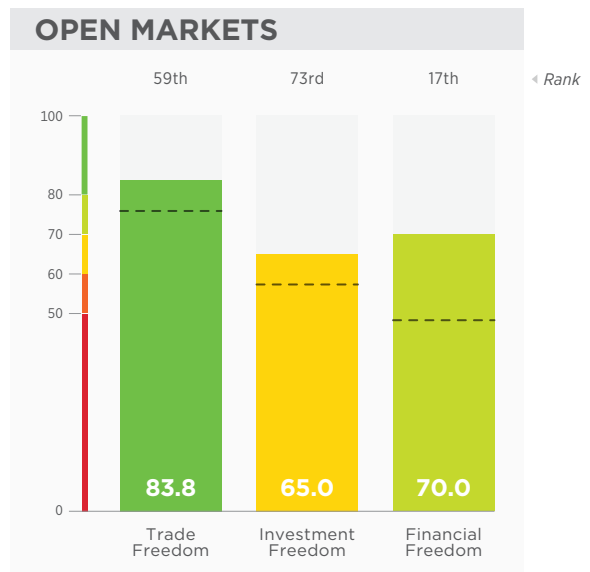
Protection of property rights in Botswana is among the best in the region. The government generally respects judicial independence, but because of severe staffing shortages and a case backlog, courts do not provide timely trials. Botswana also is still rated the least corrupt country on the African continent, although there are almost no restrictions on the private business activities of public servants.



The top personal income tax rate is 25 percent, and the top corporate tax rate is 22 percent. Other taxes include a property tax, an inheritance tax, and a value-added tax. The overall tax burden equals 34.4 percent of total domestic income. Government spending has amounted to 36 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.1 percent of GDP. Public debt is equivalent to 17.8 percent of GDP.



The regulatory environment protects the overall freedom to establish and run a business relatively well. A one-stop shop for entrepreneurs is in place, and the process for business closings has become easy and straightforward. Employment regulations are relatively flexible. One of the aims of the 2016-2017 draft budget is containment of subsidies and transfers to state-owned enterprises, but progress has been slow.

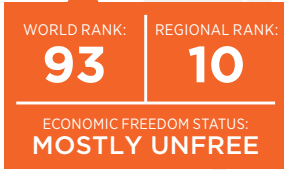


Trade is important to Botswana's economy; the value of exports and imports taken together equals 99 percent of GDP. The average applied tariff rate is 0.6 percent. State-owned enterprises distort the economy, and foreign investment in some sectors is restricted. Generally adhering to global standards in the transparency of banking supervision, the financial sector provides considerable access to credit and has expanded.

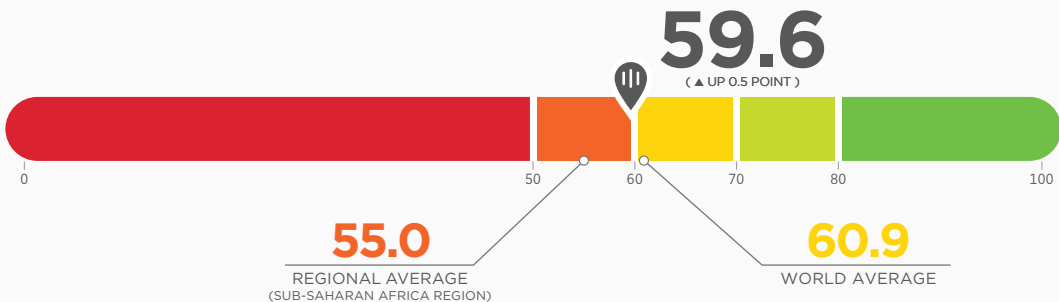
BURKINA FASO

Relatively sound macroeconomic management facilitated by cotton and gold exports has enabled Burkina Faso to achieve annual growth rates of over 5 percent over the past five years. Earlier reforms have resulted in some positive trends, reducing poverty. Prospects for reinvigorating growth depend on how much the new democratically elected government can foster political stability.

Systemic weaknesses in protection of property rights continue to hinder development of a more dynamic entrepreneurial environment. Little progress has been made in fighting corruption. The weak rule of law, exacerbated by political turbulence, continues to undermine judicial effectiveness and investor confidence.



ECONOMIC FREEDOM SCORE

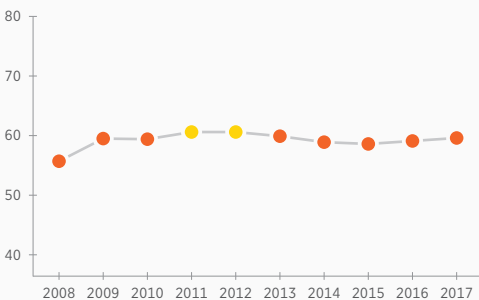


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law, Financial Freedom, and Business Freedom

OVERALL SCORE CHANGE SINCE 2013:
-0.3

FREEDOM TREND



QUICK FACTS

POPULATION:
17.9 million

GDP (PPP):
\$30.9 billion
4.0% growth in 2015
5-year compound annual growth 5.5%
\$1,724 per capita

UNEMPLOYMENT:
2.9%

INFLATION (CPI):
0.9%

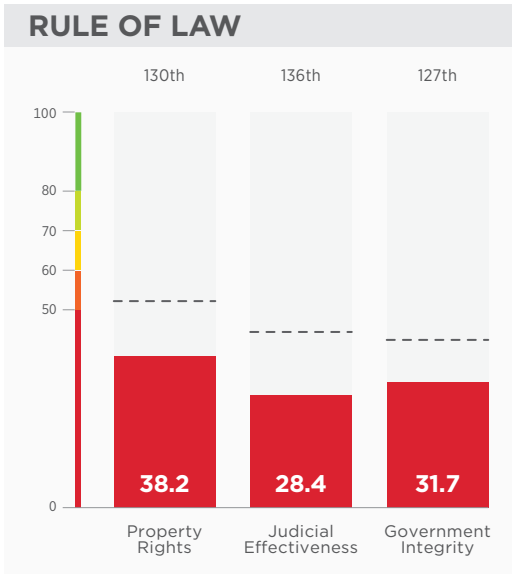
FDI INFLOW:
\$167.4 million

PUBLIC DEBT:
31.0% of GDP

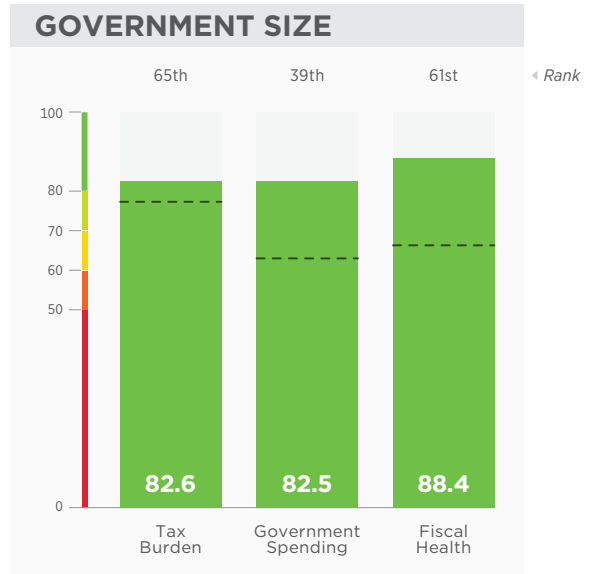
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Months of tumult that began after widespread protests forced longtime President Blaise Compaoré to resign ended with the first-round election of Roch Marc Christian Kaboré of the People's Movement for Progress in November 2015. Kaboré is the first president since 1966 to gain office without a coup. Landlocked Burkina Faso is one of the world's poorest countries. Youth literacy rates are well below the sub-Saharan Africa average, though enrolment in primary and secondary schools has risen over the past decade. In January 2016, terrorists from Al-Qaeda in the Islamic Maghreb and Al-Mourabitoun killed 30 people in the capital city of Ouagadougou in what the groups claimed was retaliation against French and other Western military activities in the region.

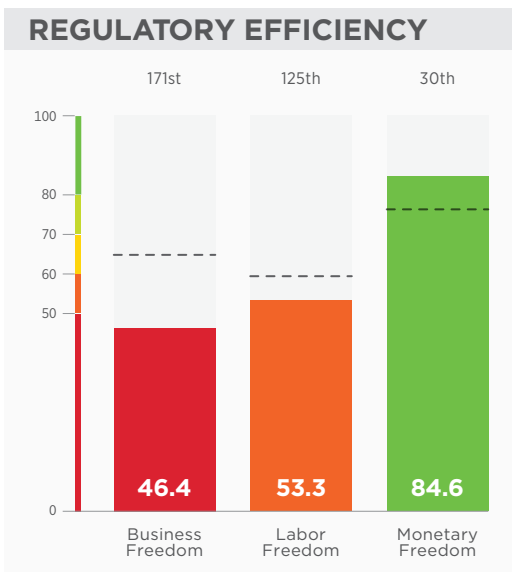
12 ECONOMIC FREEDOMS | BURKINA FASO



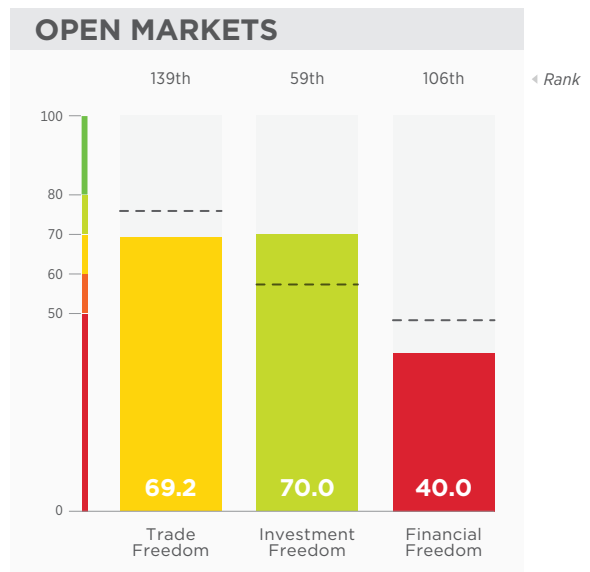
Protection of private property is weak. Only about 5,000 land titles have been granted since 1960. Challenges faced by the new government include a weak judiciary, limited enforcement powers of anticorruption institutions, misappropriation of public funds, and the lack of an effective separation of powers. Courts lack resources and are often unwilling or unable to proceed effectively against many senior officials charged with corruption.



The top individual income and corporate tax rates are 27.5 percent. Other taxes include a value-added tax. The overall tax burden equals 15.2 percent of total domestic income. Government spending has amounted to 24.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.5 percent of GDP. Public debt is equivalent to 31 percent of GDP.



Reforms to streamline regulation have been implemented and, although progress has been mixed, have helped to enhance the overall entrepreneurial environment. Measures to modernize the labor market and enhance its flexibility have progressed slowly. The state subsidizes fuels and electricity, maintains price supports for cotton, and influences other prices through the public sector.



Trade is important to Burkina Faso's economy; the value of exports and imports taken together equals 69 percent of GDP. The average applied tariff rate is 7.9 percent. State-owned enterprises distort the economy. The government has pursued banking liberalization and restructuring, limiting its direct participation, but financial firms still lack the capacity to provide a full range of modern services.

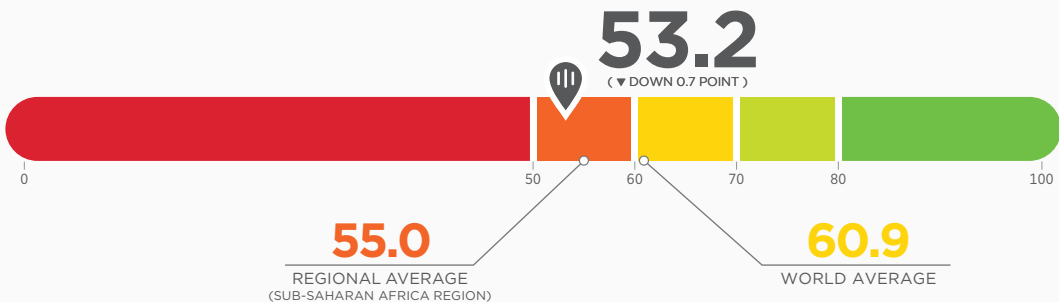
BURUNDI

Burundi's economy, hampered by extensive state controls and structural problems, lags in productivity growth and lacks dynamism. Despite a significant attempt to improve the regulatory environment for business, the overall absence of economic freedom continues to undermine entrepreneurial activity. Reform is fragile and has progressed unevenly.

Long-standing structural problems include inefficient management of public finance and a poor legal framework that undermines regulatory efficiency. The lack of enforcement of property rights and the weak rule of law have driven many people and enterprises into the informal sector. State interference in the economy and failure to sustain open markets have undercut trade and investment.

WORLD RANK: **139** | REGIONAL RANK: **30**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

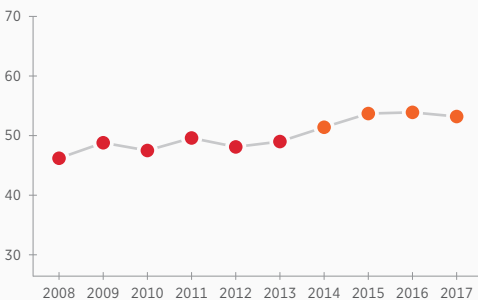


NOTABLE SUCCESSES:
Trade Freedom

CONCERNS:
Rule of Law, Financial Freedom, and
Business Freedom

**OVERALL SCORE CHANGE
SINCE 2013:**
+4.2

FREEDOM TREND



QUICK FACTS

POPULATION:
9.4 million

GDP (PPP):
\$7.7 billion
-4.1% growth in 2015
5-year compound
annual growth 2.7%
\$819 per capita

UNEMPLOYMENT:
1.5%

INFLATION (CPI):
5.6%

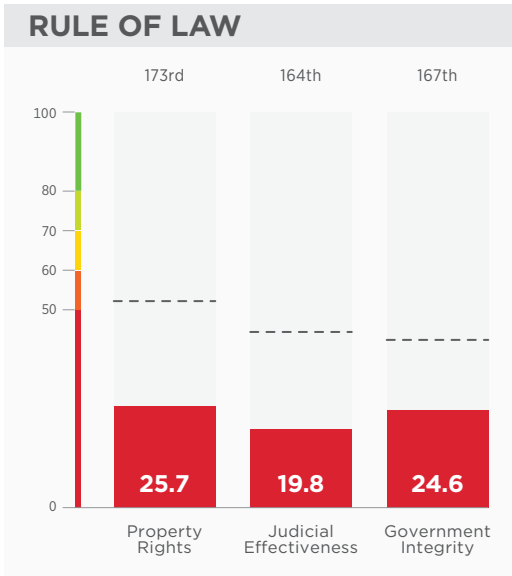
FDI INFLOW:
\$7.4 million

PUBLIC DEBT:
38.4% of GDP

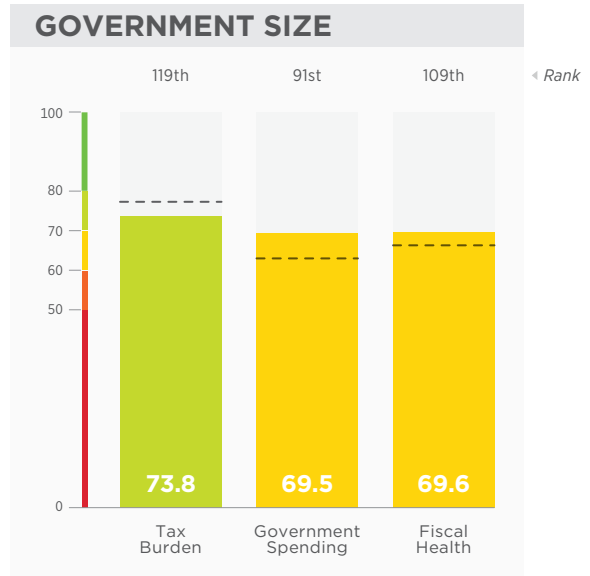
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Pierre Nkurunziza was reelected president in July 2015, using a technicality to sidestep a two-term constitutional limit. His presidential run sparked violence that killed more than 450 people in tit-for-tat killings, including assassinations of prominent opposition members and high-ranking regime officials. Several Western countries have imposed sanctions on government officials and leaders of a rebel group formed to fight the regime. The economy is dominated by subsistence agriculture, and well over half of the population lives below the poverty line. As Western countries have grown reluctant to engage, in June 2016, Burundi's central bank signed an agreement with Russia's Gazprombank to explore possibilities for Russian investment in Burundi.

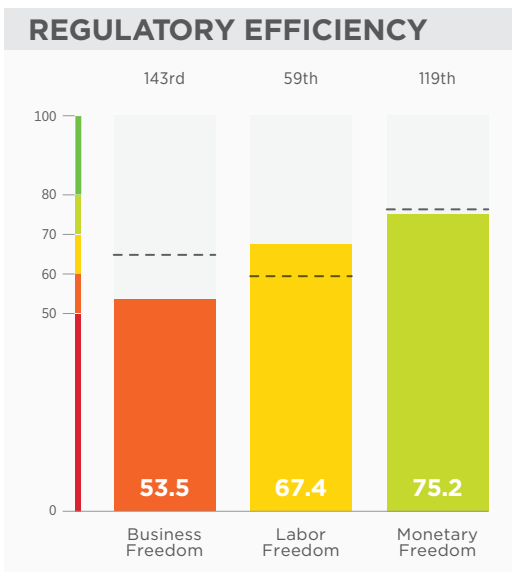
12 ECONOMIC FREEDOMS | BURUNDI



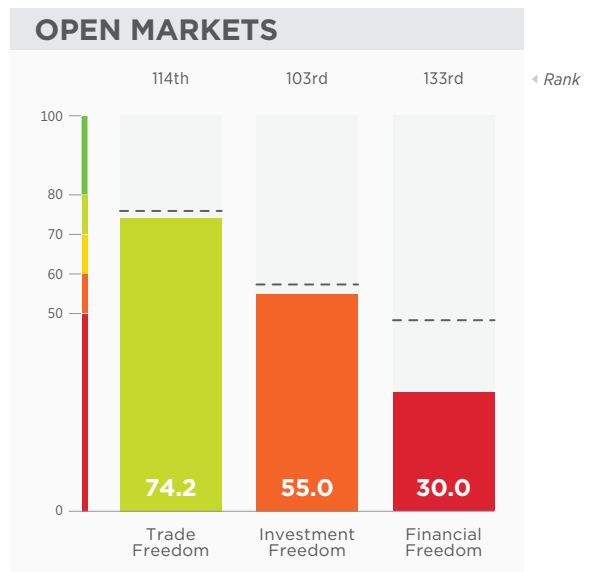
Private property is vulnerable to government expropriation and armed banditry. The judiciary is nominally independent, but judges are subject to political pressure. One of the world's poorest nations, landlocked Burundi remains one of sub-Saharan Africa's most corrupt countries. Government procurement is conducted nontransparently amid frequent allegations of cronyism. Customs officials reportedly extort bribes.



The top individual income and corporate tax rates are 35 percent. A value-added tax recently replaced the general sales tax. The overall tax burden equals 12.9 percent of total domestic income. Government spending has amounted to 31.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 38.4 percent of GDP.



The overall business environment remains severely constrained by burdensome regulations and inefficiency. Continuing instability and bureaucratic corruption impede entrepreneurial activity. In the absence of a modern labor market, the informal sector accounts for most employment. The state subsidizes fuel, rations subsidized electricity, and influences other prices through state-owned enterprises and agriculture-support programs.



Trade is moderately important to Burundi's economy; the value of exports and imports taken together equals 40 percent of GDP. The average applied tariff rate is 5.4 percent. State-owned enterprises distort the economy. The underdeveloped financial sector provides a very limited range of services. The state dominates commercial banking, and many people still rely on microcredit or informal lending.

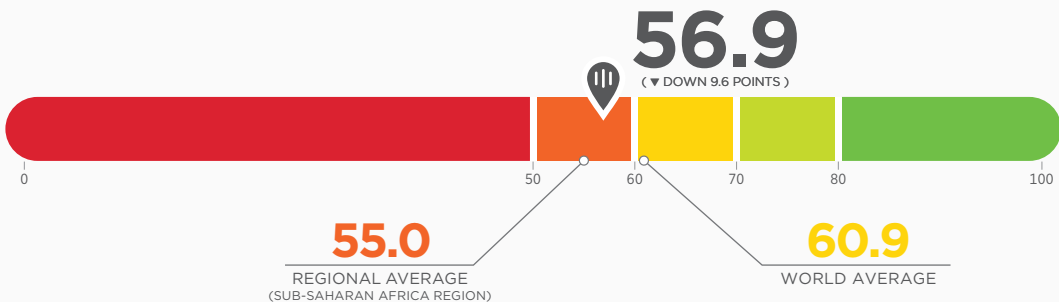
CABO VERDE

Cabo Verde has benefited from moderately well-maintained monetary stability and a relatively high level of market openness that facilitates engagement with the world through trade and investment. The small island economy benefits significantly from a sound and transparent legal framework that institutionalizes and supports the rule of law.

However, Cabo Verde's institutional strengths, including an independent judiciary and government transparency, are not matched by a commitment to the sound management of public finance. The country's overall fiscal health has been undermined by relatively high levels of government spending and deficits. With public debt reaching a level equal to more than 100 percent of GDP, reducing the chronic deficit needs to be a high priority.



ECONOMIC FREEDOM SCORE

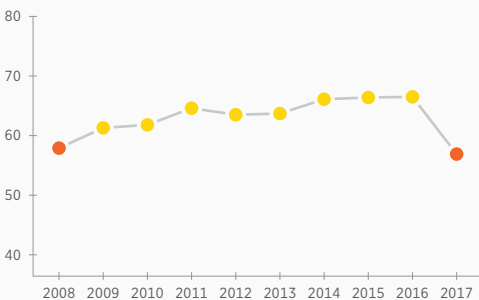


NOTABLE SUCCESSES:
Monetary Stability, Tax Policy, and Investment Freedom

CONCERNS:
Fiscal Health and Labor Freedom

OVERALL SCORE CHANGE SINCE 2013:
-6.8

FREEDOM TREND



QUICK FACTS

POPULATION:
0.5 million

GDP (PPP):
\$3.4 billion
1.8% growth in 2015
5-year compound annual growth 1.9%
\$6,522 per capita

UNEMPLOYMENT:
10.8%

INFLATION (CPI):
0.1%

FDI INFLOW:
\$94.9 million

PUBLIC DEBT:
119.3% of GDP

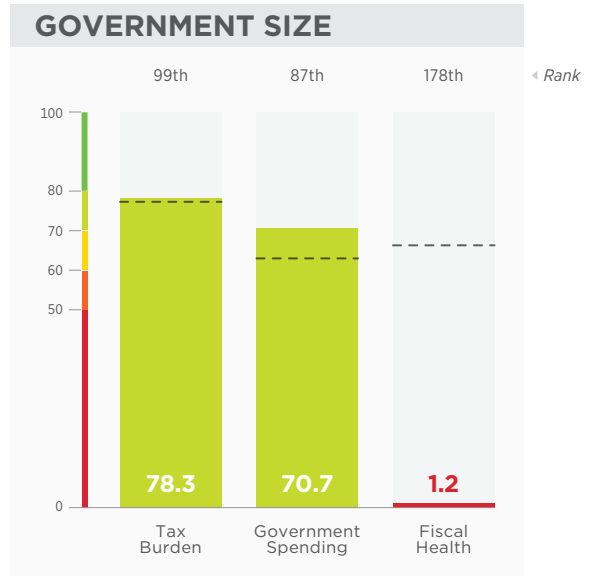
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Cabo Verde is a stable, multi-party parliamentary democracy. President Jorge Carlos Fonseca, the chief of state since 2011, appointed Ulisses Correia e Silva as prime minister after his Movement for Democracy party won the March 2016 parliamentary election. The Cabo Verde islands have few natural resources. Services dominate the economy, and most of the country's food is imported. Cabo Verde's expatriate population is larger than its domestic population. Ongoing economic reforms are intended to boost foreign investment and diversify the economy.

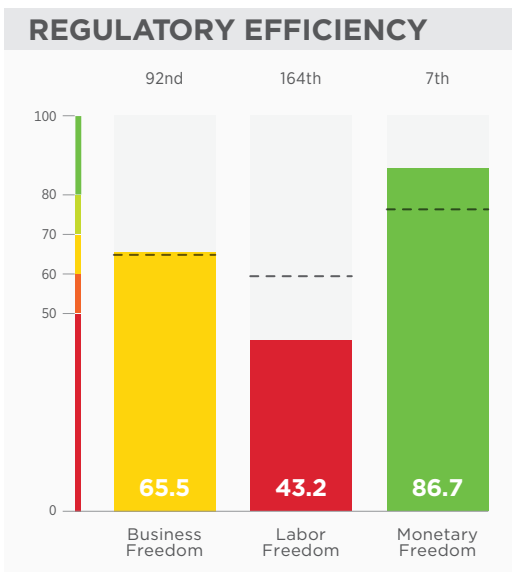
12 ECONOMIC FREEDOMS | CABO VERDE



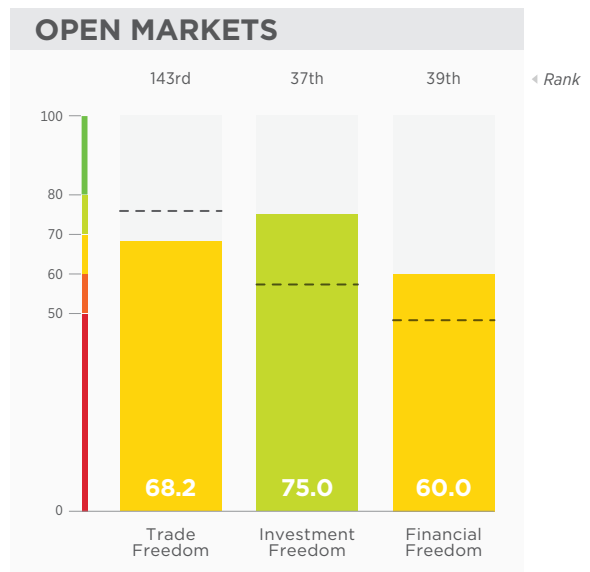
Private property is reasonably well protected. In 2016, the government made transfers of property less costly by lowering the property registration tax. The judiciary is constitutionally independent and generally respected, but the judicial system is inefficient, and a case backlog causes significant delays. Compared to other African nations, Cabo Verde has relatively high levels of transparency and relatively low levels of corruption.



The top personal income tax rate is 35 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 18.0 percent of total domestic income. Government spending has amounted to 31.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.0 percent of GDP. Public debt is equivalent to 119.3 percent of GDP.



The overall business environment has become more efficient. The process for launching a business is more streamlined, and licensing requirements are less burdensome. Despite efforts to reform the labor market, the unemployment rate remains persistently high. The market determines most prices. The state subsidizes electricity and water, but subsidies to the state-owned, loss-making airline were reduced in 2016.



Trade is moderately important to Cabo Verde's economy; the value of exports and imports taken together equals 38 percent of GDP. The average applied tariff rate is 10.9 percent. Nontariff barriers have been lowered, and foreign and domestic investors are generally treated equally under the law. The number of nonperforming loans in the banking system has decreased. Credit is generally allocated on market terms.

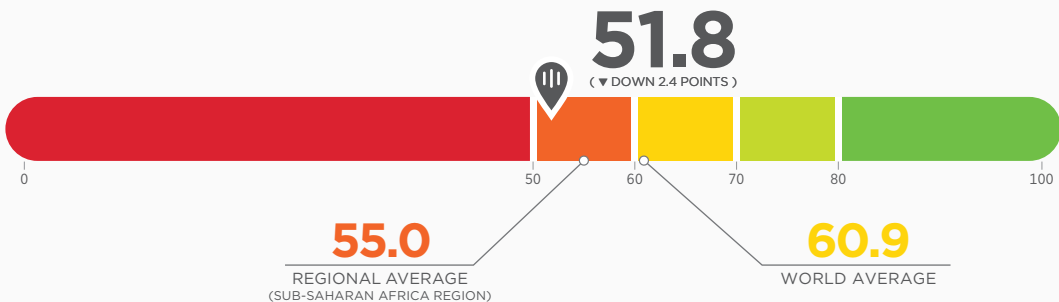
CAMEROON

Cameroon's economy, although relatively diversified with services accounting for around 40 percent of GDP, is dominated by the public sector. Economic development continues to be hampered by the lack of private-sector dynamism. Modest structural reforms have done little to improve the overall business environment, which is not conducive to investment.

Entrepreneurs face lingering systemic challenges that include inefficient bureaucracy, an unreliable legal system, and poor infrastructure. Restrictions on trade through nontariff barriers raise costs, and the weak judicial system allows pervasive corruption that erodes incentives for long-term economic expansion.

WORLD RANK: **150** | REGIONAL RANK: **34**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

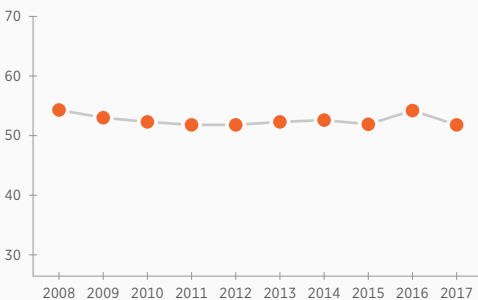


NOTABLE SUCCESSES:
 Monetary stability

CONCERNS:
 Rule of Law, Business Freedom, and Labor Freedom

OVERALL SCORE CHANGE SINCE 2013:
 -0.5

FREEDOM TREND



QUICK FACTS

POPULATION:
 23.1 million

GDP (PPP):
 \$72.6 billion
 5.9% growth in 2015
 5-year compound annual growth 5.2%
 \$3,144 per capita

UNEMPLOYMENT:
 4.6%

INFLATION (CPI):
 2.8%

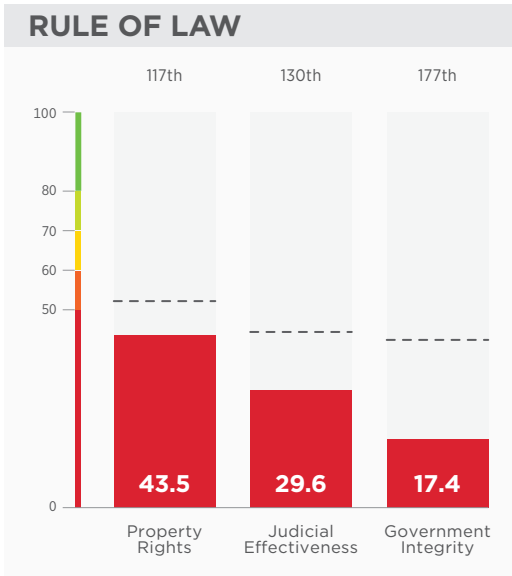
FDI INFLOW:
 \$620.1 million

PUBLIC DEBT:
 33.5% of GDP

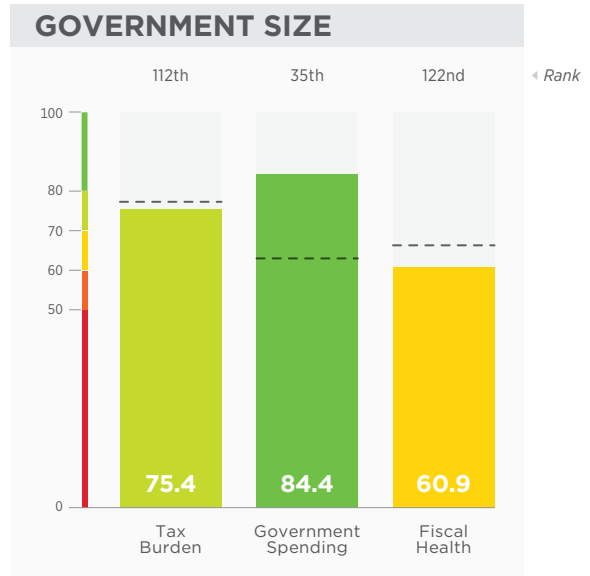
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: President Paul Biya has ruled since 1982 and was reelected in October 2011 for another seven-year term in an election marred by irregularities. The country is battling the Nigerian Islamist terrorist group Boko Haram, which frequently attacks across the 1,230-mile Cameroon-Nigeria border. The economy is heavily regulated and dependent on exports of such commodities as oil, which accounts for about 40 percent of export earnings. The economy is further hobbled by inefficient parastatal companies in key industries. Cameroon is building a deep-sea port in Kribi and seeking to tap its great hydropower potential by building a dam and hydropower plant on the Lom River. Cameroon currently hosts more than 330,000 refugees, primarily from the Central African Republic and Nigeria.

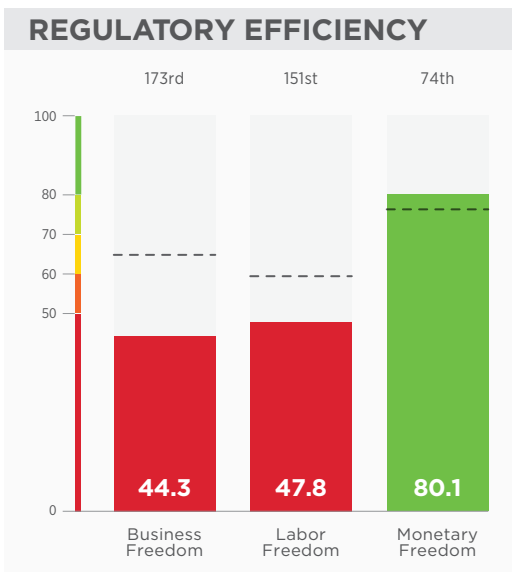
12 ECONOMIC FREEDOMS | CAMEROON



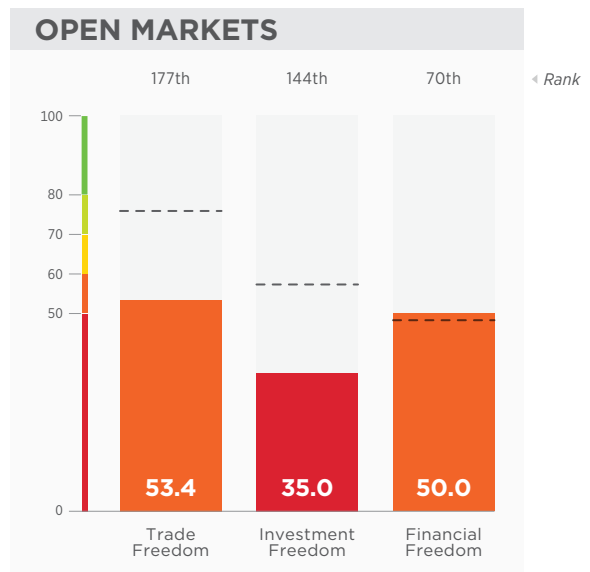
Protection of real and intellectual property rights is weak, and the slow, inefficient judicial system is vulnerable to political interference. Corruption and cronyism are pervasive. Bribery is commonplace in all sectors, from gaining school admission to fixing traffic infractions. Revenues from oil, gas, and mining are not openly reported. A government anticorruption campaign has been used to remove potential political opponents.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 33 percent. Other taxes include a value-added tax and an inheritance tax. The overall tax burden equals 12.2 percent of total domestic income. Government spending has amounted to 22.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.8 percent of GDP. Public debt is equivalent to 33.5 percent of GDP.



Private enterprises still face numerous impediments related to regulatory inefficiency and non-transparency. Despite some reforms, requirements for business entry and exit are time-consuming and costly. The labor market remains inefficient. Lower oil prices significantly reduced the cost of government subsidies for electricity, retail gasoline, diesel, and liquefied natural gas in 2016. Prices for food and other consumer goods are heavily regulated.

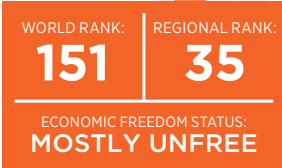


Trade is moderately important to Cameroon's economy; the value of exports and imports taken together equals 43 percent of GDP. The average applied tariff rate is 15.8 percent, and foreign and domestic investors are generally treated equally under the law. The cost of financing remains high, and access to credit is very limited in rural areas. There is a wide network of microfinance institutions.

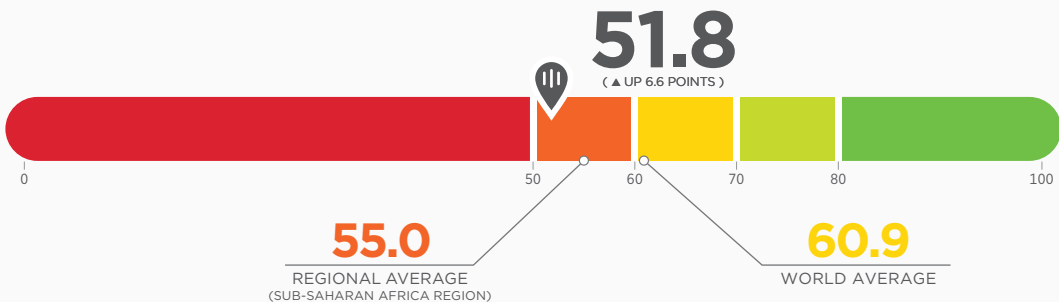
CENTRAL AFRICAN REPUBLIC

The Central African Republic is one of the world's least-developed countries. More than half of its people live in rural areas and depend on subsistence agriculture. Progress in developing a more stable climate for entrepreneurial activity has been only marginal. The CAR scores very poorly on such regulatory factors as the business and investment climate, labor market flexibility, and taxation.

The overall economic environment is further undermined by ongoing political and security challenges. The inability to deliver basic services reliably has severely eroded confidence in the government, and weak rule of law and pervasive corruption seriously impede prospects for economic development.



ECONOMIC FREEDOM SCORE

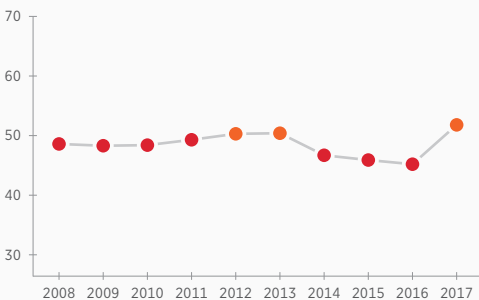


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law, Business Freedom, and
Financial Freedom

**OVERALL SCORE CHANGE
SINCE 2013:**
+1.4

FREEDOM TREND



QUICK FACTS

POPULATION:
4.8 million

GDP (PPP):
\$3.0 billion
4.3% growth in 2015
5-year compound
annual growth -4.7%
\$630 per capita

UNEMPLOYMENT:
7.6%

INFLATION (CPI):
5.4%

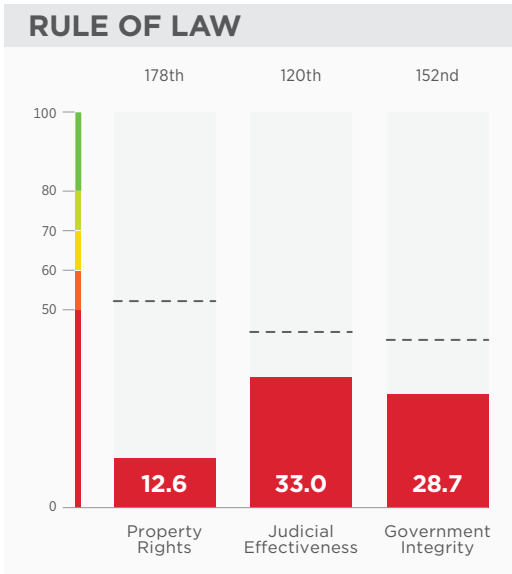
FDI INFLOW:
\$3.0 million

PUBLIC DEBT:
65.0% of GDP

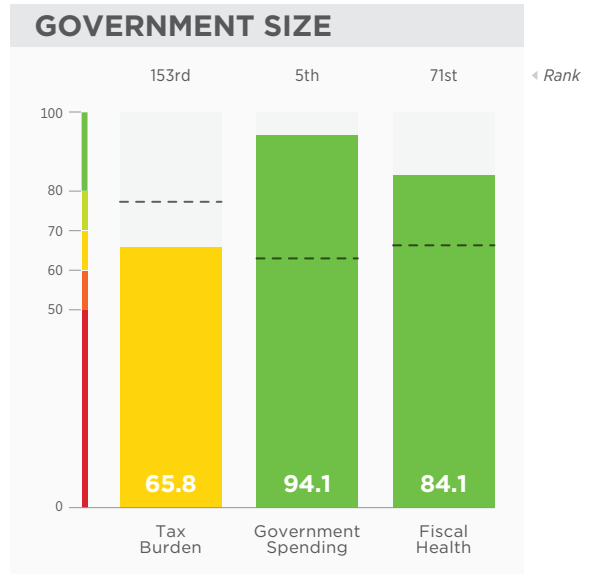
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: In early 2013, Muslim Seleka rebels led by Michel Djotodia ousted President François Bozizé. The sectarian violence that followed precipitated a French intervention in December 2013, and the U.N. deployed almost 12,000 peacekeepers starting in September 2014. Djotodia stepped down early in 2014 and was replaced by interim President Catherine Samba-Panza. Voters overwhelmingly approved a new constitution by referendum in December 2015, and former Prime Minister Faustin-Archange Touadéra was elected president in a runoff vote in February 2016. A cease-fire was signed in April 2015, but the violence, which has resulted in about 6,000 deaths and more than 800,000 refugees and internally displaced persons, continues. The CAR has abundant timber, diamonds, gold, and uranium.

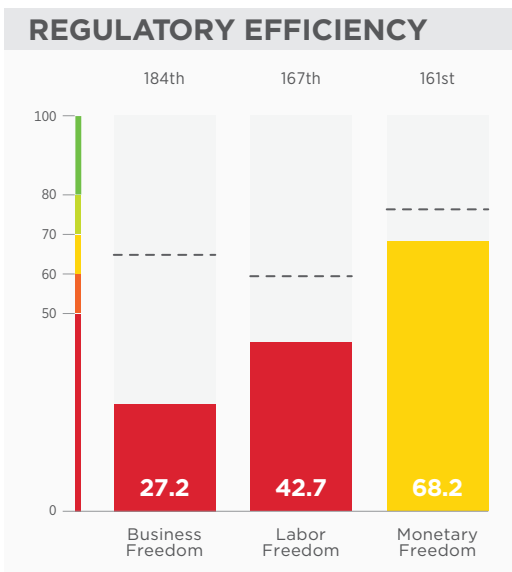
12 ECONOMIC FREEDOMS | CENTRAL AFRICAN REPUBLIC



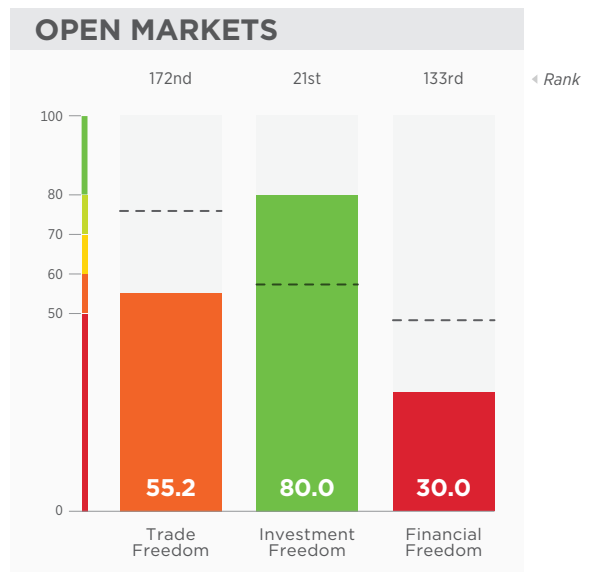
Protection of property rights is weak. There have been numerous reports of armed militias entering homes without judicial authorization, seizing property without due process, and evicting residents both in the capital city of Bangui and throughout the countryside. The new government is struggling to provide basic protection and services. Ordinary citizens have very limited access to justice. Corruption remains pervasive.



The top personal income tax rate is 50 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax. The overall tax burden equals 4.4 percent of total domestic income. Government spending has amounted to 14 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 65.0 percent of GDP.



Establishing a business remains time-consuming, and other burdensome and opaque regulatory requirements increase the cost of conducting business. The labor market remains severely underdeveloped. Government distortions of the economy through subsidies and wage and price controls are exacerbated by persistent political volatility that undermines the functioning of state institutions.



Trade is moderately important to the Central African Republic's economy; the value of exports and imports taken together equals 40 percent of GDP. The average applied tariff rate is 14.9 percent. The government taxes exports and restricts sugar imports. The financial system is underdeveloped, and access to financing for businesses remains very limited. Less than 1 percent of the population has access to banking services.

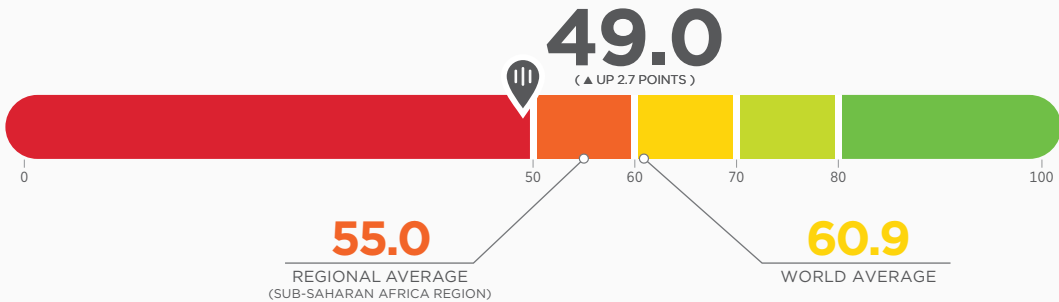
CHAD

Chad's economy has expanded at an average rate of almost 5 percent over the past five years, but the volatility of economic growth has undermined economic development and poverty reduction. The weakness of the overall regulatory and legal framework hinders private-sector development. The economy relies on oil and agriculture, with the former accounting for 60 percent of export revenues.

Entrepreneurs continue to be hamstrung by institutional shortcomings. The inefficient judicial system lacks independence and is vulnerable to corruption. The state's presence in the economy is still considerable. Despite significant fiscal adjustments in recent years, the budget remains chronically in deficit.



ECONOMIC FREEDOM SCORE

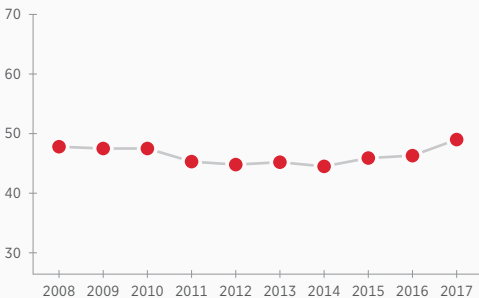


NOTABLE SUCCESSES:
 Monetary Freedom

CONCERNS:
 Rule of Law, Business Freedom, and
 Financial Freedom

**OVERALL SCORE CHANGE
 SINCE 2013:**
 +3.8

FREEDOM TREND



QUICK FACTS

POPULATION:
 11.6 million

GDP (PPP):
 \$30.5 billion
 1.8% growth in 2015
 5-year compound
 annual growth 4.7%
 \$2,634 per capita

UNEMPLOYMENT:
 5.6%

INFLATION (CPI):
 3.6%

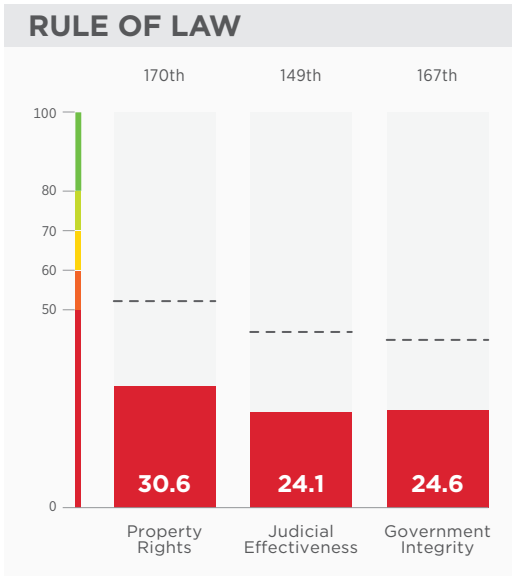
FDI INFLOW:
 \$600.2 million

PUBLIC DEBT:
 39.3% of GDP

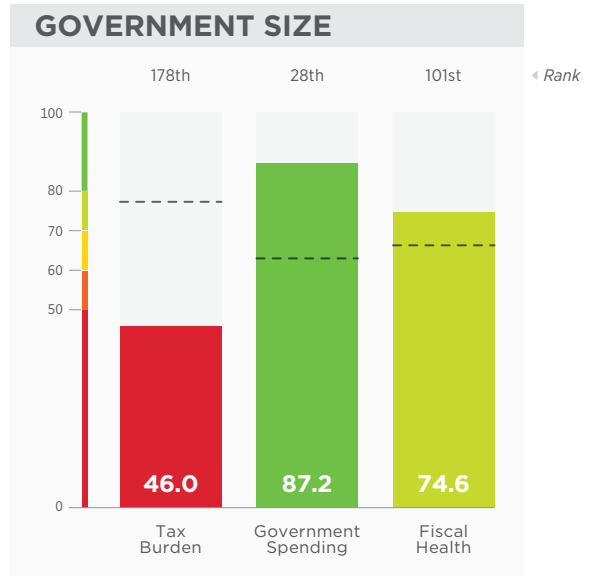
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: President Idriss Déby, who seized power as the leader of a rebel movement in 1990, won a fifth term in 2016. Voters approved a referendum scrapping presidential term limits in 2005, but Déby's 2016 reelection was preceded by large street protests against his rule. Déby has faced various armed revolts and survived Sudanese-supported rebel attacks on the capital of N'Djamena in 2006 and 2008. In 2010, Chad and Sudan normalized relations. Chad has sent security forces to assist peacekeeping missions in Sudan (Darfur), the Central African Republic, Mali, and the Democratic Republic of Congo and is the major component of the multinational force battling Boko Haram in Nigeria.

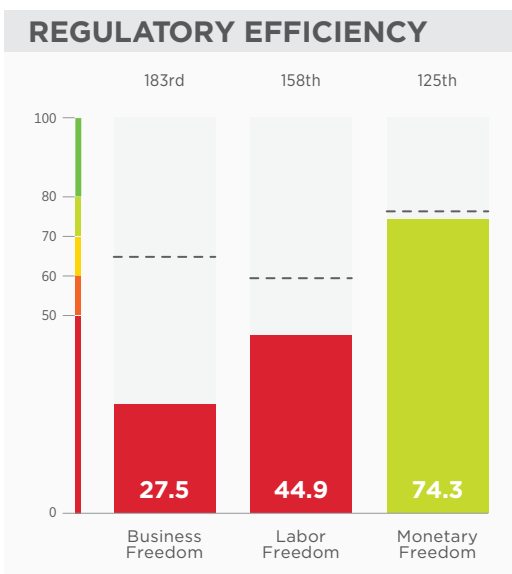
12 ECONOMIC FREEDOMS | CHAD



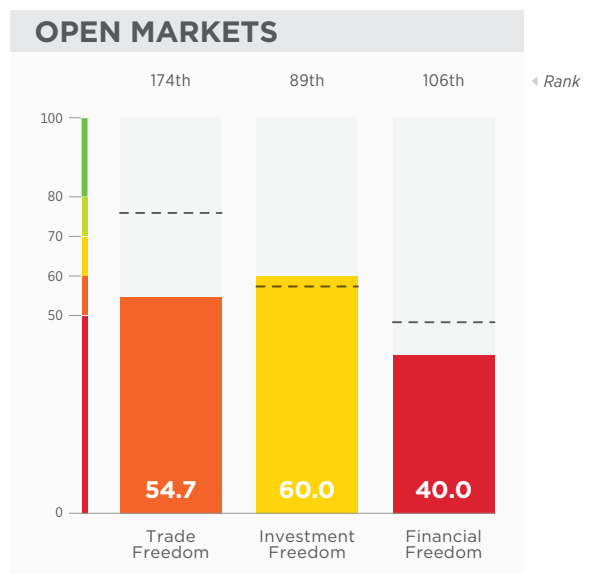
Protection of private property is inadequate, and fraud is common in property transactions. Costs for property registration range from 8 percent to 15 percent of property value. The rule of law is weak, and the judiciary lacks real independence. Corruption is endemic and prevails at all levels of government, from the siphoning off of oil wealth by the presidential cabinet to petty corruption in the police force and local bureaucracy.



The top individual income tax rate is 60 percent, and the top corporate tax rate is 45 percent. Other taxes include a value-added tax and a property tax. The overall tax burden equals 6.8 percent of total domestic income. Government spending has amounted to 20.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.7 percent of GDP. Public debt is equivalent to 39.3 percent of GDP.



The absence of modern commercial regulations imposes considerable costs on businesses, as do such other institutional deficiencies as a lack of access to financing. The labor market is mostly informal, and the workforce remains mostly unskilled. In 2016, spurred by permanently lower oil receipts, the government cut spending on some subsidies for state-owned enterprises.



Trade is important to Chad's economy; the value of exports and imports taken together equals 67 percent of GDP. The average applied tariff rate is 15.1 percent. State-owned enterprises in several sectors distort the economy. Average citizens have little access to banking services, and high credit costs and scarce access to financing continue to constrain the small private sector.

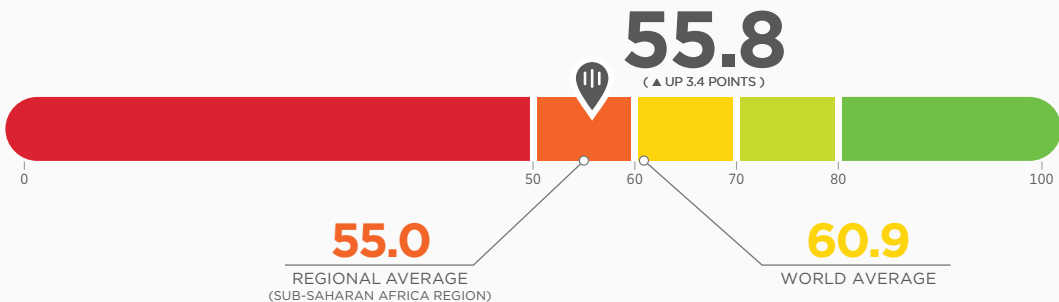
COMOROS

Chronic overdependence on foreign aid and a burdensome business environment continue to undermine prospects for sustained economic development in Comoros. With structural reforms to diversify the economic base achieving only marginal progress, policies to enhance regulatory efficiency and maintain open markets for the development of a more dynamic private sector have not advanced.

Rule of law remains fragile because of corruption and an inefficient judicial system that is vulnerable to political interference. Lingering political uncertainty and poor access to credit hamper fuller integration into the world economy, and policies to promote or sustain reforms have been neglected or even reversed.

WORLD RANK: **121** | REGIONAL RANK: **22**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

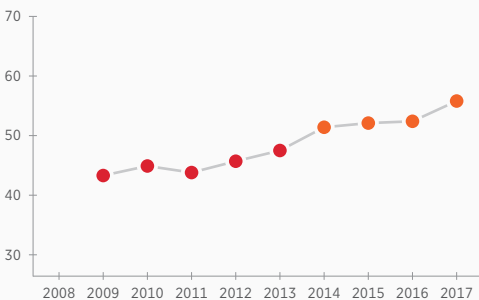


NOTABLE SUCCESSES:
Fiscal Policy, Monetary Stability, and Government Spending

CONCERNS:
Rule of Law, Investment Freedom, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
+8.3

FREEDOM TREND



QUICK FACTS

POPULATION:
0.8 million

GDP (PPP):
\$1.2 billion
1.0% growth in 2015
5-year compound annual growth 2.3%
\$1,519 per capita

UNEMPLOYMENT:
19.6%

INFLATION (CPI):
2.0%

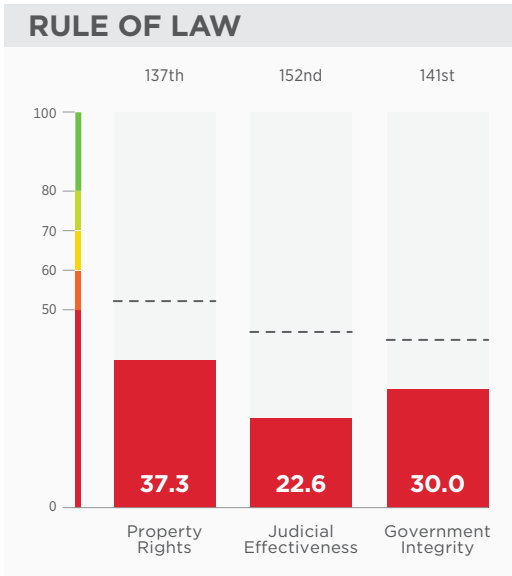
FDI INFLOW:
\$5.1 million

PUBLIC DEBT:
26.7% of GDP

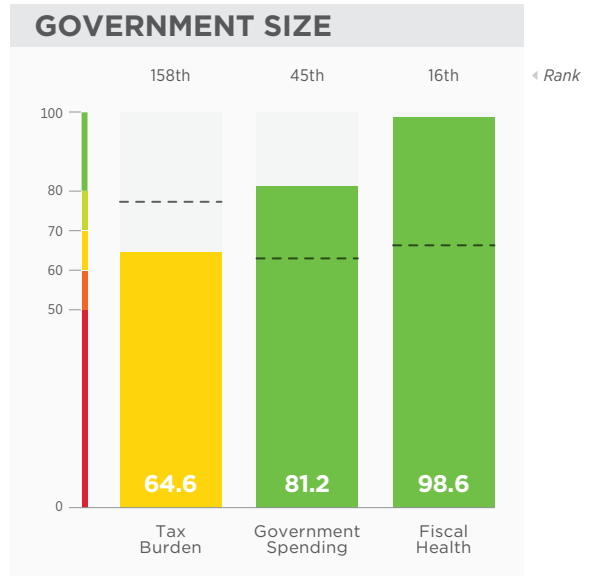
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: The three-island Union of the Comoros has experienced more than 20 coup attempts since independence in 1975, most recently in 2013. A 2001 constitution granted each island increased autonomy and stipulated that the presidency would rotate among the three islands. A 2009 referendum extended presidents' terms from four to five years and increased the central government's authority at the expense of local governments. President Ikililou Dhoinine stepped down peacefully in 2016, but the initial round of voting for his successor was marred by irregularities and isolated violence. Opposition politician and former President Azali Assoumani was eventually elected in a runoff vote. Comoros is a leading producer of ylang-ylang, cloves, and vanilla.

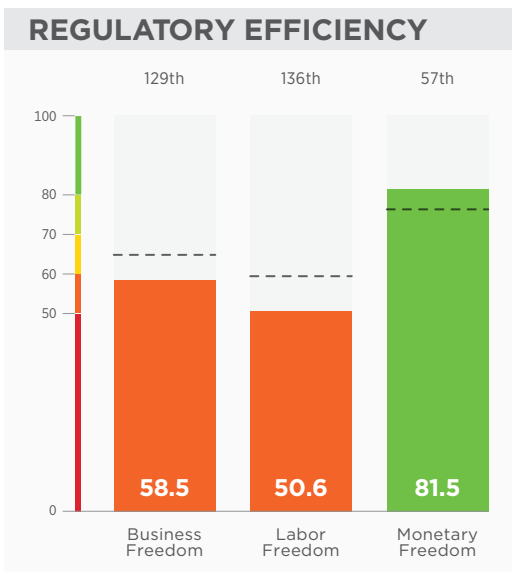
12 ECONOMIC FREEDOMS | COMOROS



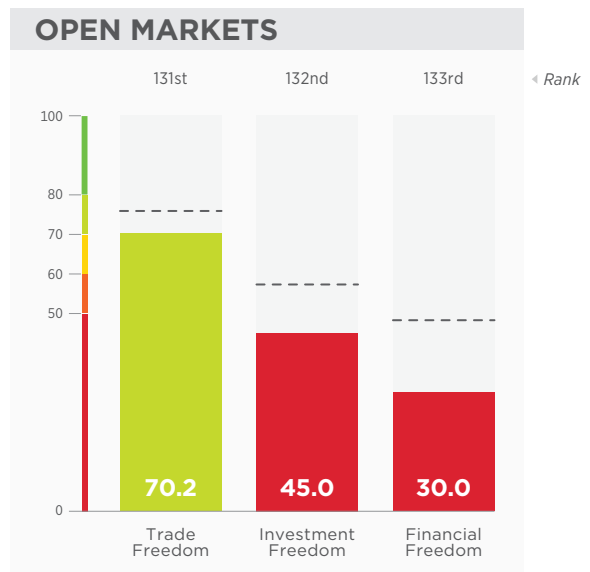
Property rights are not well protected, and contracts are weakly enforced. The judicial system, based on both Sharia (Islamic) law and the French legal code, is weak and subject to political influence. Corruption is reported at all levels of government and is exacerbated by internal political disputes and competition for resources among the administrations of the three islands.



The top personal income tax rate is 30 percent, and the top corporate tax rate is 50 percent. Other taxes include a value-added tax and an insurance tax. The overall tax burden equals 11.8 percent of total domestic income. Government spending has amounted to 25 percent of total output (GDP) over the past three years, and budget surpluses have averaged 7.3 percent of GDP. Public debt is equivalent to 26.7 percent of GDP.



The regulatory environment still imposes significant burdens on entrepreneurs. Minimum capital requirements to launch a company exceed the average level of annual income. With development of a modern labor market lagging, the informal sector accounts for most employment. The government subsidizes state-owned but poorly managed water, electricity, and oil utilities and controls other prices.



Trade is important to the Comoros economy; the value of exports and imports taken together equals 80 percent of GDP. The average applied tariff rate is 7.4 percent. Foreign and domestic investors are generally treated equally under the law. The small financial sector still lacks adequate regulation or supervision. Banking is not well established, and many people are without bank accounts and rely on informal lending.

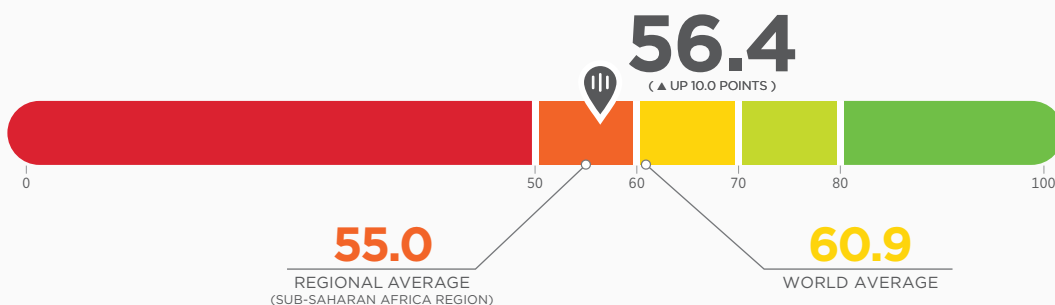
DEMOCRATIC REPUBLIC OF CONGO

Economic development in the Democratic Republic of Congo (DRC) has been severely undermined by decades of instability and violence. Poor economic management worsened by repeated political crises has constrained economic freedom and driven much of the population into persistent poverty. The government's inability to provide even basic public goods reliably further limits economic opportunity.

Entrepreneurial activity is curtailed by an uncertain regulatory environment and the absence of institutional support for or facilitation of private-sector development. Arbitrary taxation, poor infrastructure, marginal enforcement of property rights, and the weak rule of law have driven many people and enterprises into the informal sector, which accounts for more than 80 percent of economic activity.



ECONOMIC FREEDOM SCORE

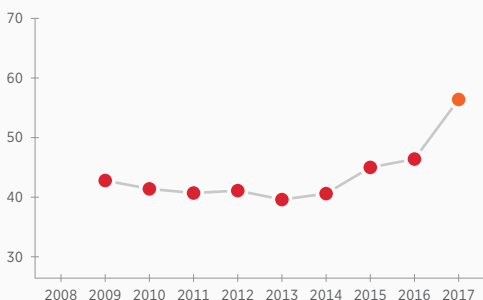


NOTABLE SUCCESSSES:
Fiscal Policy and Monetary Stability

CONCERNS:
Rule of Law, Labor Freedom, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
+16.8

FREEDOM TREND



QUICK FACTS

POPULATION:
81.7 million

GDP (PPP):
\$62.9 billion
7.7% growth in 2015
5-year compound annual growth 7.9%
\$770 per capita

UNEMPLOYMENT:
3.8%

INFLATION (CPI):
1.0%

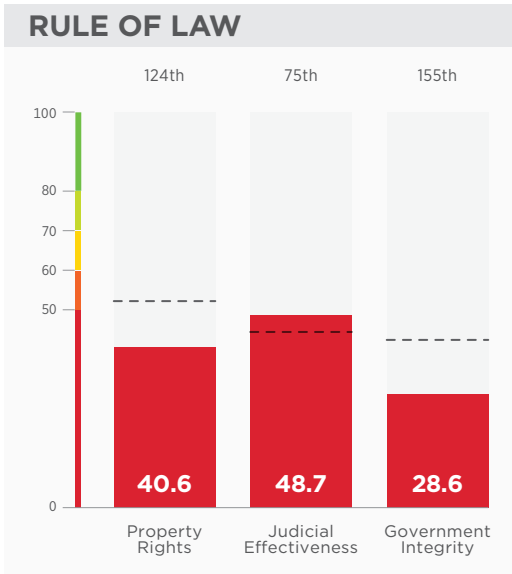
FDI INFLOW:
\$1.7 billion

PUBLIC DEBT:
18.8% of GDP

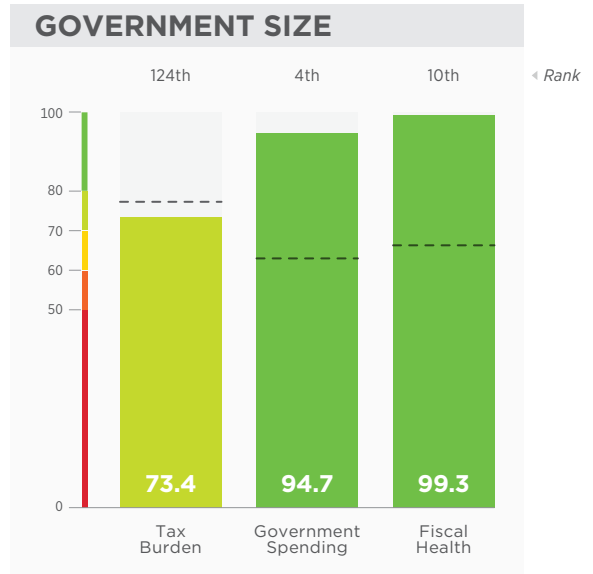
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Rebel groups remain active, primarily in the eastern part of the country where the United Nations has a peacekeeping mission. Joseph Kabila, who in 2006 won the first multi-party election in 40 years, was reelected in December 2011 in a process rife with violence. His schemes to secure a constitutionally prohibited third term have sparked major protests that state security services have suppressed, often brutally. The DRC's immense natural resource wealth includes large deposits of rare earth minerals used in many technology products, but because of its political instability, the country remains among the least developed in the world.

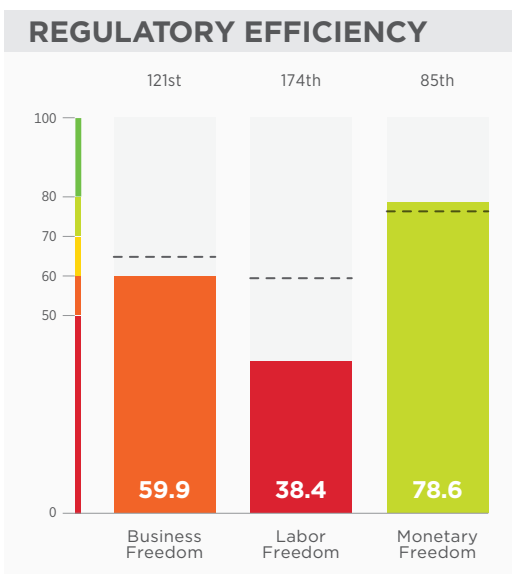
12 ECONOMIC FREEDOMS | DEMOCRATIC REPUBLIC OF CONGO



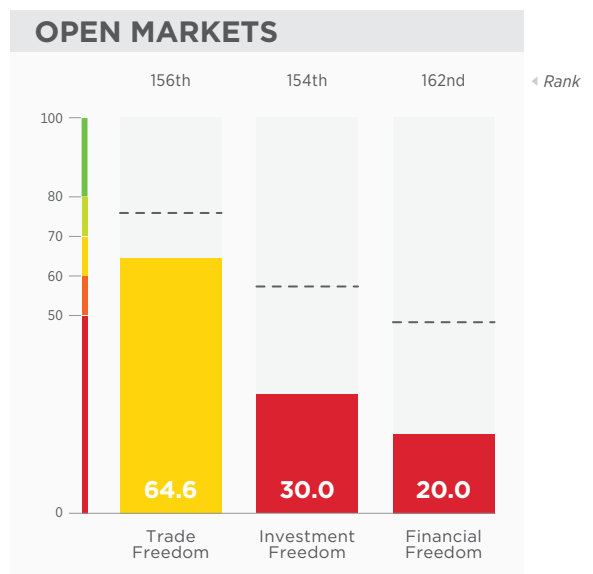
Protection of property rights is weak and dependent on a dysfunctional public administration and judicial system. Human rights abuses and banditry deter economic activity. Massive government corruption and weak rule of law remain prevalent. Clandestine trade in minerals and other natural resources in eastern Congo by armed rebel militias and elements of the army helps to finance violence and depletes government revenues.



The top personal income tax rate is 30 percent, and the top corporate tax rate is 40 percent. Other taxes include a rental tax and a tax on vehicles. The overall tax burden equals 12.5 percent of total domestic income. Government spending has amounted to 13.2 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.1 percent of GDP. Public debt is equivalent to 18.8 percent of GDP.



The regulatory system remains unfavorable for private entrepreneurship. Outmoded regulations increase the cost of running businesses and hamper private-sector development. Agriculture is the largest source of employment, and formal-sector employment is negligible. Prices are controlled and regulated by the government, which also heavily subsidizes electricity.



Trade is important to the Democratic Republic of Congo's economy; the value of exports and imports taken together equals 64 percent of GDP. The average applied tariff rate is 10.2 percent. Weak legal and regulatory systems impede foreign investment. The financial system provides a minimal range of banking services. Access to financing for entrepreneurial activity remains poor, and financial intermediation remains a luxury for most of the population.

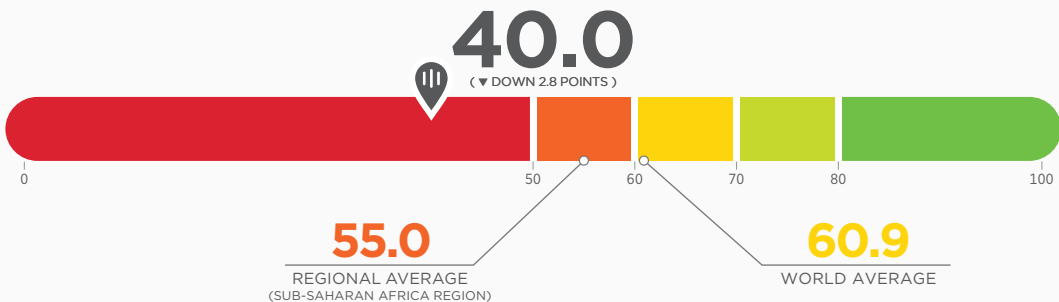
REPUBLIC OF CONGO

Repressive governance continues to deprive the Congolese people of economic freedom. Despite extensive state controls from the period of state socialism, the government cannot provide basic public goods and infrastructure. Public-sector inefficiency has pushed many people into the informal economy, which accounts for most of the Republic of Congo's limited private-sector growth.

The lack of meaningful progress on reform has left the institutional capacity inadequate for modern economic activity. Many aspects of doing business, from obtaining licenses to attracting foreign investment, are subject to intrusive and inefficient regulations. The weak judiciary undermines the protection of property rights, fueling corruption.

WORLD RANK: **177** | REGIONAL RANK: **47**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE

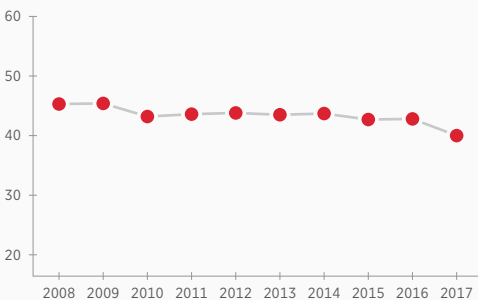


NOTABLE SUCCESSES:
 Monetary Stability

CONCERNS:
 Rule of Law, Fiscal Health, and Business Freedom

OVERALL SCORE CHANGE SINCE 2013:
 -3.5

FREEDOM TREND



QUICK FACTS

POPULATION:
 4.4 million

GDP (PPP):
 \$29.4 billion
 2.5% growth in 2015
 5-year compound annual growth 4.0%
 \$6,722 per capita

UNEMPLOYMENT:
 7.2%

INFLATION (CPI):
 2.0%

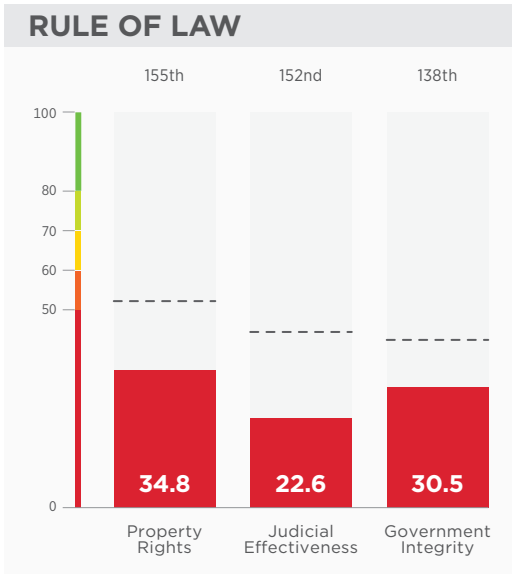
FDI INFLOW:
 \$1.5 billion

PUBLIC DEBT:
 64.9% of GDP

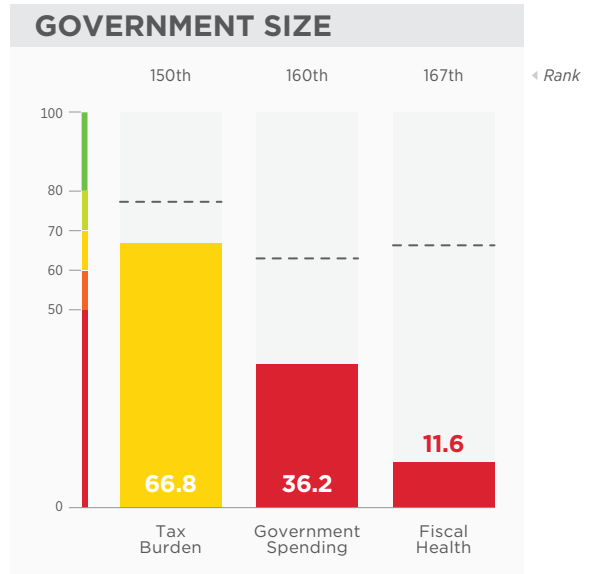
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: The Republic of Congo became independent from France in 1960. Denis Sassou-Nguesso seized power in 1979 and governed the country as a Marxist-Leninist state before allowing a multi-party election in 1992. He lost that election to Pascal Lissouba, seized power again following a 1997 civil war, and then won flawed elections in 2002, 2009, and 2016. In 2015, the country held a referendum that modified the constitutional limits on a president's age and the number of terms he could serve, allowing Sassou-Nguesso to run again. Congo is one of sub-Saharan Africa's largest oil producers, but lack of infrastructure prevents exploitation of its natural gas reserves and hydropower potential.

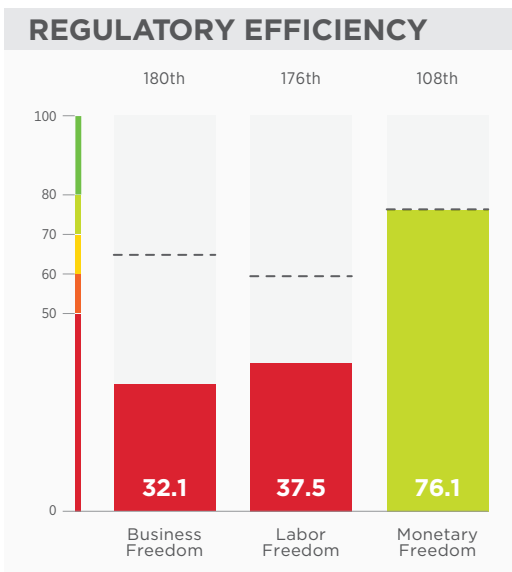
12 ECONOMIC FREEDOMS | REPUBLIC OF CONGO



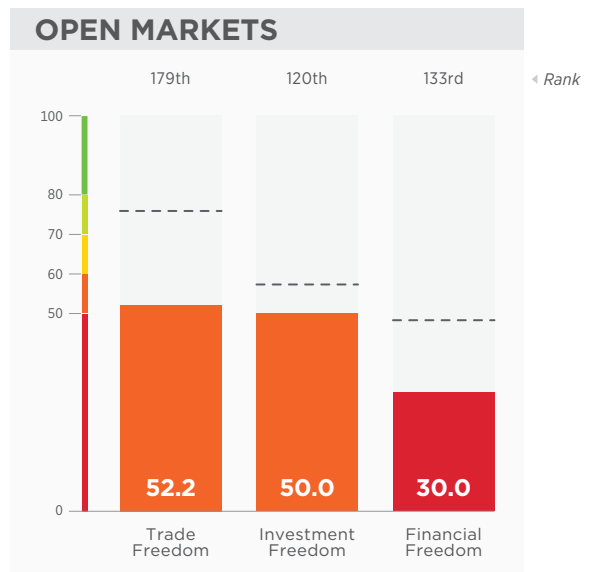
Contract terms are not transparent, and “informal” tax collectors regularly solicit bribes. The judiciary is underfunded and crippled by institutional weakness and a lack of technical capability. Corruption remains pervasive in Congo. The state oil company is directly controlled by the president’s family and advisers. In late 2015, because of suspected ill-gotten wealth, French judges ordered the seizure of properties tied to the president’s family.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 34 percent. Other taxes include a value-added tax and a tax on rental values. The overall tax burden equals 11.7 percent of total domestic income. Government spending has amounted to 46.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.1 percent of GDP. Public debt is equivalent to 64.9 percent of GDP.



The regulatory environment continues to be characterized by bureaucracy and a lack of transparency. Existing regulations are not enforced effectively. A modern labor market has not been developed, and the public sector remains the largest source of formal employment. In advance of the March 2016 presidential election, the government rejected IMF recommendations that it reduce spending on energy subsidies.



Trade is extremely important to the Republic of Congo’s economy; the value of exports and imports taken together equals 166 percent of GDP. The average applied tariff rate is 16.4 percent. In general, the government does not screen or discriminate against foreign investment. The underdeveloped financial sector remains hampered by state interference. Bank development has been stunted by poor management and nonperforming loans.

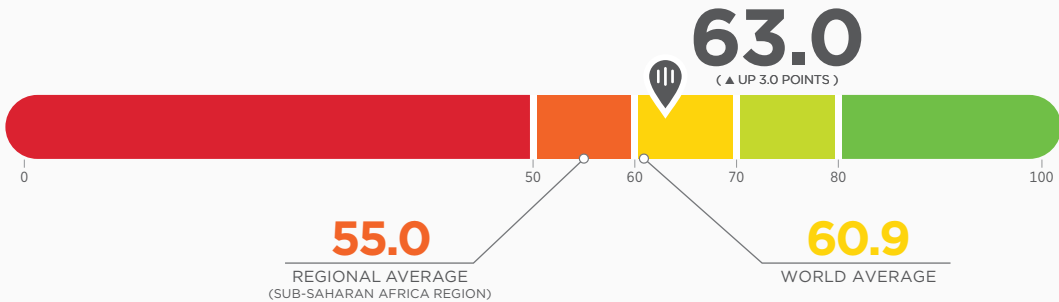
CÔTE D'IVOIRE

Côte d'Ivoire's economic expansion has been notable, with a robust GDP growth rate averaging around 6 percent over the past five years. The government has undertaken much-needed reforms to maintain and further enhance the potential for growth. These measures include strengthening management of public finances and regulatory reforms to foster the emergence of a more dynamic private sector. Fiscal policy has focused on promoting investment and funding other development needs.

Effective implementation of deeper institutional reforms related to the rule of law remains critical to reinforcing vibrant economic growth. Protection of property rights and anticorruption measures are not enforced effectively, and the judiciary remains vulnerable to political influence.



ECONOMIC FREEDOM SCORE

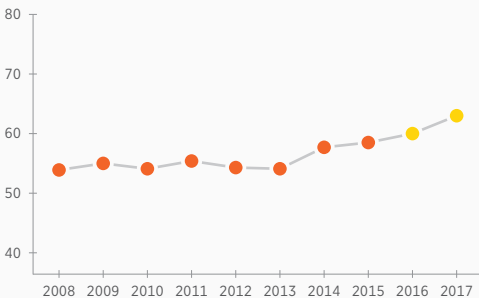


NOTABLE SUCCESSES:
Fiscal Policy and Investment Freedom

CONCERNS:
Rule of Law and Labor Freedom

OVERALL SCORE CHANGE SINCE 2013:
+8.9

FREEDOM TREND



QUICK FACTS

POPULATION:
23.3 million

GDP (PPP):
\$78.6 billion
8.6% growth in 2015
5-year compound annual growth 6.3%
\$3,316 per capita

UNEMPLOYMENT:
9.5%

INFLATION (CPI):
1.2%

FDI INFLOW:
\$430.2 million

PUBLIC DEBT:
34.7% of GDP

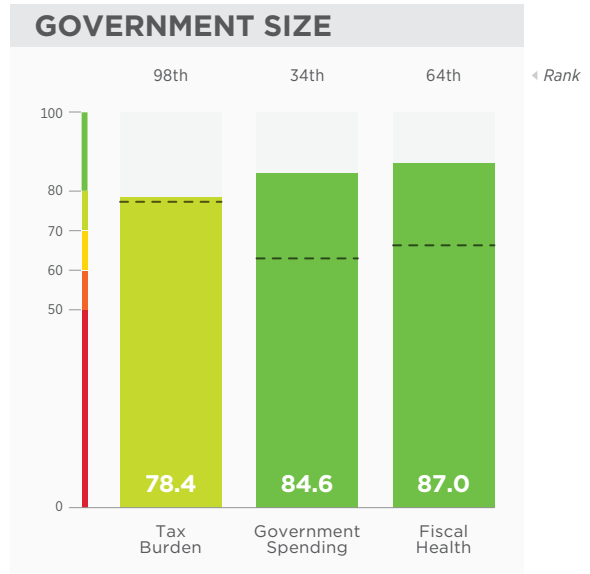
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: In 2002, Côte d'Ivoire plunged into a civil war that lasted until peace largely returned in 2007, when rebel leader Guillaume Soro joined President Laurent Gbagbo's government as prime minister. After the 2010 presidential elections, Gbagbo refused to surrender power to internationally recognized winner Alassane Ouattara. U.N. and French forces removed Gbagbo, who is now facing trial at The Hague on charges of crimes against humanity. Ouattara won a second term in late 2015, and the U.N. plans to withdraw its troops by April 2017. Côte d'Ivoire is West Africa's second-largest economy and a leading producer of cocoa and cashews.

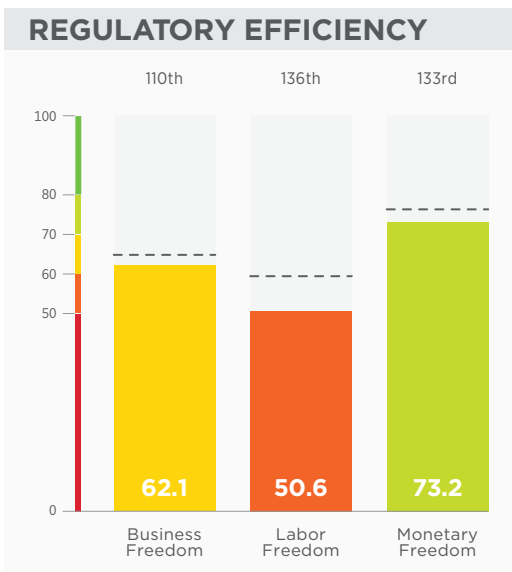
12 ECONOMIC FREEDOMS | CÔTE D'IVOIRE



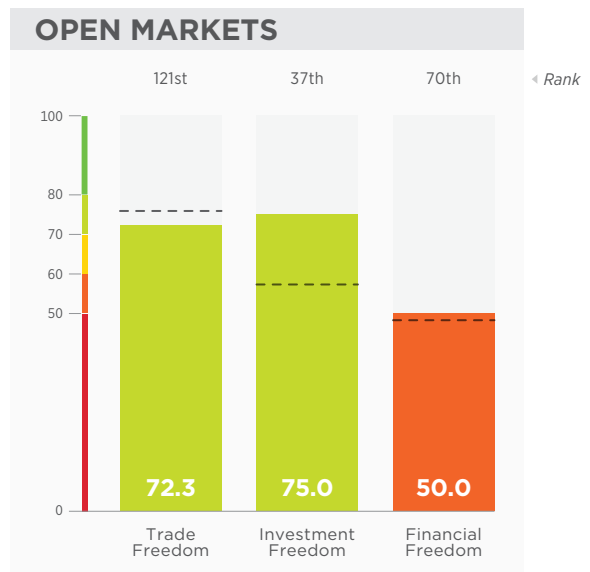
Protection of property rights is fragile, and land titles are rare outside of urban areas, although the introduction of new alternative dispute resolution mechanisms has made it easier to enforce contracts. The judiciary is not independent, and judges are highly susceptible to external interference and bribes. Corruption persists in the judiciary, the police, the military, customs, contract awards, tax offices, and other government institutions.



The top individual income tax rate is 36 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax and a tax on interest. The overall tax burden equals 15.5 percent of total domestic income. Government spending has amounted to 22.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 34.7 percent of GDP.



Considerable effort has been made to modernize the regulatory framework. The business start-up process has become more straightforward, and minimum capital requirements have been reduced. The nonsalary cost of employing a worker is relatively low. To lessen dependence on cocoa, the government encourages crop diversification by guaranteeing high prices for other crops while still guaranteeing a minimum price to cocoa farmers.



Trade is important to Côte d'Ivoire's economy; the value of exports and imports taken together equals 88 percent of GDP. The average applied tariff rate is 6.3 percent. The government does not screen or discriminate against most foreign investment. The financial system is dominated by banking, which, despite some modernization and restructuring, still lacks the capacity to support rapid private-sector growth.

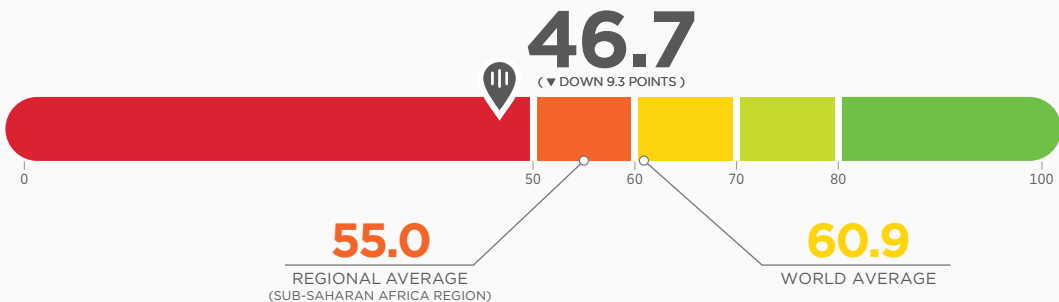
DJIBOUTI

Djibouti's economy is driven mainly by services, with industry accounting for less than 20 percent of GDP. Economic activity is centered on port facilities, the railway, and military bases. Increased investment, particularly in construction and port operations, has led to relatively high economic growth in recent years.

Institutional weaknesses such as poor governance and the lack of a sound judicial framework severely undercut vibrant economic expansion and constrain long-term economic development. Corruption continues to raise the cost of doing business. Open-market policies related to free trade and the free flow of capital are not deeply rooted in the economic system.

WORLD RANK: **171**
REGIONAL RANK: **43**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE

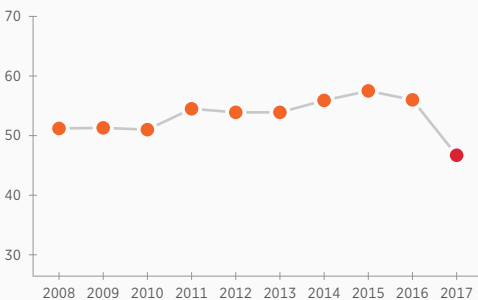


NOTABLE SUCCESSES:
Investment Freedom and
Monetary Stability

CONCERNS:
Rule of Law, Fiscal Health, and
Government Spending

**OVERALL SCORE CHANGE
SINCE 2013:**
-7.2

FREEDOM TREND



QUICK FACTS

POPULATION:
1.0 million

GDP (PPP):
\$3.1 billion
6.5% growth in 2015
5-year compound
annual growth 5.9%
\$3,204 per capita

UNEMPLOYMENT:
53.9%

INFLATION (CPI):
2.1%

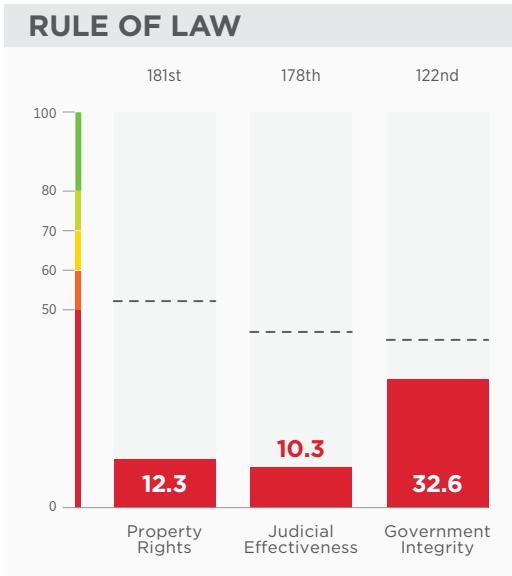
FDI INFLOW:
\$124.0 million

PUBLIC DEBT:
55.5% of GDP

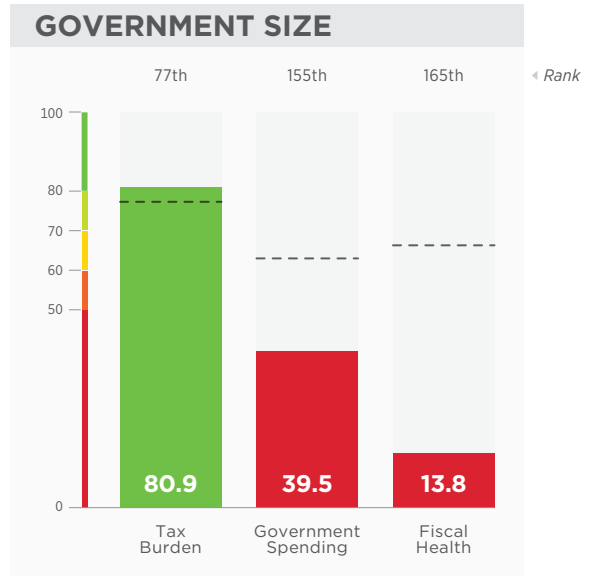
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: President Ismael Omar Guelleh was reelected by a landslide to a fourth term in 2016 after getting parliament in 2010 to change a constitutional prohibition against more than two terms. Djibouti's strategic location at the mouth of the Red Sea makes its port facilities and railway key assets. The U.S. has its only permanent African base in Djibouti, and France and Japan have a military presence there as well. In early 2016, China began building "support facilities" for its army and navy in the port town of Obock. Djibouti has few natural resources and imports most of its food. The government relies on foreign assistance to finance development projects.

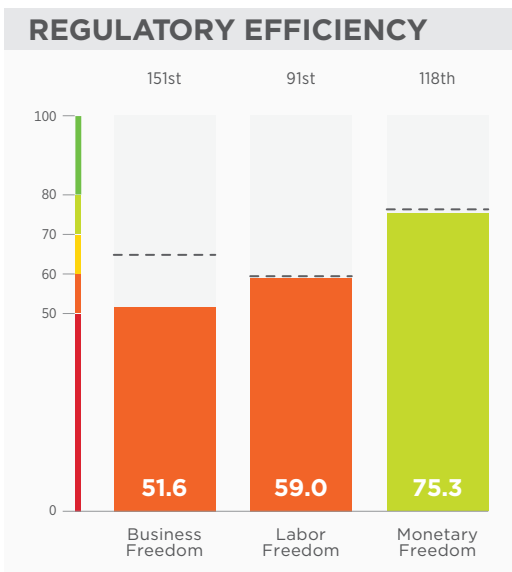
12 ECONOMIC FREEDOMS | DJIBOUTI



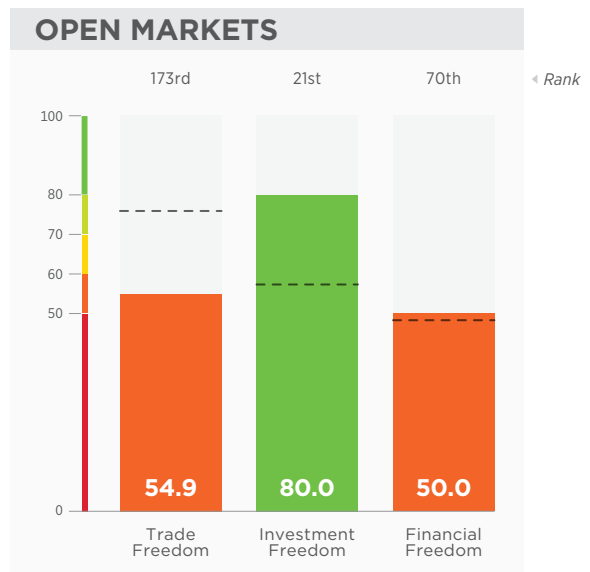
Protection of private property is weak. Judicial proceedings and trials are time-consuming, prone to corruption, and politically manipulated. Sharia law prevails in family matters. Power remains heavily concentrated in the president's hands, and repression of political opposition has increased. Public officials do not have to disclose their assets. Government corruption is a serious problem, and efforts to curb it have had little success.



The top personal income tax rate is 30 percent, and the top corporate tax rate is 25 percent. Other taxes include a property tax and an excise tax. The overall tax burden equals 19.6 percent of total domestic income. Government spending has amounted to 44.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 11.5 percent of GDP. Public debt is equivalent to 55.5 percent of GDP.



The regulatory system's lack of transparency and clarity injects considerable uncertainty into entrepreneurial decision-making. A modern labor market has not been fully developed. In 2016, the government and the Saudi Arabia-based Islamic Trade Finance Corporation, a subsidiary of the Islamic Development Bank, signed a \$75 million agreement that the IMF warns will probably be used to finance Djibouti's fuel subsidies.



Trade is important to Djibouti's economy; the value of exports and imports taken together equals 58.7 percent of GDP. The average applied tariff rate is 17.6 percent. State-owned enterprises distort the economy. Credit is generally allocated on market terms, but access to credit for entrepreneurial activity is still limited by high costs and the lack of other available financing instruments.

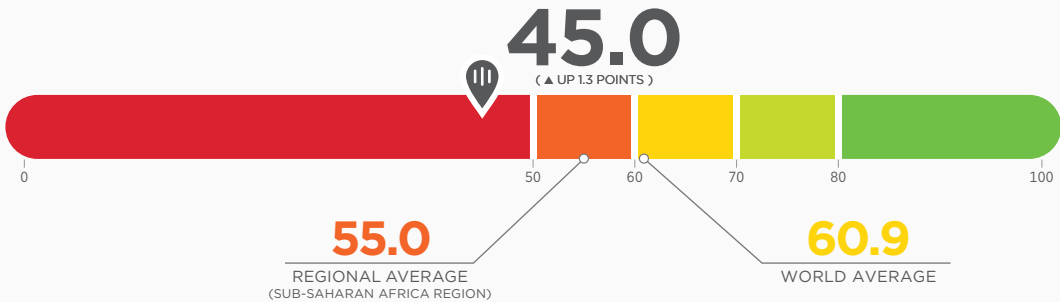
EQUATORIAL GUINEA

Oil has been the major source of high economic growth in Equatorial Guinea over the past five years. Overall economic development has been uneven, and poverty remains daunting. Privatization and liberalization half-measures have made little difference, and improving the investment and business climate remains an urgent priority.

Persistent institutional weaknesses impede development of a more vibrant private sector. Pervasive corruption and onerous regulations are major hurdles for foreign and domestic investment. The rule of law is weak, and private property is vulnerable to bureaucratic interference and even expropriation. Restrictive labor laws hamper employment and productivity growth. It is estimated that more than half of the workforce is employed in the informal economy.



ECONOMIC FREEDOM SCORE

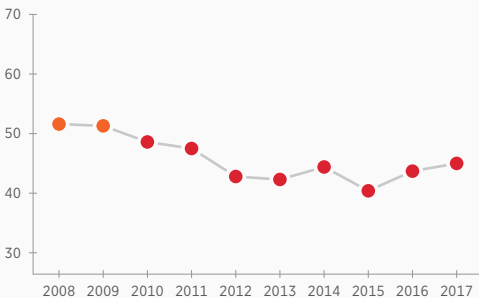


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law, Fiscal Health, and Open Markets

OVERALL SCORE CHANGE SINCE 2013:
+2.7

FREEDOM TREND



QUICK FACTS

POPULATION:
0.8 million

GDP (PPP):
\$25.4 billion
-12.2% growth in 2015
5-year compound annual growth -2.3%
\$31,758 per capita

UNEMPLOYMENT:
9.4%

INFLATION (CPI):
3.2%

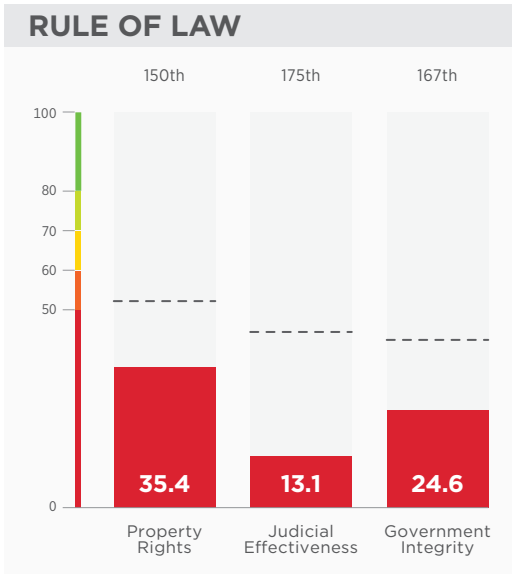
FDI INFLOW:
\$316.2 million

PUBLIC DEBT:
20.1% of GDP

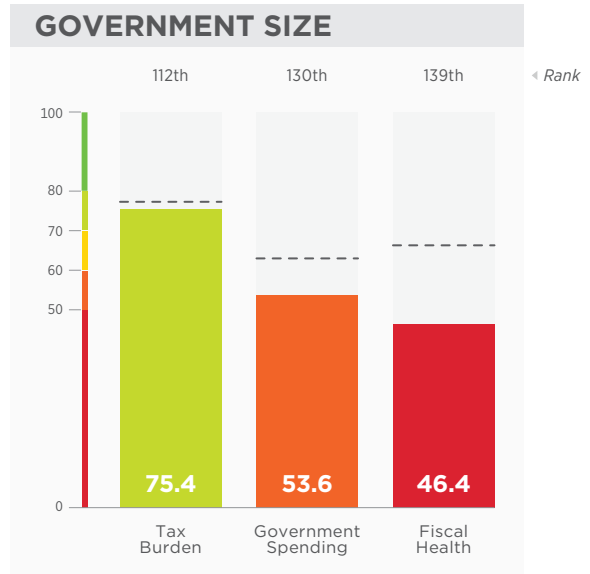
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: President Teodoro Obiang Nguema Mbasogo seized power from his uncle in a coup in 1979. He most recently won reelection in April 2016 with 93 percent of the vote, a result that the opposition protested as fraudulent. In 2014, more than \$30 million in assets allegedly purchased with embezzled funds was seized from Obiang's son by U.S. authorities. Human rights organizations criticize Obiang for similarly enriching himself through corrupt practices. Equatorial Guinea is one of Africa's fastest-growing economies and sub-Saharan Africa's third-largest oil producer. The government is trying to diversify its economy by developing its agricultural, fishing, financial services, and tourism sectors.

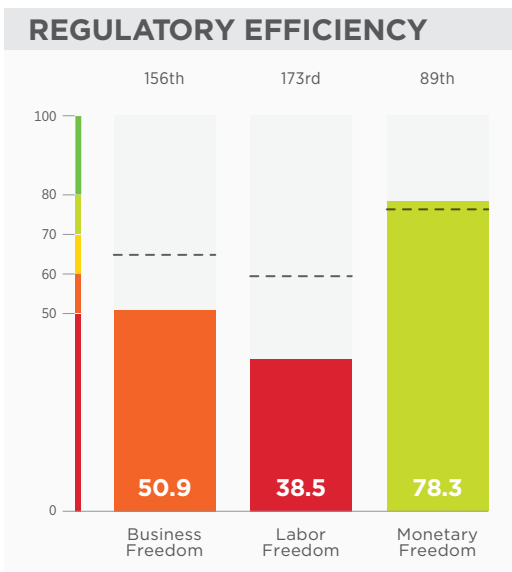
12 ECONOMIC FREEDOMS | EQUATORIAL GUINEA



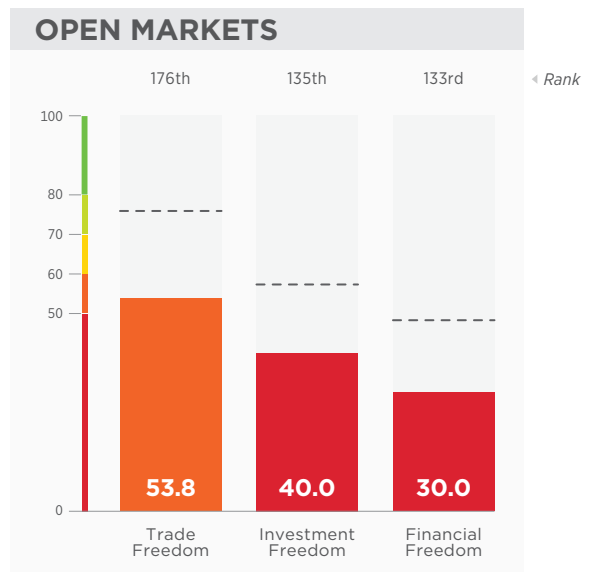
Property rights are enforced selectively. Despite laws regarding the rights of property owners, the government can seize land with very little, if any, due process. Because the president is also the chief magistrate, the judicial system is not independent. Graft and nepotism are rampant. The government views domestic private firms without links to the regime as suspicious.



The top personal income and corporate tax rates are 35 percent. Other taxes include a value-added tax and a tax on inheritance. The overall tax burden equals 2.8 percent of total domestic income. Government spending has amounted to 39.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.7 percent of GDP. Public debt is equivalent to 20.1 percent of GDP.



Cumbersome procedures and high compliance costs slow licensing and make starting a business more difficult. Existing labor regulations are outdated and create challenging barriers to hiring. During the commodity boom, the government misused its substantial oil revenues to subsidize strategic sectors; now government revenues have plummeted as a result of plunging global oil prices and poor management of the oil sector.



Trade is extremely important to Equatorial Guinea's economy; the value of exports and imports taken together equals 178 percent of GDP. The average applied tariff rate is 15.6 percent. Weak regulatory and judicial systems may discourage foreign investment. Credit costs are high, and access to financing is limited. The government controls long-term lending through the state-owned development bank.

ERITREA

WORLD RANK:

176

REGIONAL RANK:

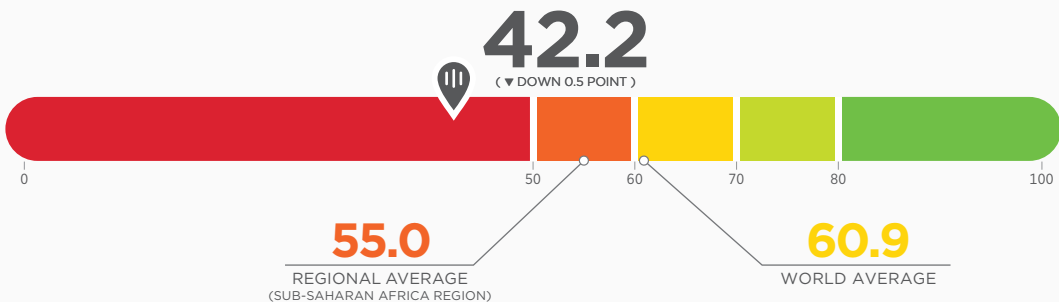
46

ECONOMIC FREEDOM STATUS:
REPRESSED

Economic mismanagement and structural anomalies that severely undermine private-sector development have impeded productivity growth, dynamism, and overall economic growth in Eritrea. Long-standing structural problems include poor management of public finance and underdeveloped legal and regulatory frameworks.

Poor governance and the lack of commitment to reforms continue to hamper economic freedom in Eritrea. Monetary stability remains fragile, and inflation is very high, largely reflecting excessive money creation to fund fiscal deficits. Arbitrary taxation, poor infrastructure, marginal enforcement of property rights, and weak rule of law have driven many people and enterprises into the informal sector.

ECONOMIC FREEDOM SCORE

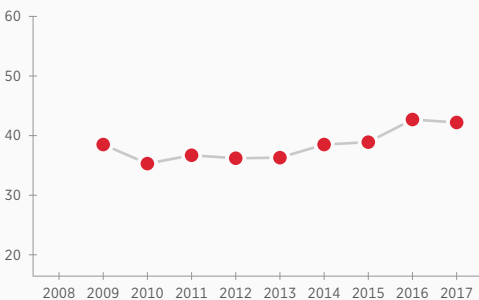


NOTABLE SUCCESSES:
Labor Freedom

CONCERNS:
Fiscal Health, Open Markets, and
Rule of Law

**OVERALL SCORE CHANGE
SINCE 2013:**
+5.9

FREEDOM TREND



QUICK FACTS

POPULATION:
6.8 million

GDP (PPP):
\$8.7 billion
4.8% growth in 2015
5-year compound
annual growth 5.7%
\$1,297 per capita

UNEMPLOYMENT:
8.4%

INFLATION (CPI):
9.0%

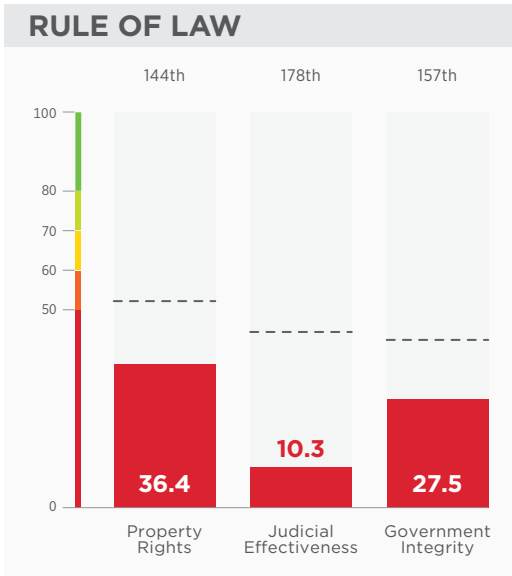
FDI INFLOW:
\$49.3 million

PUBLIC DEBT:
127.1% of GDP

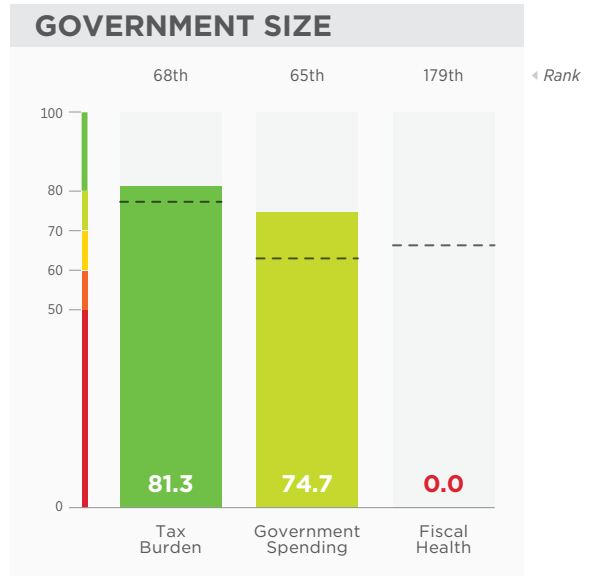
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Isaias Afwerki has ruled this one-party state since 1993, when it voted for independence from Ethiopia after winning a 30-year war with its southern neighbor. A border dispute between Ethiopia and Eritrea occasionally flares into conflict, most recently in June 2016. According to the Committee to Protect Journalists, Eritrea is the world's most censored country, and the U.N. Human Rights Council determined in 2016 that the government was guilty of crimes against humanity, a finding that the Eritrean government rejects. Eritrea is also subject to U.N. military and economic sanctions for allegedly supporting armed groups in the Horn of Africa. Copper and gold are important exports, but military spending drains resources from the development of public infrastructure.

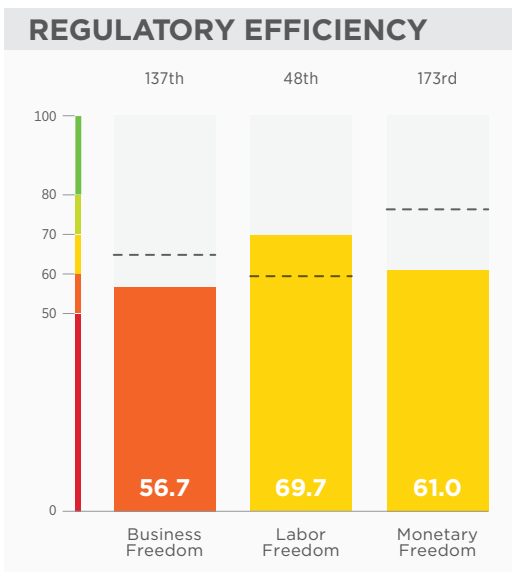
12 ECONOMIC FREEDOMS | ERITREA



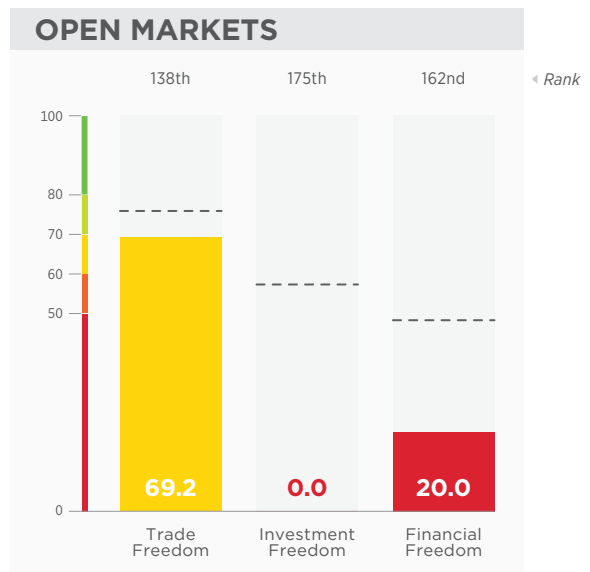
Protection of property rights is poor, and the state often expropriates private property without due process or compensation. The politicized judiciary, understaffed and unprofessional, has never ruled against the government. The one-party state, ruled by the autocratic regime of the president and his small circle of senior advisers and military commanders, is widely regarded as one of the world's most repressive. Corruption is a major problem.



The top personal income and corporate tax rates are 30 percent. The overall tax burden is estimated to equal about 10 percent of total domestic income, but taxation remains erratic. Government spending has amounted to 29 percent of total output (GDP) over the past three years, and budget deficits have averaged 14.6 percent of GDP. Public debt is equivalent to 127.1 percent of GDP.



The overall regulatory regime remains severely outdated and is not conducive to entrepreneurial activity. Procedures for establishing and running a business are opaque and costly. Monetary stability has been weak. Labor regulations are not enforced effectively in the absence of a well-functioning labor market. Subsidies and price controls have been a core feature of Eritrea's command economy.



Trade is important to Eritrea's economy; the value of exports and imports taken together equals 52.9 percent of GDP. The average applied tariff rate is 5.4 percent. Foreign investment in several sectors of the economy is restricted, and state-owned enterprises distort the economy. The financial system remains very underdeveloped. All banks are majority-owned by the state, and private-sector involvement remains limited.

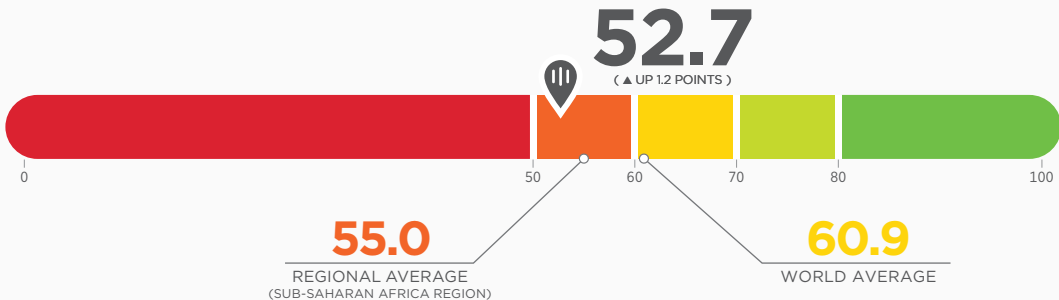
ETHIOPIA

Despite the global economic downturn, Ethiopia's economy has recorded annual economic expansion of around 10 per cent over the past five years, facilitated by improved infrastructure and more effective mining and farming techniques. However, growth remains highly vulnerable to external shocks.

Progress toward greater economic freedom has been uneven. Ethiopia underperforms in many key areas that are critical to long-term economic development. The business and investment regime is burdensome and opaque. The poor quality and efficiency of government services are made worse by weak rule of law and pervasive corruption. State distortions in prices and interest rates undermine monetary stability.

WORLD RANK: **142** | REGIONAL RANK: **31**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

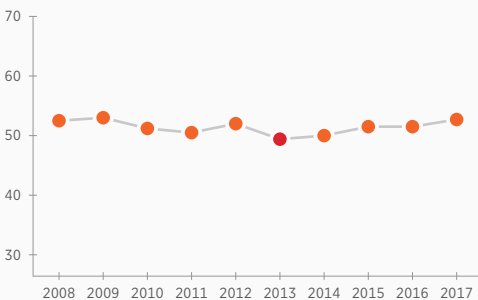


NOTABLE SUCCESSES:
 Trade Freedom

CONCERNS:
 Rule of Law, Investment Freedom,
 and Financial Freedom

**OVERALL SCORE CHANGE
 SINCE 2013:**
 +3.3

FREEDOM TREND



QUICK FACTS

POPULATION:
 93.0 million

GDP (PPP):
 \$161.6 billion
 10.2% growth
 in 2015
 5-year compound
 annual growth 10.1%
 \$1,801 per capita

UNEMPLOYMENT:
 5.5%

INFLATION (CPI):
 10.1%

FDI INFLOW:
 \$2.2 billion

PUBLIC DEBT:
 48.6% of GDP

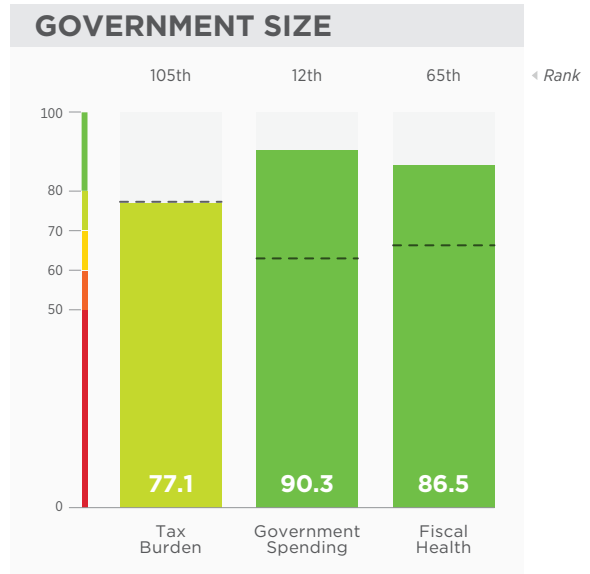
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Prime Minister Hailemariam Desalegn's political coalition claimed all 547 seats in May 2015 parliamentary elections held in an atmosphere of government intimidation. Little remains of democracy since the passage of laws that repress political opposition, tighten control of civil society, suppress independent media, and control online activity. Demonstrations by the marginalized Oromo tribe against government plans to expand the capital city of Addis Ababa into Oromo lands flared again in late 2015 and into 2016, with security personnel allegedly killing hundreds of protesters. Ethiopia's long-running border dispute with Eritrea led to a sharp military engagement between the two countries in June 2016. Strong economic growth has reduced the percentage of the population living in poverty.

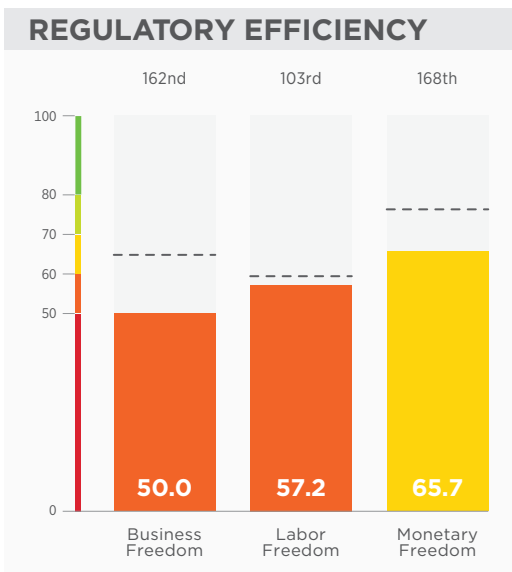
12 ECONOMIC FREEDOMS | ETHIOPIA



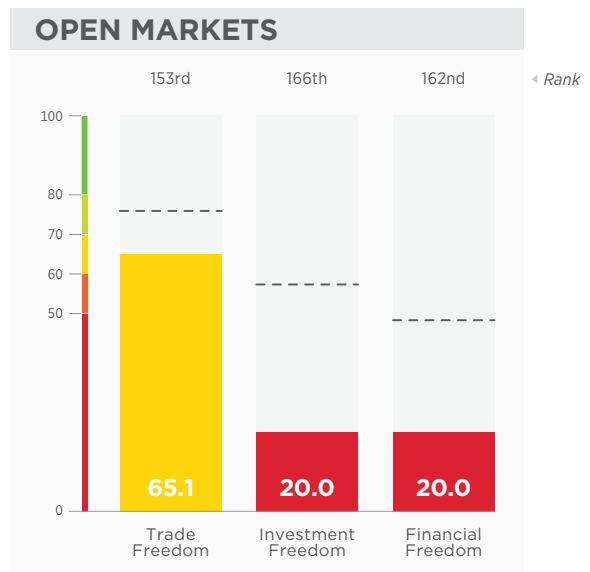
The state retains ownership of all land, with use rights for landholders. The judiciary is officially independent, but its judgments rarely deviate from government policy. Corruption remains a significant problem. Ruling Ethiopian People's Revolutionary Democratic Front officials who dominate state institutions reportedly enjoy preferential access to credit, land leases, and jobs. Lower-level officials solicit bribes in return for processing documents.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden equals 12.7 percent of total domestic income. Government spending has amounted to 18 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.3 percent of GDP. Public debt is equivalent to 48.6 percent of GDP.



Establishing a business has become less time-consuming, but other regulatory requirements remain opaque, increasing the cost of conducting business. The underdeveloped labor market hinders employment growth, trapping much of the labor force in the informal economy. The IMF has recommended that indirect subsidies be replaced with direct transfers to increase efficiency in addressing the needs of the most vulnerable households.



Trade is moderately important to Ethiopia's economy; the value of exports and imports taken together equals 37 percent of GDP. The average applied tariff rate is 10.0 percent. Ethiopia is not a member of the World Trade Organization. All land belongs to the state. The government influences lending and funds state-led development projects. The state has allowed the private sector to participate in banking but restricts foreign ownership.

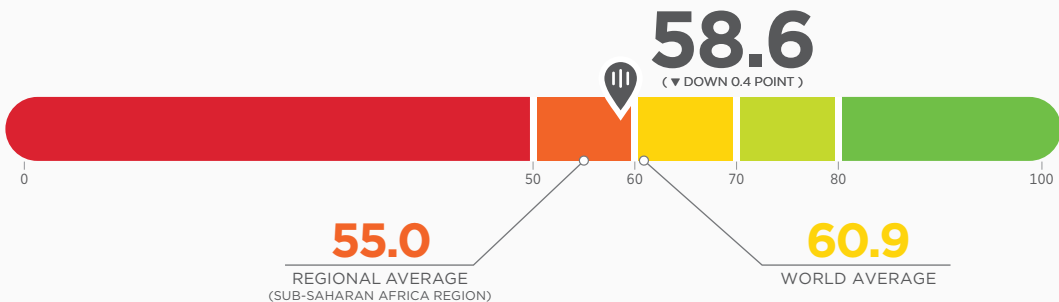
GABON

Economic growth in Gabon has slowed. The government's continued reliance on oil revenue has led to budget shortfalls, and efforts to encourage diversification are underway. However, efforts to improve the business environment, reduce regulations, and increase investment have progressed inconsistently. Recent increases in economic freedom have not reached the greater population, and many of Gabon's people remain in poverty.

The regulatory structure remains highly bureaucratic. Investment restrictions and the rigid system for starting an enterprise make it difficult to do business. Competitiveness is hindered by costly tariffs and nontariff barriers. The legal process is slow and cumbersome, and the judiciary lacks independence and consistency when applying the law.

WORLD RANK: **103** | REGIONAL RANK: **13**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

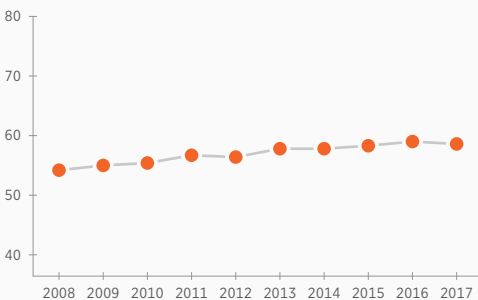


NOTABLE SUCCESSES:
 Monetary Stability, Government Spending, and Fiscal Policy

CONCERNS:
 Rule of Law, Business Freedom, and Open Markets

OVERALL SCORE CHANGE SINCE 2013:
 +0.8

FREEDOM TREND



QUICK FACTS

POPULATION:
 1.6 million

GDP (PPP):
 \$34.6 billion
 4.0% growth in 2015
 5-year compound annual growth 5.3%
 \$18,639 per capita

UNEMPLOYMENT:
 20.5%

INFLATION (CPI):
 0.1%

FDI INFLOW:
 \$623.9 million

PUBLIC DEBT:
 43.9% of GDP

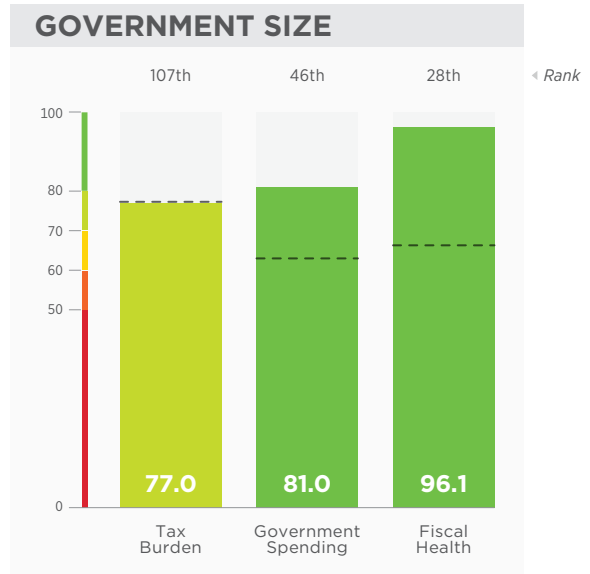
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: In 2009, Ali Bongo Ondimba became president, succeeding his father, Omar Bongo, who had ruled Gabon for more than 40 years. Opposition leaders accused the Bongo family of electoral fraud to ensure dynastic succession. In 2011, Bongo's Gabonese Democratic Party (PDG) took 95 percent of the seats in parliamentary elections that were boycotted by the opposition. There are no presidential term limits in Gabon, and Bongo secured his second seven-year term in the heavily disputed August 2016 elections. Due to the oil wealth of a few, Gabon has one of Africa's highest average per capita incomes, but most Gabonese are poor.

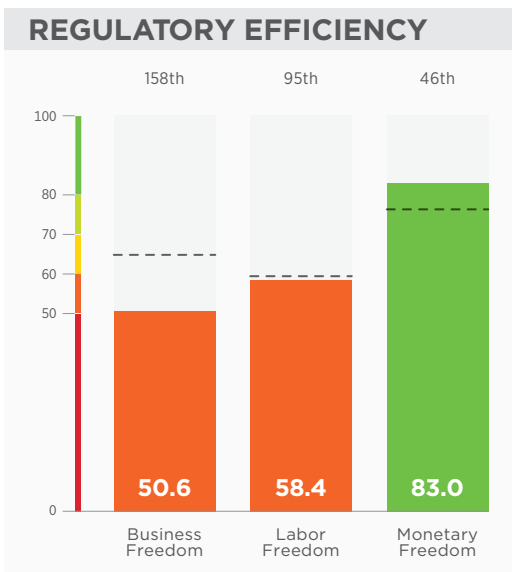
12 ECONOMIC FREEDOMS | GABON



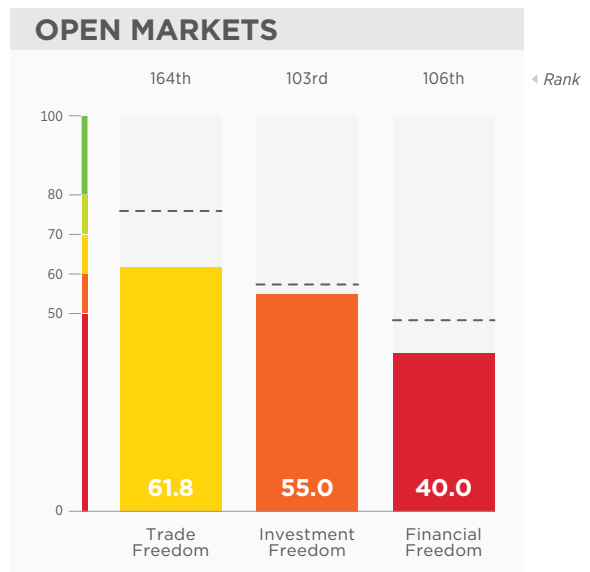
Protection of property rights and contracts is not strongly enforced. The judiciary is inefficient and not independent. Public frustration with the dominant PDG party's cronyism grew during the boom years, when increased petroleum revenues failed to produce improved living standards for much of the population because of rampant corruption. Payoffs are common in the commercial and business arenas, particularly in the energy sector.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax. The overall tax burden equals 13.1 percent of total domestic income. Government spending has amounted to 25.2 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.7 percent of GDP. Public debt is equivalent to 43.9 percent of GDP.



The regulatory framework still confronts potential entrepreneurs with significant bureaucratic and procedural hurdles. Labor regulations are outdated and applied inconsistently. In accordance with IMF recommendations, Gabon eliminated fuel subsidies in February 2016 after a dramatic drop in oil revenues, but the state continues to influence prices through subsidies to state-owned enterprises and direct control of the prices of other products.



Trade is important to Gabon's economy; the value of exports and imports taken together equals 74 percent of GDP. The average applied tariff rate is 14.1 percent. The government screens foreign investment, and investment is discouraged by the judicial and regulatory regimes. The underdeveloped financial sector remains state-controlled. Credit costs are high, and access to financing is scarce.

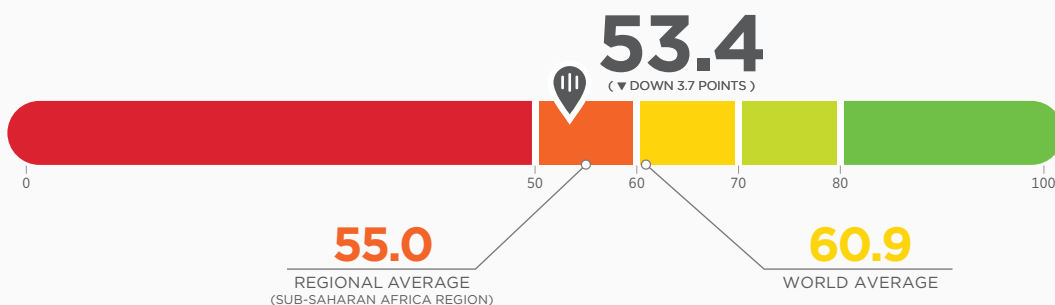
THE GAMBIA

The Gambia relies primarily on agriculture, tourism, and remittances to support its economy, leaving itself vulnerable to global market shocks. Gradual reforms in fiscal policies have helped to improve stability and growth in the economy. The Gambia has a fairly open foreign investment system, but serious government corruption and human rights issues hinder investment inflows.

Tariffs on imports, including additional duties on certain agricultural goods during harvesting season, undermine competition and decrease choices for individuals. Corruption remains pervasive, and protection of property rights is weak, undermining the rule of law. State-owned enterprises are present in many sectors, and supporting them is a major source of the government's debt.



ECONOMIC FREEDOM SCORE

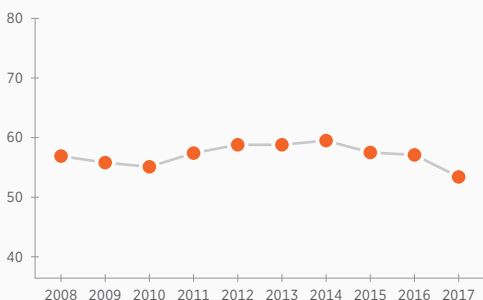


NOTABLE SUCCESSES:
Investment Freedom and Government Spending

CONCERNS:
Rule of Law, Fiscal Health, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
-5.4

FREEDOM TREND



QUICK FACTS

POPULATION:
2.0 million

GDP (PPP):
\$3.3 billion
4.4% growth in 2015
5-year compound annual growth 2.1%
\$1,646 per capita

UNEMPLOYMENT:
30.1%

INFLATION (CPI):
6.8%

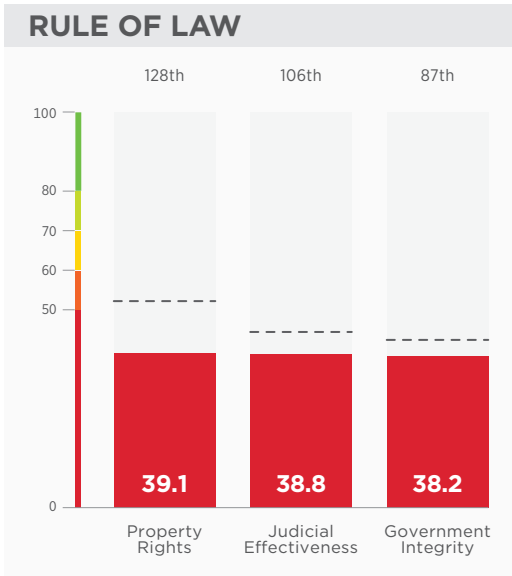
FDI INFLOW:
\$10.6 million

PUBLIC DEBT:
91.6% of GDP

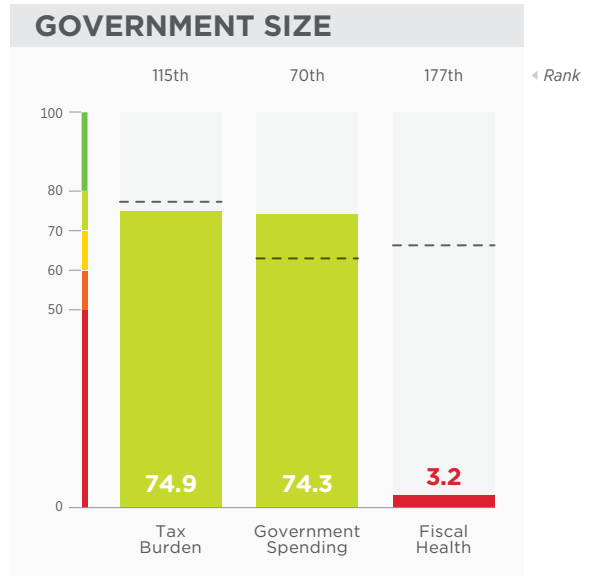
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: President Yahya Jammeh, who came to power in a bloodless coup in 1994, won his fourth term in 2011 in flawed elections. His Alliance for Patriotic Reorientation and Construction won a major victory in the 2012 legislative elections, which were boycotted by opposition parties. Despite constitutional guarantees of a number of basic rights, Jammeh's regime is one of the most authoritarian on the continent, a fact that led the U.S. to expel The Gambia from the African Growth and Opportunity Act and the Millennium Challenge Corporation. Government revenue depends heavily on peanut exports, leaving the state vulnerable to price fluctuations and market shocks.

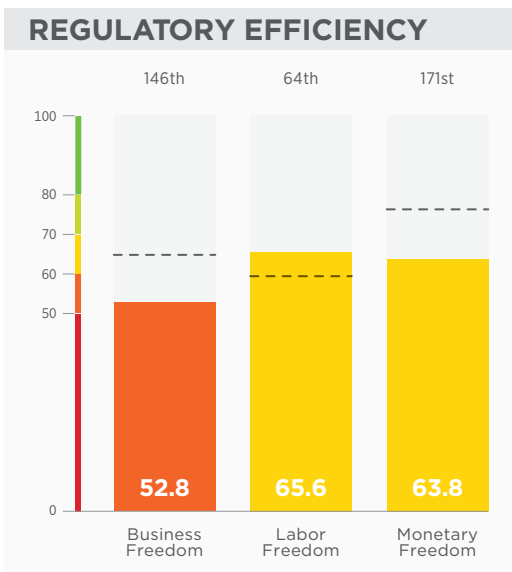
12 ECONOMIC FREEDOMS | THE GAMBIA



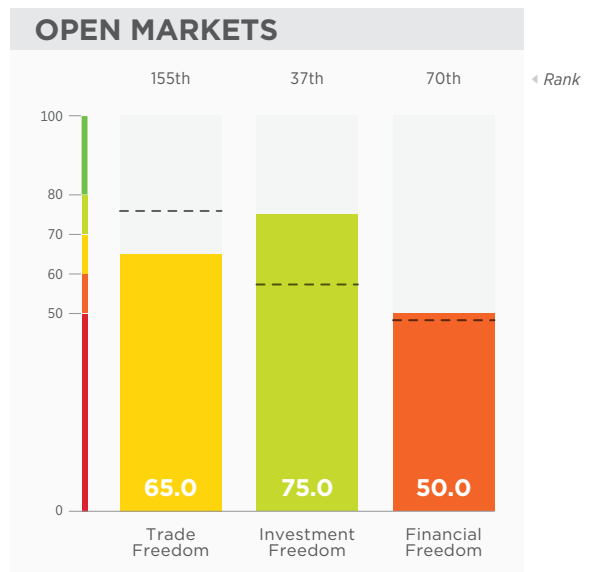
Protection of property rights is weak. There are multiple overlapping land tenure systems, and many properties are subject to expropriation by the government. Although the constitution provides for an independent judiciary, the president selects and dismisses judges, and they usually defer to his wishes. The judicial system recognizes both customary law and Sharia (Islamic) law. Official corruption and impunity are serious problems.



The top personal income tax rate is 35 percent, and the top corporate tax rate is 32 percent. Other taxes include a capital gains tax and a sales tax. The overall tax burden equals 16.1 percent of total domestic income. Government spending has amounted to 29.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.3 percent of GDP. Public debt is equivalent to 91.6 percent of GDP.



Regulatory inefficiency continues to hamper the business environment. Chronically high unemployment and underemployment persist in the inefficient labor market. The large financial deficits of the National Water and Electricity Company and other public enterprises are a particularly acute problem; in 2015, one state-owned enterprise was instructed to sell imported fertilizer at below cost.



Trade is important to The Gambia's economy; the value of exports and imports taken together equals 58 percent of GDP. The average applied tariff rate is 12.5 percent. Foreign and domestic investors are generally treated equally under the law. Credit to the private sector has gradually increased, although supervision and regulation remain deficient. Capital markets consist only of government securities; there is no stock exchange.

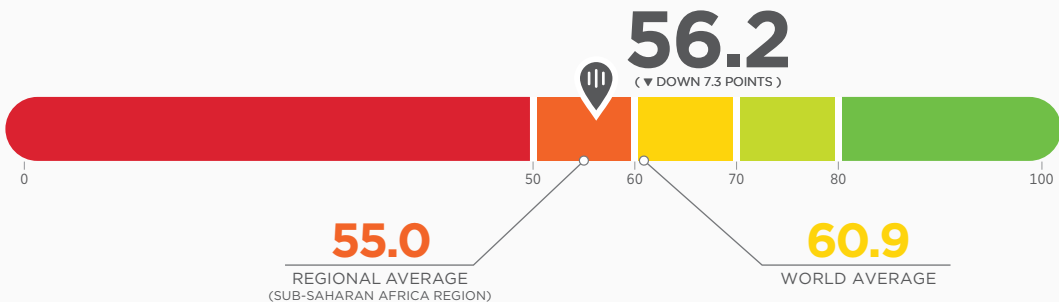
GHANA

A number of structural and institutional shortcomings still plague Ghana's economy and hold back prospects for more dynamic economic development. Continuing fiscal deficits have pushed public debt to over 70 percent of GDP, trapping the country in a cycle of debt service and borrowing.

The high burdens of government regulation and political favoritism are a drag on overall competitiveness. A cumbersome bureaucracy dissuades potential entrepreneurs and interferes with vibrant flows of goods and services. Undermining judicial effectiveness and government integrity, corruption remains unchecked by reform measures that are not enforced effectively.

WORLD RANK: **118** | REGIONAL RANK: **19**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

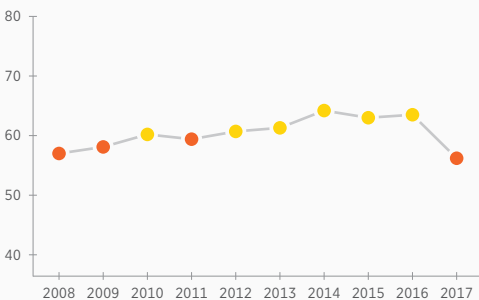


NOTABLE SUCCESSSES:
 Trade Freedom

CONCERNS:
 Rule of Law, Fiscal Health, and Labor Freedom

OVERALL SCORE CHANGE SINCE 2013:
 -5.1

FREEDOM TREND



QUICK FACTS

POPULATION:
 26.9 million

GDP (PPP):
 \$114.7 billion
 3.5% growth in 2015
 5-year compound annual growth 7.6%
 \$4,266 per capita

UNEMPLOYMENT:
 6.3%

INFLATION (CPI):
 17.2%

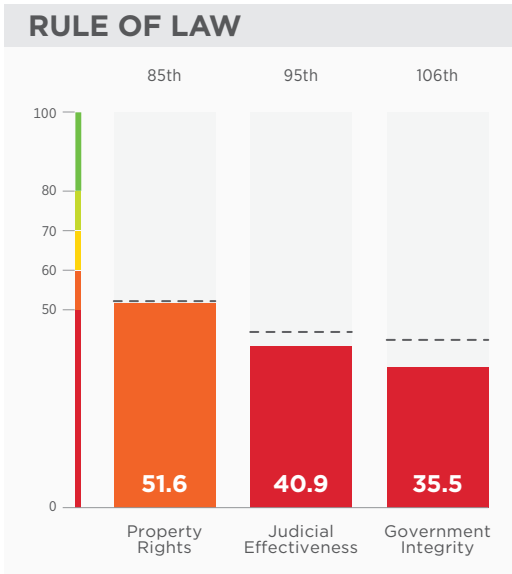
FDI INFLOW:
 \$3.2 billion

PUBLIC DEBT:
 73.3% of GDP

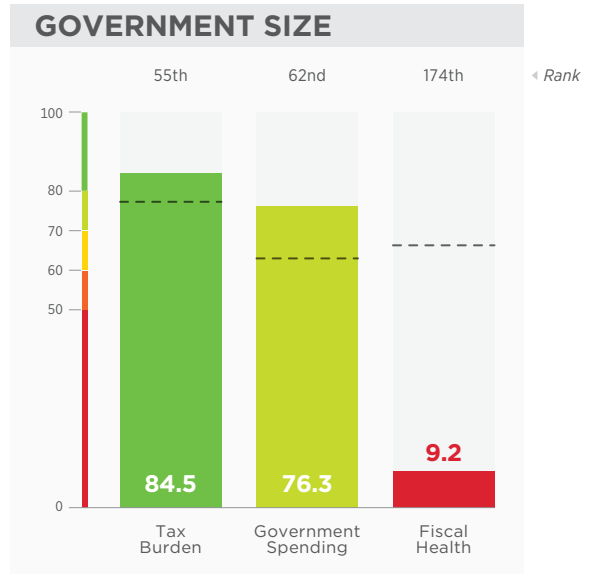
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Ghana has been a stable democracy since 1992. In December 2016, President John Dramani Mahama lost his bid for re-election to Nana Akufo-Addo. Ghana is Africa's second-biggest gold producer and second-largest cocoa producer. It is also rich in diamonds and oil. Most of its foreign debt was canceled in 2005 under the Heavily Indebted Poor Countries program, but government spending later ballooned. Coupled with plunging oil prices, this led to an economic crisis that forced the government to negotiate a \$920 million extended credit facility from the IMF in April 2015. Ghana is locked in a dispute with Côte d'Ivoire over ownership of maritime oil fields, and a final ruling from an international court is expected in 2017.

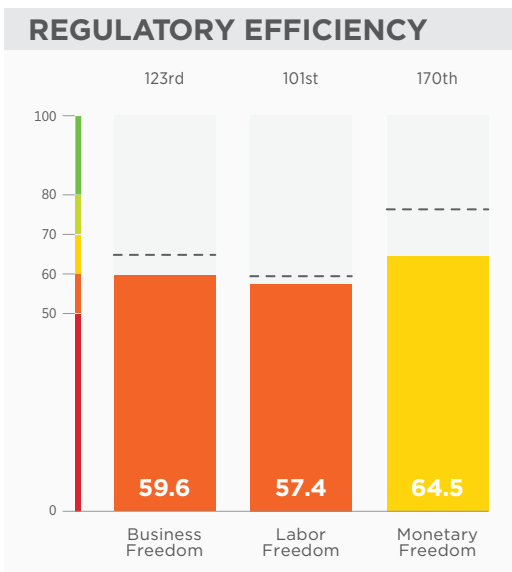
12 ECONOMIC FREEDOMS | GHANA



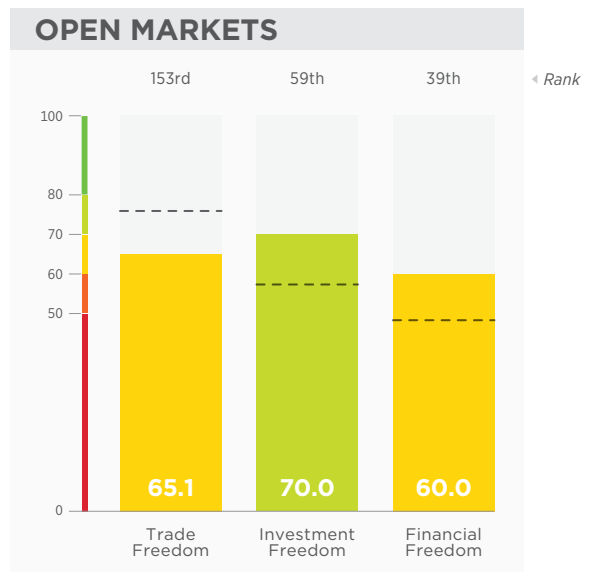
Property rights are recognized and enforced, but the process for obtaining clear title to land is often difficult, complicated, and lengthy. Scarce resources compromise and delay the judicial process, and poorly paid judges are tempted by bribes. Political corruption continues to be a problem despite robust legal and institutional frameworks to combat it, active media coverage, and the government's willingness to investigate major scandals.



The top personal income and corporate tax rates are 25 percent. Other taxes include a value-added tax, a national health insurance levy, and a capital gains tax. The overall tax burden equals 17.2 percent of total domestic income. Government spending has amounted to 28.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 10.0 percent of GDP. Public debt is equivalent to 73.3 percent of GDP.



Recent years' reforms have yielded reductions in the number of bureaucratic procedures, but the overall process for establishing and running a private enterprise is cumbersome. Labor regulations remain restrictive and outmoded. The government slashed electricity and water subsidies late in 2015 and reduced fuel subsidies early in 2016, but the approach of the November 2016 elections increased populist spending pressures.



Trade is important to Ghana's economy; the value of exports and imports taken together equals 99 percent of GDP. The average applied tariff rate is 10.0 percent, and foreign investment in several economic sectors is restricted. The financial system has undergone restructuring and transformation, and the supervisory framework is relatively strong. Bank credit to the private sector has increased, and capital markets are developing.

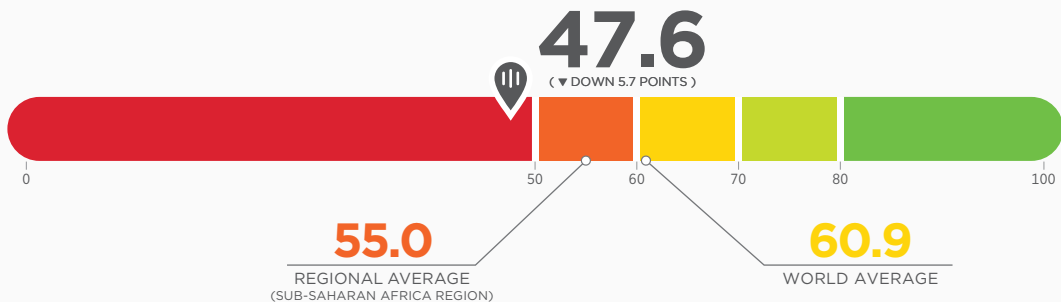
GUINEA

Advancement of economic freedom in Guinea has been uneven. Dynamic gains from relatively high openness to global trade are largely undercut by lack of progress in improving the investment regime and regulatory efficiency. The lack of a consistent commitment to structural reform continues to prevent more dynamic investment in the mining sector.

Guinea has lagged notably in promoting the effective rule of law. The judicial system remains vulnerable to political interference, and property rights are not strongly protected. Lingering corruption further undermines judicial effectiveness and government integrity, impeding more vibrant private-sector economic activity.

WORLD RANK: **169** | REGIONAL RANK: **42**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE

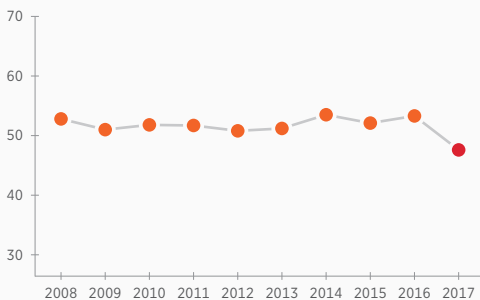


NOTABLE SUCCESSES:
 Government Spending

CONCERNS:
 Rule of Law, Fiscal Health, and
 Open Markets

**OVERALL SCORE CHANGE
 SINCE 2013:**
 -3.6

FREEDOM TREND



QUICK FACTS

POPULATION:
 11.7 million

GDP (PPP):
 \$15.0 billion
 0.1% growth in 2015
 5-year compound
 annual growth 2.2%
 \$1,214 per capita

UNEMPLOYMENT:
 1.8%

INFLATION (CPI):
 8.2%

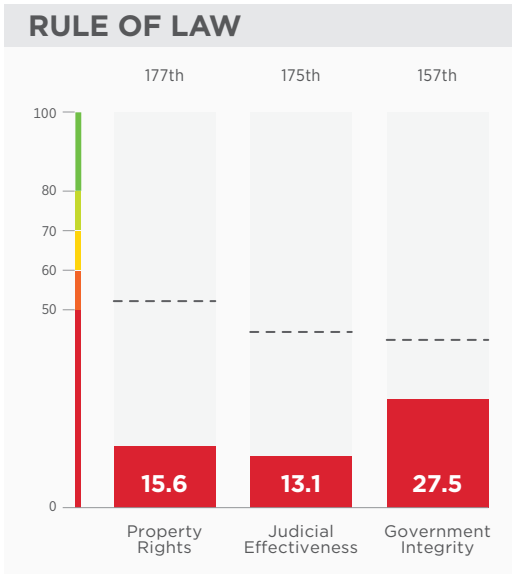
FDI INFLOW:
 \$85.0 million

PUBLIC DEBT:
 48.4% of GDP

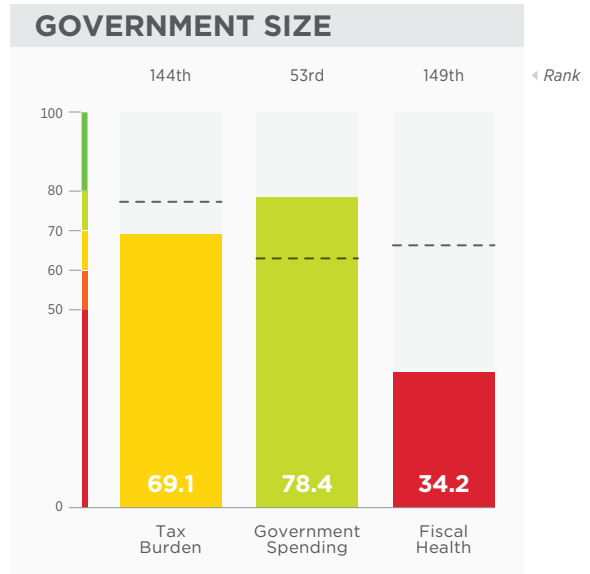
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: In 2010, Alpha Condé won Guinea's first presidential election since independence from France in 1958, but the election was marred by irregularities and political violence. Condé's Rally of the Guinean People won a majority of seats in flawed parliamentary elections in 2013, and Condé easily won a second five-year term in October 2015 in elections boycotted by the opposition. The 2014 West Africa Ebola outbreak badly damaged Guinea's health care system and economy. An ambitious recovery plan unveiled by the government in 2015 includes measures designed to rebuild the health care system and the country's infrastructure, diversify the economy, and improve governance. Guinea has two-thirds of the world's bauxite reserves and large deposits of iron ore, gold, and diamonds.

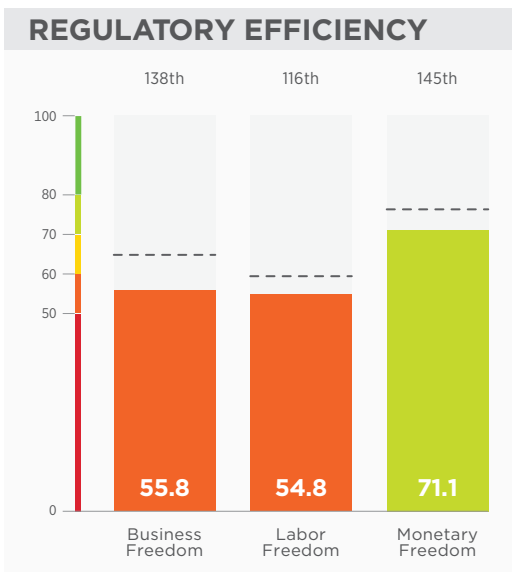
12 ECONOMIC FREEDOMS | GUINEA



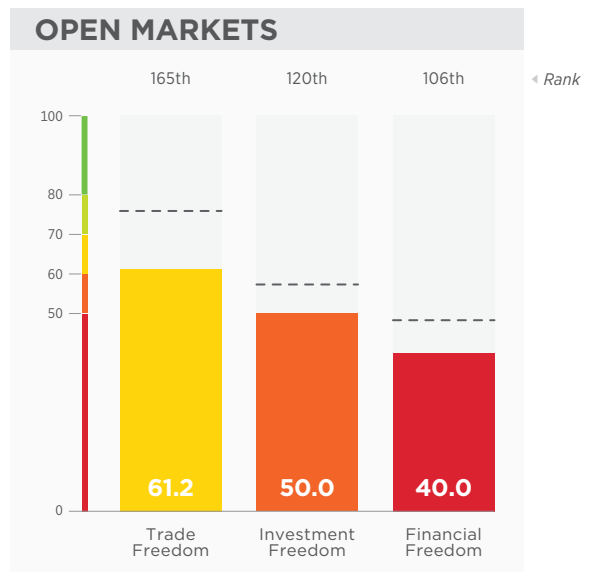
Both foreigners and citizens have the right to own property and businesses. However, enforcement of these rights depends on a corrupt and inefficient legal and administrative system. In addition, land sales and business contracts generally lack transparency. Public institutions are characterized by a pervasive culture of impunity and corruption.



The top personal income tax rate is 40 percent, and the top corporate tax rate is 35 percent. Other taxes include a value-added tax and an inheritance tax. The overall tax burden equals 16.2 percent of total domestic income. Government spending has amounted to 26.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.2 percent of GDP. Public debt is equivalent to 48.4 percent of GDP.



Private enterprises face numerous hurdles in incorporating and operating. The labor market remains underdeveloped, and the public sector still accounts for most formal employment. With inflation easing in 2016 due to lower world food and oil prices, the government resisted populist pressure to increase domestic fuel subsidies but delayed implementation of a planned automatic fuel pricing mechanism.



Trade is important to Guinea's economy; the value of exports and imports taken together equals 78 percent of GDP. The average applied tariff rate is 11.9 percent. The judicial and regulatory systems may impede foreign investment. The underdeveloped financial sector continues to provide a very limited range of services. Many people still rely on informal lending and have no bank accounts.

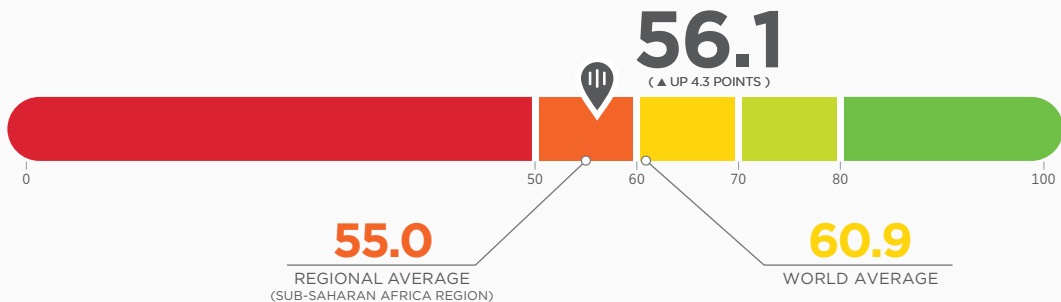
GUINEA-BISSAU

Limited attempts at structural reform have generated uneven progress in Guinea-Bissau's economic development, and any emergence of private-sector dynamism remains constrained by institutionalized weaknesses. The judicial system remains inefficient and vulnerable to political interference, and corruption is perceived as widespread.

The overall regulatory framework is not conducive to starting businesses and discourages broad-based employment growth. Potentially significant economic gains from trade continue to be undercut by the absence of progress in reforming the financial and investment sectors that are critical to sustaining efficient open markets.

WORLD RANK: **119**
REGIONAL RANK: **20**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

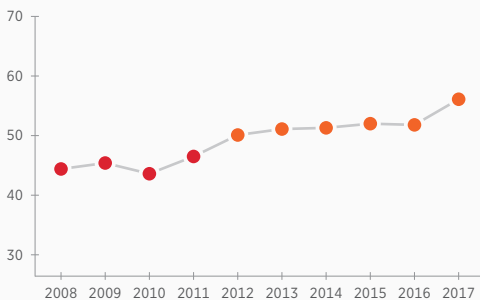


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law, Investment Freedom,
and Financial Freedom

**OVERALL SCORE CHANGE
SINCE 2013:**
+5.0

FREEDOM TREND



QUICK FACTS

POPULATION:
1.8 million

GDP (PPP):
\$2.7 billion
4.8% growth in 2015
5-year compound
annual growth 3.1%
\$1,508 per capita

UNEMPLOYMENT:
7.6%

INFLATION (CPI):
1.5%

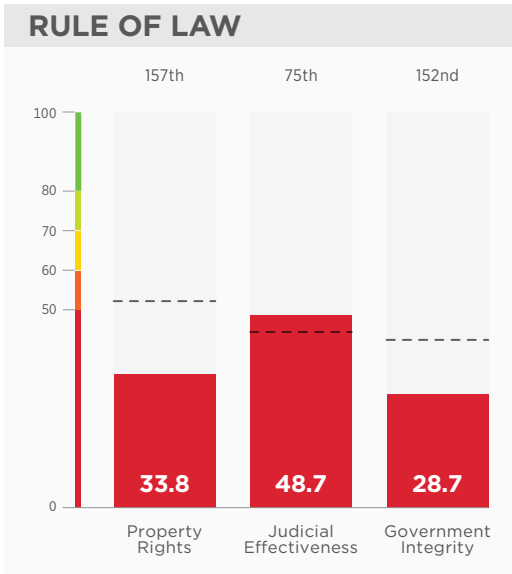
FDI INFLOW:
\$18.3 million

PUBLIC DEBT:
57.7% of GDP

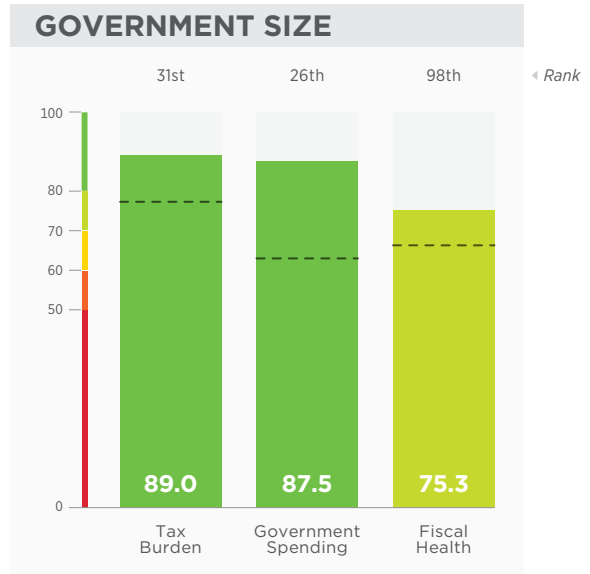
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Guinea-Bissau has been wracked by conflict since independence in 1974, including a civil war in the late 1990s and multiple military coups, most recently in April 2012. In May 2014, José Mário Vaz was elected president of the former Portuguese colony. In August 2015, Vaz dismissed Prime Minister Domingos Simões Pereira, head of the ruling African Party for the Independence of Guinea and Cape Verde (PAIGC), sparking a political crisis. Vaz quickly dismissed several successor governments and by November 2016, had named Umaro Sissoco Embaló to serve as the country's fifth prime minister within a two-year period. Guinea-Bissau is highly dependent on subsistence agriculture, the export of cashew nuts, and foreign assistance, which normally comprises about 80 percent of the country's budget.

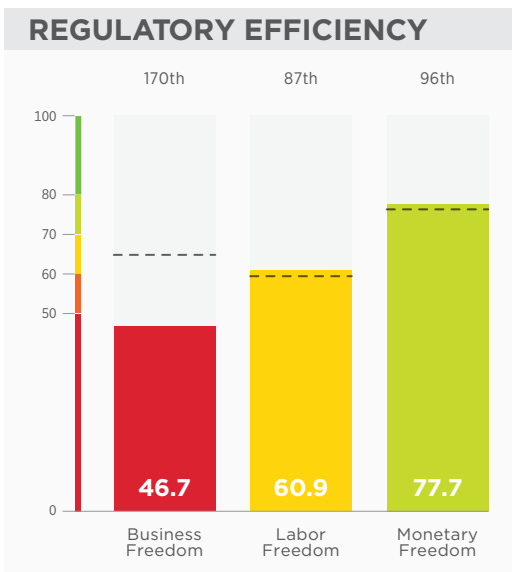
12 ECONOMIC FREEDOMS | GUINEA-BISSAU



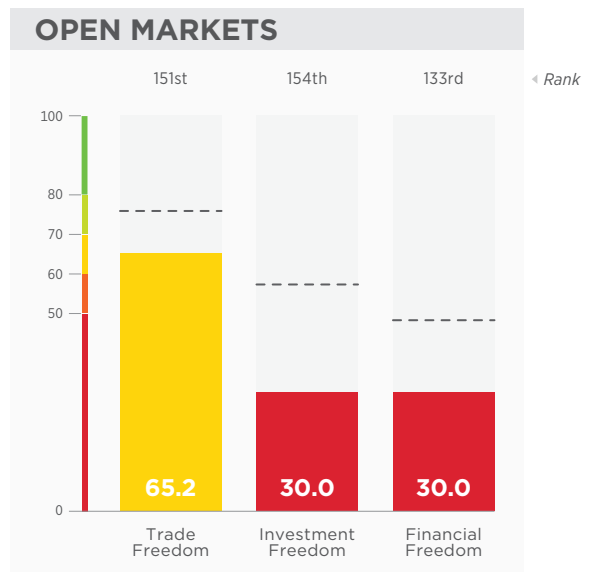
Although the government has made transferring property easier by lowering the property registration tax, protection of property rights is generally weak. The judiciary has little independence and is barely operational. Judges are poorly trained, inadequately and irregularly paid, and subject to corruption. Guinea-Bissau's status as a transit hub for cocaine trafficking from South America to Europe exacerbates its endemic corruption.



The top personal income tax rate is 20 percent, and the top corporate tax rate is 25 percent. The sales tax is down to 10 percent on certain commodities. The overall tax burden equals 8.7 percent of total domestic income. Government spending has amounted to 20.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.4 percent of GDP. Public debt is equivalent to 57.7 percent of GDP.



The opaque regulatory environment discourages entrepreneurial activity, virtually precluding any significant private-sector development. Much of the labor force is employed in the public sector or the informal economy. Although the government has removed all fuel subsidies, in 2015, the IMF urged it to review its fuel pricing mechanism to ensure that international prices are fully passed through and criticized "indiscriminate" electricity subsidies.



Trade is moderately important to Guinea-Bissau's economy; the value of exports and imports taken together equals 37 percent of GDP. The average applied tariff rate is 9.9 percent. The law treats foreign and domestic investment equally. High credit costs and scarce access to financing impede entrepreneurial activity, although bank credits to the private sector have increased. In late 2015, the government bailed out two commercial banks.

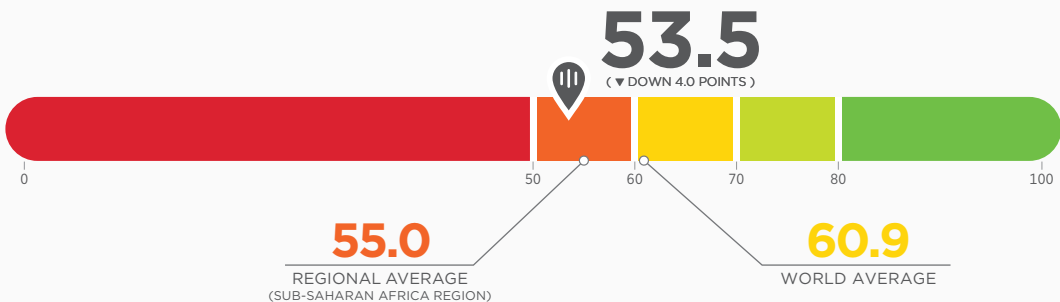
KENYA

Kenya's economy has shown moderate resilience in the face of external and internal challenges, and reform efforts are continuing in several areas. The government has enacted laws to improve the business environment, and the overall regulatory framework for launching a business has become more streamlined.

Kenya continues to lag in maintaining an effective rule of law. Overall economic freedom is limited by weak protection of property rights and by extensive corruption. Corruption is perceived as pervasive, and the judicial system remains vulnerable to political influence. Public-sector employees' continuing demands for pay increases have added fiscal pressures to the budget.

WORLD RANK: **135** | REGIONAL RANK: **27**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

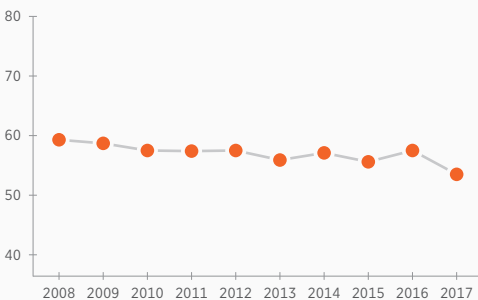


NOTABLE SUCCESSES:
 Trade Freedom and Monetary Stability

CONCERNS:
 Rule of Law, Fiscal Health, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
 -2.4

FREEDOM TREND



QUICK FACTS

POPULATION:
 44.1 million

GDP (PPP):
 \$141.9 billion
 5.6% growth in 2015
 5-year compound annual growth 5.5%
 \$3,208 per capita

UNEMPLOYMENT:
 9.2%

INFLATION (CPI):
 6.6%

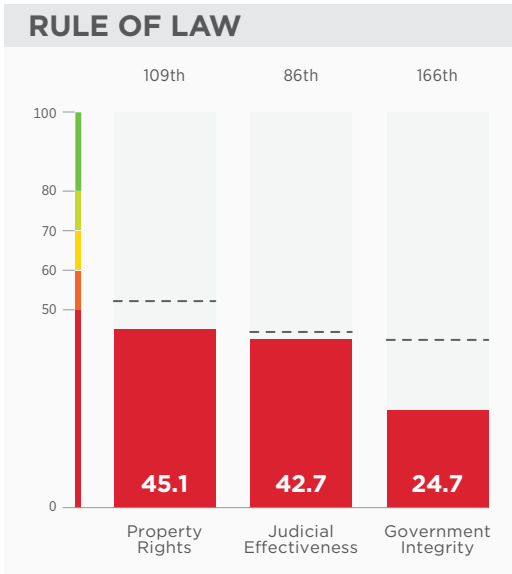
FDI INFLOW:
 \$1.4 billion

PUBLIC DEBT:
 52.7% of GDP

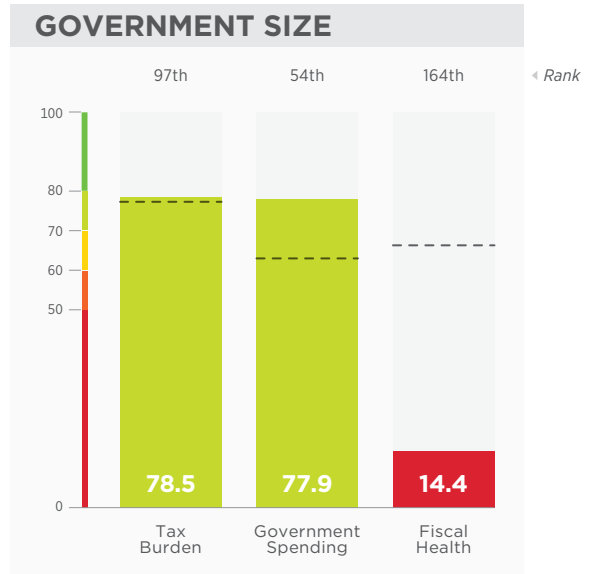
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: In 2013, Uhuru Kenyatta won the first presidential election under a constitution promulgated in 2010. In 2014 and 2016, the International Criminal Court dropped charges against Kenyatta and Deputy President William Ruto involving crimes against humanity stemming from post-election violence in 2007. Kenya invaded Somalia in 2011 to counter the Islamist group al-Shabaab and in 2012 joined the African Union coalition battling the terrorist organization there. Since the invasion, Kenya has suffered a surge of terrorist attacks. The country recently discovered about a billion barrels of oil reserves that can be extracted profitably. Plans for a Uganda-to-Kenya oil pipeline fell through in April 2016, leading Kenya to sign a pipeline agreement with Ethiopia.

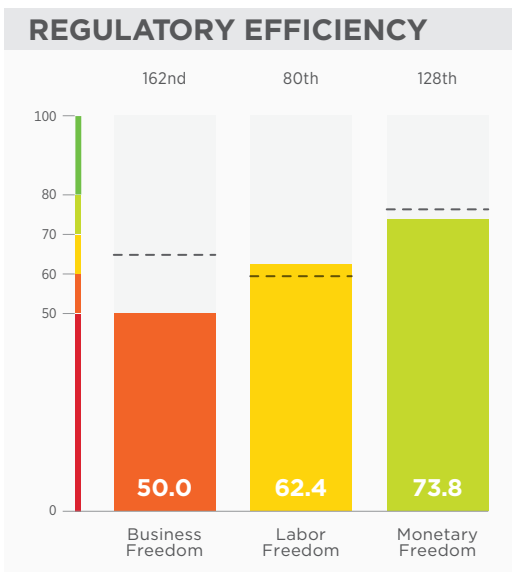
12 ECONOMIC FREEDOMS | KENYA



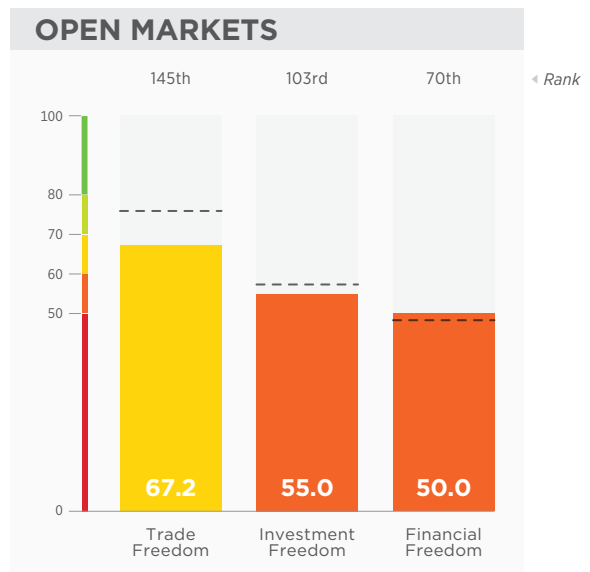
More than 10 percent of the land in Kenya lacks clear title, although electronic document management at the land registry has been improved. The judiciary demonstrates independence and impartiality, but courts are undermined by weak capacity and resource constraints. Corruption is pervasive and entrenched, and Kenya is ranked among the world's most corrupt countries by Transparency International.



The top income and corporate tax rates are 30 percent. Other taxes include a value-added tax and a tax on interest. The overall tax burden equals 18.7 percent of total domestic income. Government spending has amounted to 27.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.2 percent of GDP. Public debt is equivalent to 52.7 percent of GDP.



The entrepreneurial environment has become more streamlined, and no minimum capital is required for launching a business. The nonsalary cost of employing a worker is relatively low, but dismissing an employee can be costly. The government continues to regulate prices through subsidies, agricultural marketing boards, and state-owned enterprises. Aid from international donors is funding development of geothermal power.



Trade is moderately important to Kenya's economy; the value of exports and imports taken together equals 45 percent of GDP. The average applied tariff rate is 8.9 percent. Foreign ownership in some sectors is restricted, and state-owned enterprises distort the economy. The growing financial sector has become more open to competition, and its overall stability is relatively well maintained. Over 40 commercial banks are in operation.

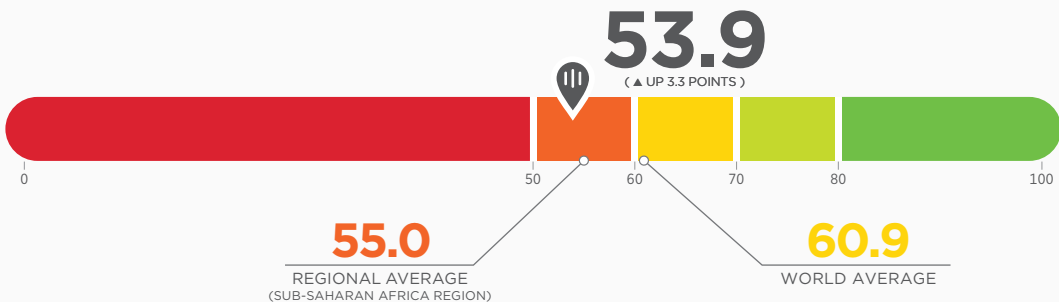
LESOTHO

WORLD RANK: **134** | REGIONAL RANK: **26**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Lesotho has made considerable gains in income growth and poverty reduction, but a large portion of its population still depends on subsistence farming, and dynamic private-sector activity remains limited. The state is heavily involved in most economic activity, fueling high levels of government spending and preventing the emergence of entrepreneurial dynamism.

Significant barriers to trade constrain poverty-alleviating growth. The burdensome regulatory environment increases the cost of foreign and domestic investment, constraining the development of a vibrant private sector. Significant corruption and the poor protection of property rights continue to add to the cost of economic activity.

ECONOMIC FREEDOM SCORE

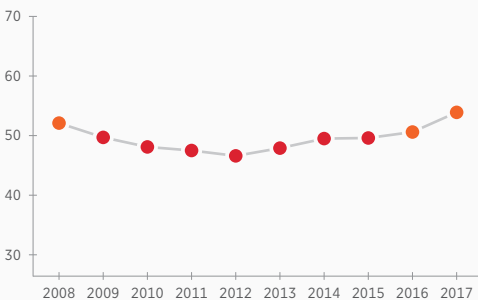


NOTABLE SUCCESSES:
 Trade Freedom and Monetary Stability

CONCERNS:
 Rule of Law, Investment Freedom, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
 +6.0

FREEDOM TREND



QUICK FACTS

POPULATION:
 1.9 million

GDP (PPP):
 \$5.8 billion
 2.5% growth in 2015
 5-year compound annual growth 3.9%
 \$2,987 per capita

UNEMPLOYMENT:
 27.5%

INFLATION (CPI):
 4.8%

FDI INFLOW:
 \$169.0 million

PUBLIC DEBT:
 60.0% of GDP

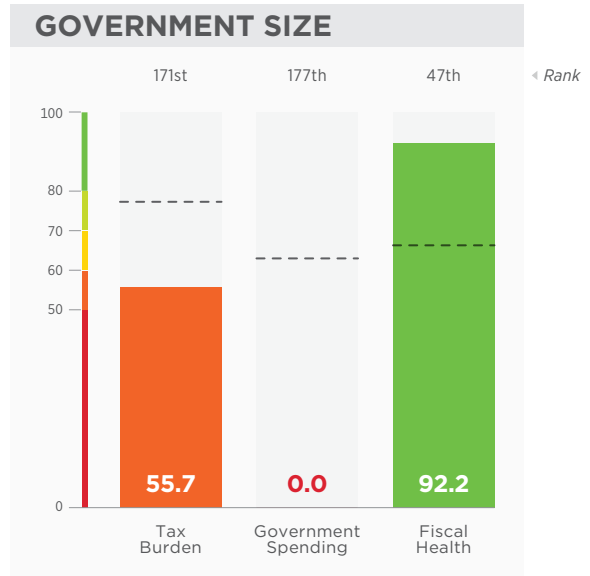
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Lesotho is a parliamentary constitutional monarchy, and King Letsie III is ceremonial head of state. Thomas Thabane, elected prime minister in May 2012, fled in August 2014 after an attempted coup. He returned following a deal brokered by the South African government but fled again along with other opposition leaders in May 2015. General elections in February 2015 were largely viewed as free and fair, and Pakalitha Mosisili is now prime minister. Rights groups have accused the government of human rights abuses, and a prominent editor of a local paper narrowly survived an assassination attempt in July 2016. Principal exports include diamonds and water. Lesotho has one of the world's highest HIV rates.

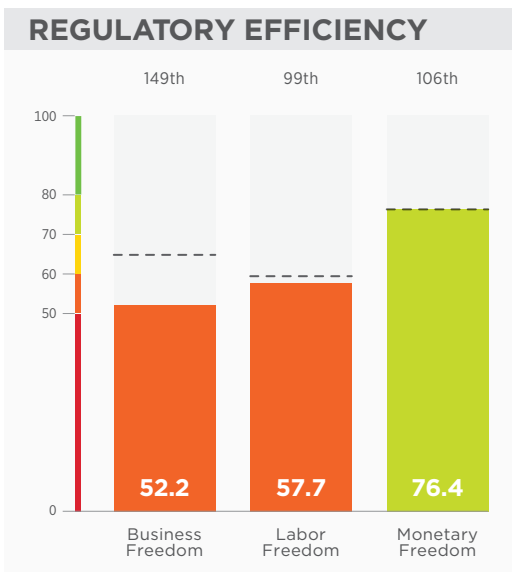
12 ECONOMIC FREEDOMS | LESOTHO



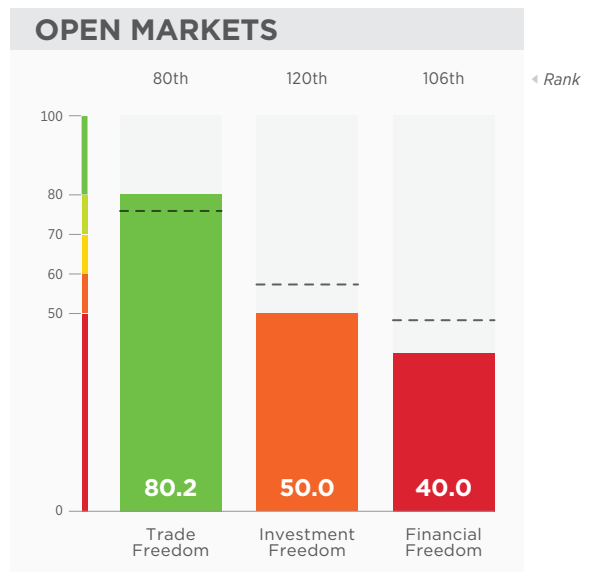
Protection of private property rights is ineffective, but expropriation is unlikely. Legal structures to protect intellectual property rights are comparatively strong. The judiciary is relatively independent but politicized and chronically underfunded. Corruption remains a problem in all areas of government and public services, and there is little that citizens can do to hold the government to account. Management of public finances lacks transparency.



The top personal income tax rate is 35 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax and a tax on dividends. The overall tax burden equals 50.8 percent of total domestic income. Government spending has amounted to 60.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 60.0 percent of GDP.



Red tape and outmoded commercial laws continue to limit the overall efficiency of the regulatory system. The labor market remains rigid and not fully developed, driving a large share of the labor force into the informal economy. The government increased food subsidies again in 2016 in response to drought, and it influences other prices through state-owned enterprises. Monetary stability is affected by the volatility of the South African rand.



Trade is extremely important to Lesotho's economy; the value of exports and imports taken together equals 136 percent of GDP. The average applied tariff rate is 2.4 percent. Customs procedures have been improved. Investment in some sectors of the economy is restricted. Much of the population lacks adequate access to banking services. The high cost of credit hinders entrepreneurial activity and the development of a vibrant private sector.

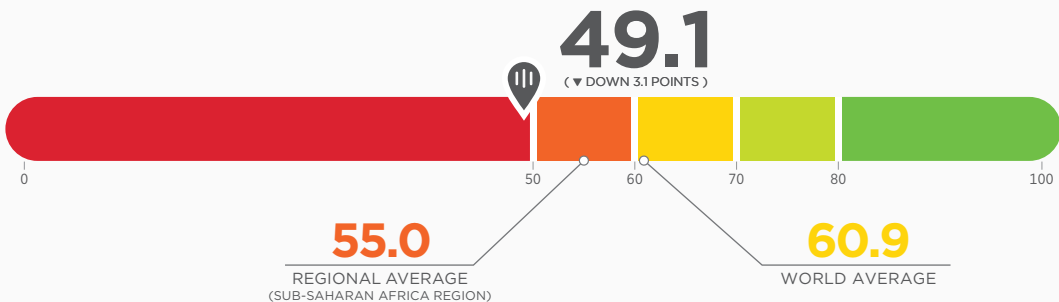
LIBERIA

A reform-minded government has placed Liberia on a path of growth despite numerous challenges. Reforms have dismantled some barriers to trade, simplified business licensing, and eased credit restrictions. In recent years, the government's core economic policy has focused on promoting broad-based economic growth in the aftermath of the Ebola epidemic and reviving health facilities within a tight fiscal space.

The rule of law is not enforced effectively across the country, and weak property rights and a lack of transparency in the legal system seriously impede private-sector development. Despite reform efforts, systemic corruption increases the cost of business and deters much-needed long-term investment.

WORLD RANK: **161** | REGIONAL RANK: **38**
ECONOMIC FREEDOM STATUS: **REPPRESSED**

ECONOMIC FREEDOM SCORE

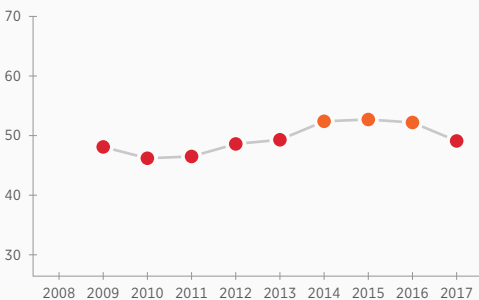


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law, Fiscal Health, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
-0.2

FREEDOM TREND



QUICK FACTS

POPULATION:
4.3 million

GDP (PPP):
\$3.7 billion
0.0% growth in 2015
5-year compound annual growth 5.0%
\$873 per capita

UNEMPLOYMENT:
4.2%

INFLATION (CPI):
7.7%

FDI INFLOW:
\$512.3 million

PUBLIC DEBT:
40.0% of GDP

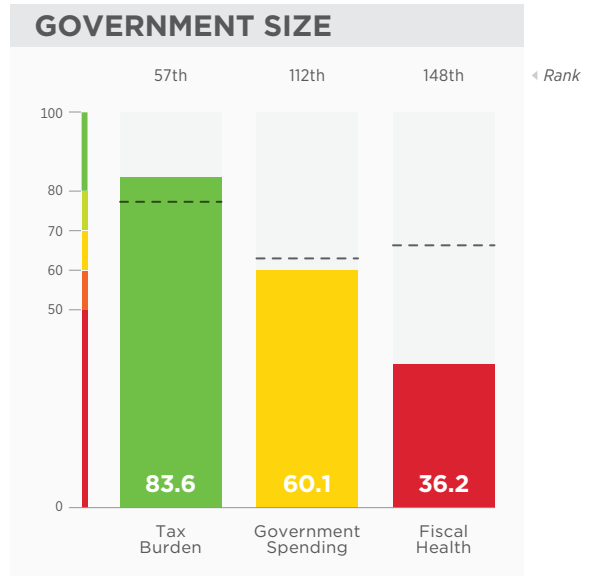
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: In the early 1990s, civil war killed 250,000 Liberians. A peace agreement was reached in 1995, and rebel leader Charles Taylor was elected president in 1997. He was forced to step down in 2003 and was found guilty of war crimes in 2012. Ellen Johnson Sirleaf, president since 2006, was awarded the Nobel Peace Prize in 2011. The country is fragile, but the U.N. peacekeeping mission authorized in 2003 officially transferred peacekeeping responsibilities to Liberia in July 2016. Liberia is rich in natural resources, including rubber, mineral resources, and iron ore. It was one of the countries hit hardest by the 2014 Ebola outbreak in West Africa.

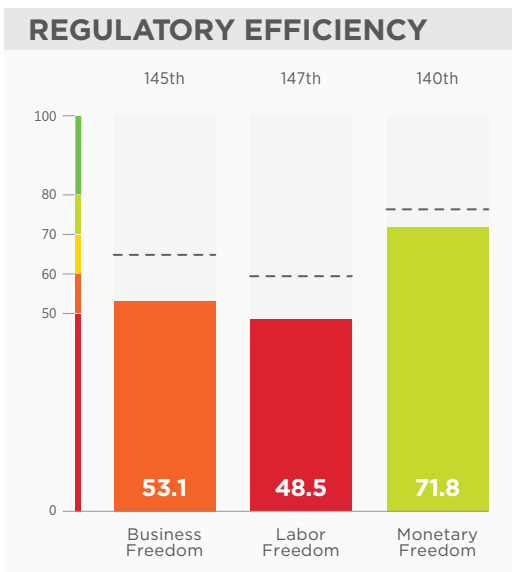
12 ECONOMIC FREEDOMS | LIBERIA



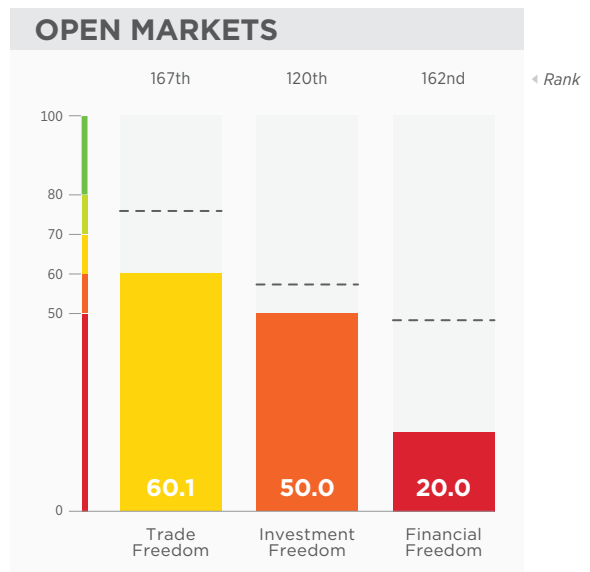
Property rights are not strongly protected, and the rule of law remains uneven across the country, exacerbated by a precarious physical security environment. The judiciary is weak and inadequately resourced. Overall, the poor functioning of government reflects endemic corruption and a lack of administrative capacity. On the positive side, Liberia was the first African state to comply with the Extractive Industries Transparency Initiative.



Liberia's top individual income and corporate tax rates are 25 percent. Other taxes include a property tax and a goods and services tax. The overall tax burden equals 19.7 percent of total domestic income. Government spending has amounted to 36.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.2 percent of GDP. Public debt is equivalent to 40.0 percent of GDP.



Despite some legislative efforts to modernize the regulatory framework, private investment and production remain severely hampered by bureaucratic inefficiency. With the labor market not fully developed, a large portion of the workforce is engaged in the informal sector. Following the Ebola crisis, the government increased subsidies for education and health care and received higher levels of subsidized food aid from international donors.



Trade is extremely important to Liberia's economy; the value of exports and imports taken together equals 112 percent of GDP. The average applied tariff rate is 6.1 percent. Foreign investment in several sectors of the economy is restricted, and foreign investors may not own land. A large part of the population remains outside of the formal banking sector, and the inefficient legal framework deters use of financial institutions.

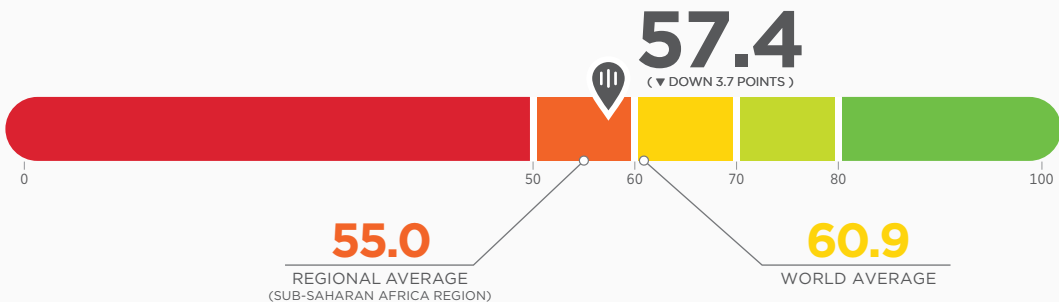
MADAGASCAR

WORLD RANK: **113** | REGIONAL RANK: **15**
 ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Despite some gains in much-needed economic development, much of the progress made in reducing poverty in Madagascar has been undermined by poor management of economic policy and the ongoing risk of political instability. The judicial system is underdeveloped, and convoluted administrative procedures facilitate corruption. Privatization has halted because of the unfavorable investment climate caused by chronic political turmoil.

Nonetheless, some notable reforms have enhanced the entrepreneurial environment. Procedures for launching a business have been streamlined, and minimum capital requirements have been abolished. Tax rates on individual and corporate income have been lowered, and the overall tax system has been simplified.

ECONOMIC FREEDOM SCORE

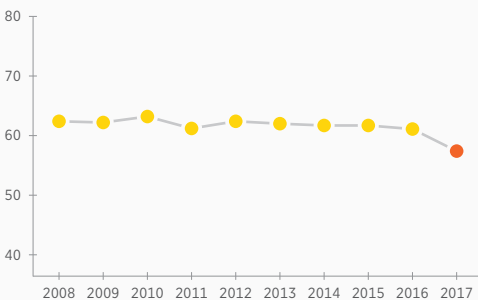


NOTABLE SUCCESSES:
 Trade Freedom

CONCERNS:
 Rule of Law, Business Freedom, and
 Labor Freedom

**OVERALL SCORE CHANGE
 SINCE 2013:**
 -4.6

FREEDOM TREND



QUICK FACTS

POPULATION:
 24.2 million

GDP (PPP):
 \$35.4 billion
 3.0% growth in 2015
 5-year compound
 annual growth 2.6%
 \$1,462 per capita

UNEMPLOYMENT:
 2.2%

INFLATION (CPI):
 7.4%

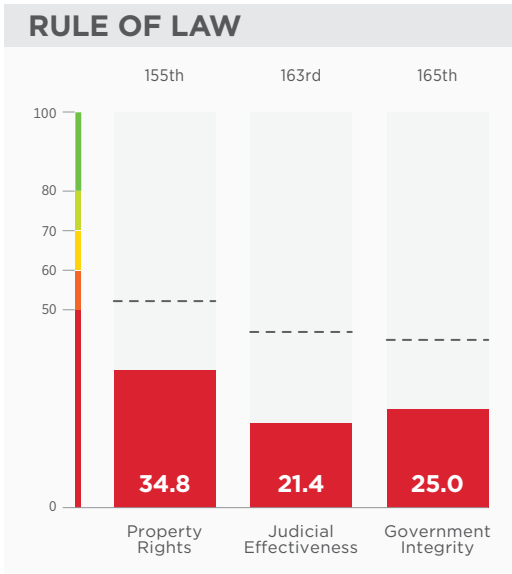
FDI INFLOW:
 \$517.5 million

PUBLIC DEBT:
 35.6% of GDP

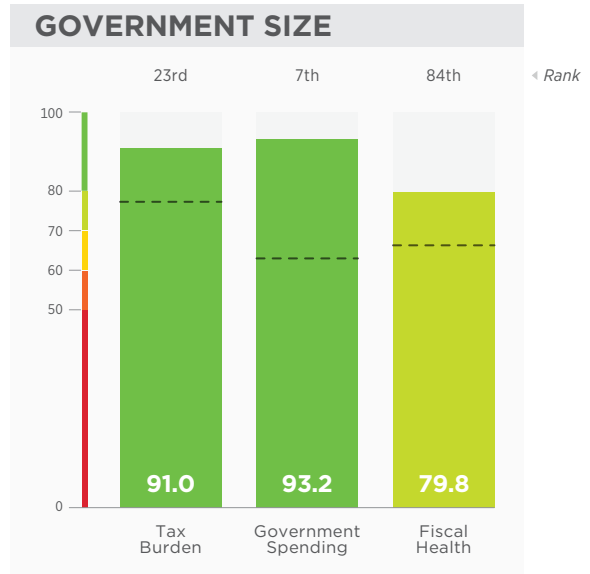
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: After decades of military coups, political violence, and corruption, the former French colony of Madagascar has become more stable, although there has been frequent turnover in the prime minister's office. Hery Rajaonarimampianina was elected president in January 2014 after years of political instability sparked by a 2009 coup. In January 2015, General Jean Ravelonarivo succeeded Roger Kolo as prime minister when Kolo and his government resigned after less than a year in office. Ravelonarivo subsequently resigned after serving approximately 15 months and was replaced by Olivier Mahafaly Solonandrasana. Given the country's relative stability, international organizations and foreign donors have restored ties that they had severed after the 2009 coup.

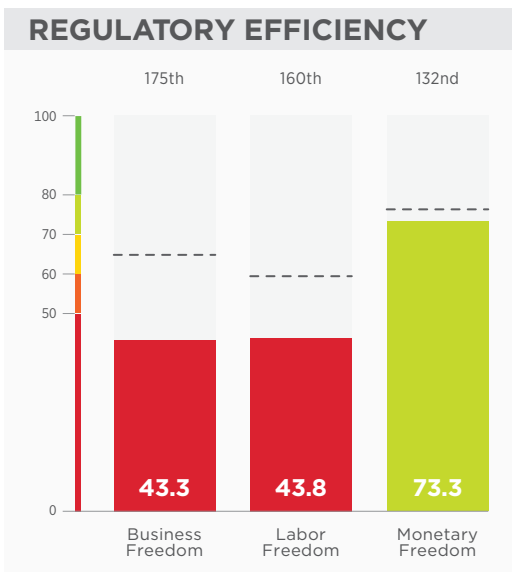
12 ECONOMIC FREEDOMS | MADAGASCAR



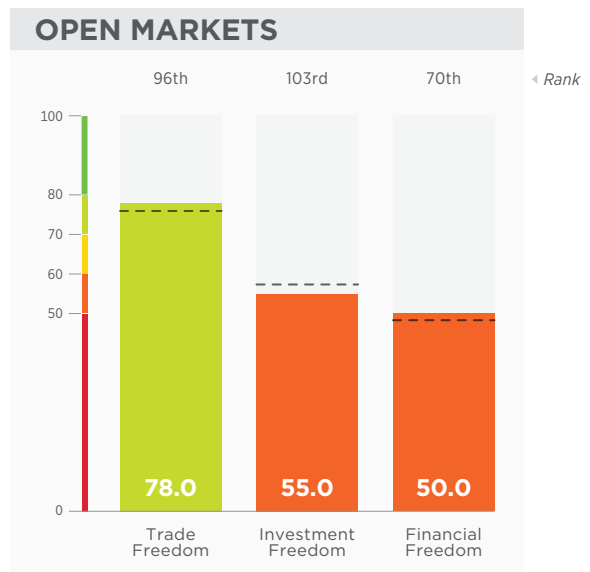
Madagascar has continued French colonial land tenure policies, including presumed state ownership of all land and the central government as sole provider of legitimate land titles. The 2016 World Bank *Doing Business* survey reports that property transfer taxes have been reduced. High levels of corruption exist in nearly all sectors, especially the judiciary, police, taxation, customs, land, trade, mining, industry, environment, education, and health care.



The top individual income and corporate tax rates are 20 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden equals 9.9 percent of total domestic income. Government spending has amounted to 15 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.3 percent of GDP. Public debt is equivalent to 35.6 percent of GDP.



The overall climate for entrepreneurial activity is held back by a lack of progress on reform. Procedures for setting up a business have been simplified, but other regulatory requirements are generally costly. The outmoded labor regulations are restrictive and not conducive to development of a dynamic labor market. Although the government has told the IMF repeatedly that it would reduce fuel price subsidies, it has not done so.



Trade is important to Madagascar's economy; the value of exports and imports taken together equals 70 percent of GDP. The average applied tariff rate is 6.0 percent. Judicial and regulatory barriers deter foreign investment, and state-owned enterprises distort the economy. The relatively high costs of financing and scarce access to credit are barriers to the development of a more dynamic private sector.

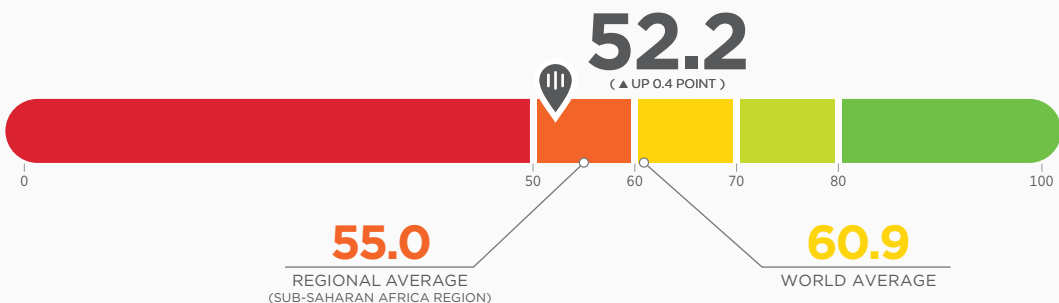
MALAWI

WORLD RANK: **149** | REGIONAL RANK: **33**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

In June 2016, the International Monetary Fund announced that it will extend its loan program for Malawi, including an extra \$76.8 million to help the country battle hunger brought on by one of the worst droughts in southern Africa's history, for a further six months. Malawi's economy depends on its agriculture sector, which is often subject to adverse weather conditions.

The government has run large fiscal deficits in recent years, and the costs of debt service are rising. Corruption is endemic in several areas of the government and a deterrent to foreign investment. The judicial system is independent, but it is also slow and inefficient.

ECONOMIC FREEDOM SCORE

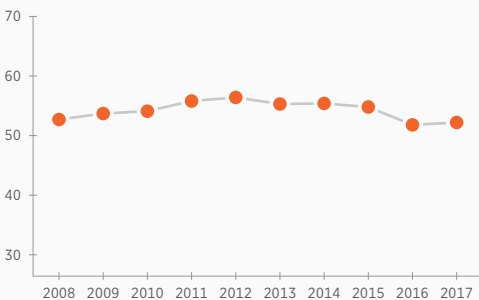


NOTABLE SUCCESSES:
 Trade Freedom

CONCERNS:
 Rule of Law, Fiscal Health, and
 Regulatory Efficiency

**OVERALL SCORE CHANGE
 SINCE 2013:**
 -3.1

FREEDOM TREND



QUICK FACTS

POPULATION:
 18.1 million

GDP (PPP):
 \$20.4 billion
 3.0% growth in 2015
 5-year compound
 annual growth 4.1%
 \$1,124 per capita

UNEMPLOYMENT:
 6.7%

INFLATION (CPI):
 21.9%

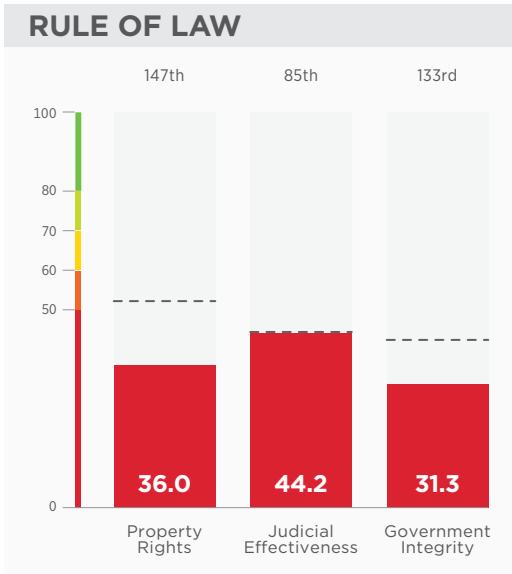
FDI INFLOW:
 \$142.5 million

PUBLIC DEBT:
 83.4% of GDP

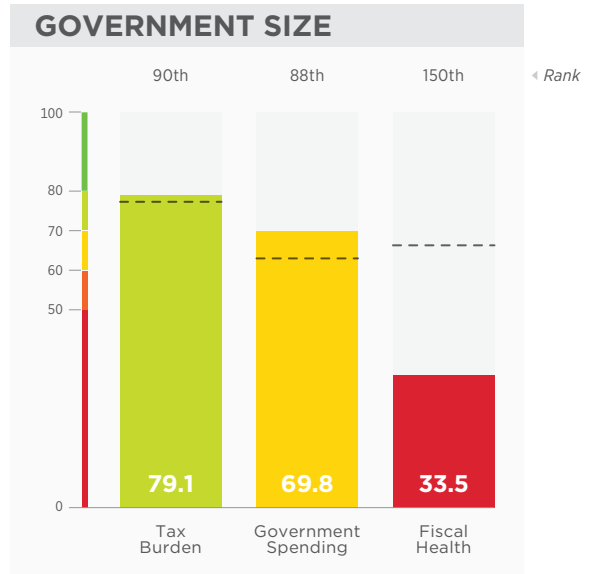
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Malawi achieved independence from the British in 1964 and was ruled as a one-party state by Dr. Hastings Kamuzu Banda for 30 years. President Bingu wa Mutharika, elected in 2004 and reelected in 2009, died in April 2012 and was replaced by Vice President Joyce Banda. In May 2014, Peter Mutharika, brother of the late president, won the presidency in elections of questionable legitimacy. Malawi is one of Africa's most densely populated countries. More than half of the population lives below the poverty line, and over 85 percent depend on subsistence agriculture. Tobacco, tea, and sugar are the most important exports.

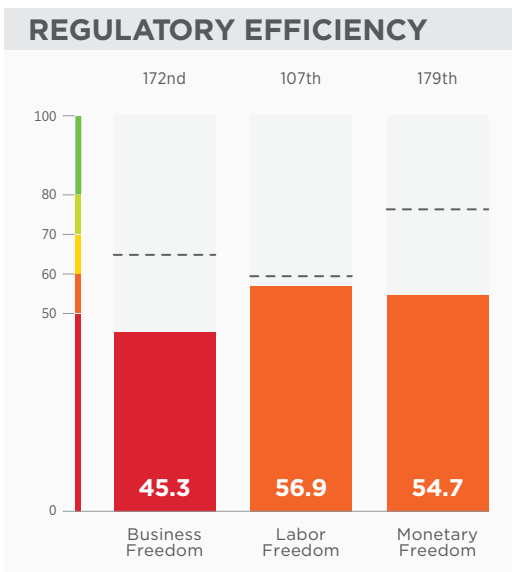
12 ECONOMIC FREEDOMS | MALAWI



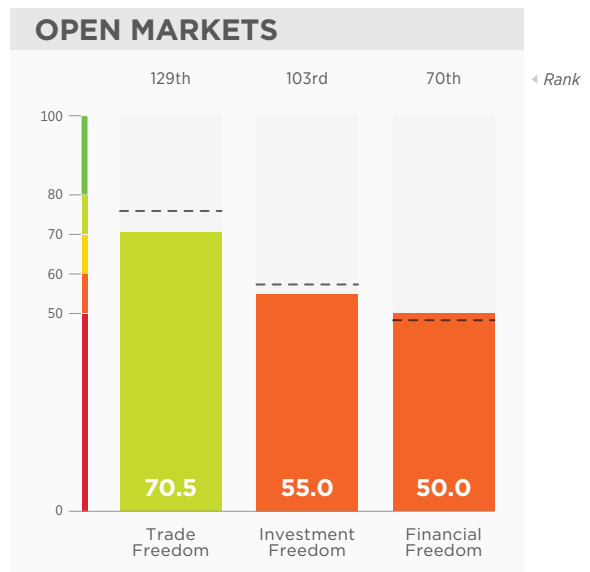
Despite efforts to improve the land tenure system, customary rules still prevail, and occupants hold no legally binding titles. More than half of the arable land is untitled. The judicial system is independent but inefficient. Serious weaknesses include poor record keeping; a shortage of judges, attorneys, and other trained personnel; heavy caseloads; and a lack of resources. There have been recent allegations of rampant state corruption.



The top individual income and corporate tax rates are 30 percent. Other taxes include a value-added tax and an inheritance tax. The overall tax burden equals 16.9 percent of total domestic income. Government spending has amounted to 31.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.7 percent of GDP. Public debt is equivalent to 83.4 percent of GDP.



Malawi has taken steps to improve its regulatory framework, but progress has been slow. Although the public sector is a large employer, most of the population remains employed outside of the formal sector, primarily in agriculture. The government outlined plans to reduce farm subsidies in fiscal year 2015–2016, but because of heavy political resistance to reform, those plans have failed to materialize.



Trade is important to Malawi's economy; the value of exports and imports taken together equals 62 percent of GDP. The average applied tariff rate is 4.8 percent. Foreign ownership of land is restricted, and state-owned enterprises distort the economy. Malawi's developing financial sector remains dominated by banking, but expensive credit and the lack of equitable access to finance continue to hinder private-sector development.

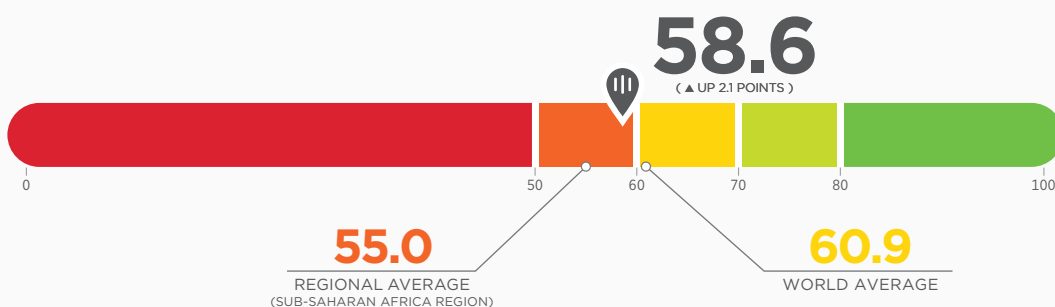
MALI



Mali has undertaken some significant reforms to diversify its economy and reduce rural poverty. Tax administration has been improved, and the cotton markets are moving toward privatization. Restraints on government spending and relatively stable monetary policy have allowed space for a growing entrepreneurial sector.

Substantial strides in other areas are needed to ensure significant poverty reduction and long-run economic growth. While Mali encourages foreign and domestic investment in theory, dynamic private-sector growth is impeded by the perception of widespread corruption, poor infrastructure, and regional instability. Rigid labor regulations hurt job growth, and the underdeveloped financial sector limits access to finance, hampering investment.

ECONOMIC FREEDOM SCORE

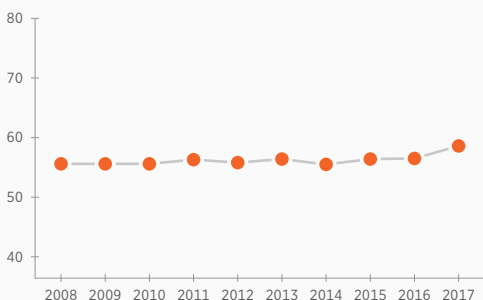


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law, Financial Freedom, and Business Freedom

OVERALL SCORE CHANGE SINCE 2013:
+2.2

FREEDOM TREND



QUICK FACTS

POPULATION:
16.3 million

GDP (PPP):
\$35.8 billion
6.1% growth in 2015
5-year compound annual growth 3.7%
\$2,199 per capita

UNEMPLOYMENT:
8.5%

INFLATION (CPI):
1.4%

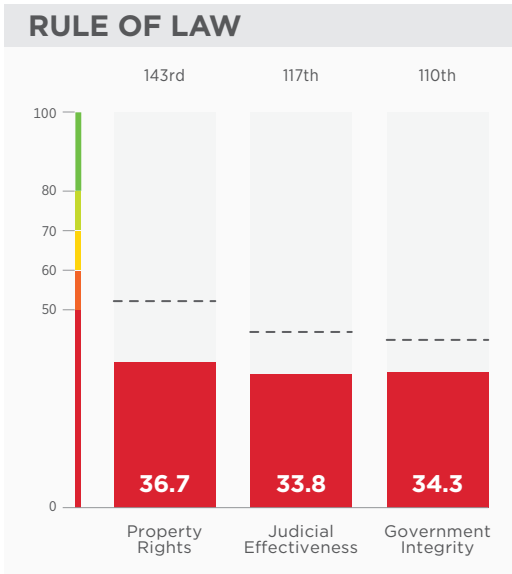
FDI INFLOW:
\$152.9 million

PUBLIC DEBT:
36.3% of GDP

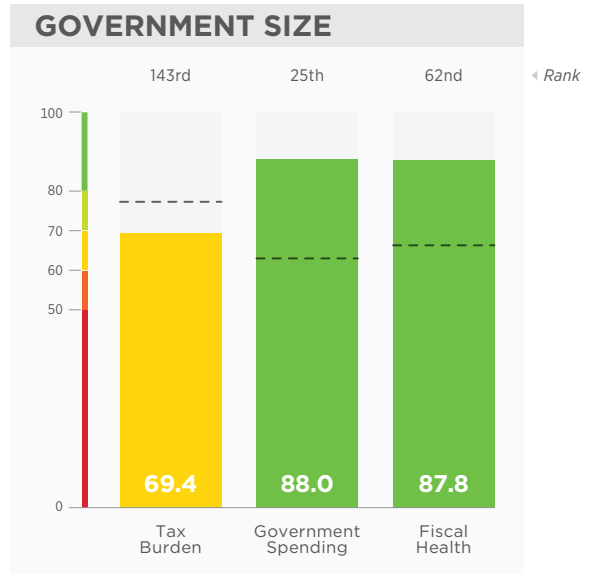
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: After President Amadou Toumani Touré was ousted in a March 2012 military coup, Tuareg separatists and al-Qaeda-linked militants took control of northern Mali and declared independence. French armed forces restored government control in the major cities in January 2013, and former Prime Minister Ibrahim Boubacar Keita won the presidency in a second round of balloting in August. In June 2015, the government signed a peace accord with an alliance of Tuareg separatist groups, but clashes between the separatists and pro-government militias soon resumed. French troops remain in the country along with a U.N. peacekeeping operation that has suffered more peacekeepers killed than any other current U.N. peacekeeping mission.

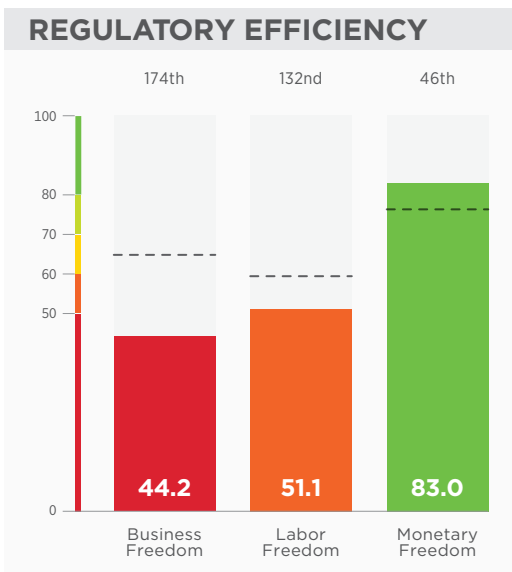
12 ECONOMIC FREEDOMS | MALI



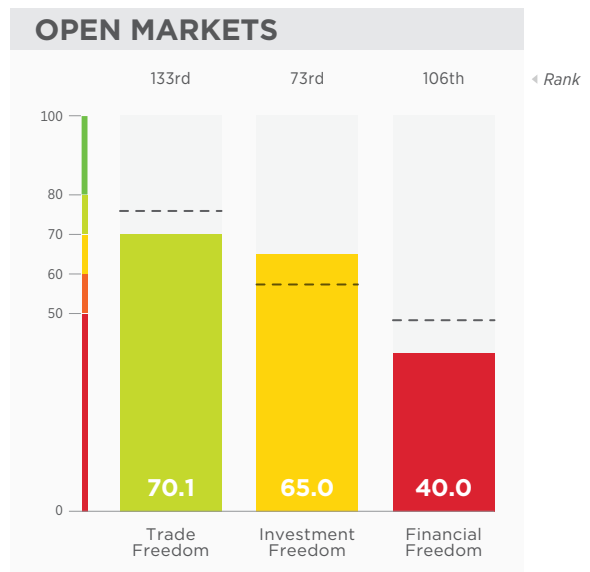
Property rights are not always adequately protected. The judicial system is inefficient and prone to corruption. Pervasive government corruption was a factor in the short-lived Islamist takeover in northern Mali. State authority in parts of the North is still tenuous, and corruption remains a problem throughout the government, public procurement, and both public and private contracting, where demands for bribes are frequently reported.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 35 percent. Other taxes include a value-added tax. The overall tax burden equals 15.3 percent of total domestic income. Government spending has amounted to 20 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.4 percent of GDP. Public debt is equivalent to 36.3 percent of GDP.



Despite some progress, the regulatory framework does not encourage much-needed economic diversification or private-sector development efficiently. Labor regulations, although not fully enforced, are relatively rigid. The government has eliminated fuel subsidies through market pricing. In the electricity sector, subsidies have been reduced by de facto rate increases, but significant untargeted subsidies remain in effect.

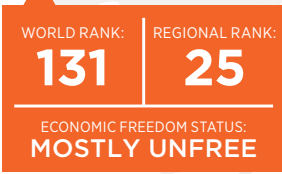


Trade is important to Mali's economy; the value of exports and imports taken together equals 51 percent of GDP. The average applied tariff rate is 7.4 percent. In general, the law treats foreign and domestic investment equally, but state-owned enterprises distort the economy. Mali has an underdeveloped financial sector. Financial intermediation of transactions is relatively rare, and limited access to financing hampers entrepreneurial activity.

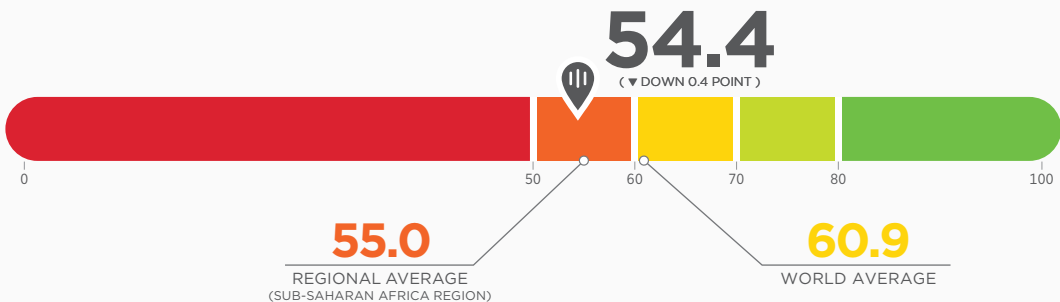
MAURITANIA

Overall institutional weaknesses continue to limit economic dynamism and perpetuate poverty in Mauritania. Regulatory reforms implemented in recent years to enhance the entrepreneurial environment have been undercut by ongoing political instability.

Although Mauritania's economy has expanded from its limited productive base, it suffers from serious institutional weaknesses, and growth remains fragile. Pervasive corruption undermines the rule of law and is exacerbated by an inefficient and politically vulnerable judicial system. Open-market policies to promote dynamic investment have not been fully institutionalized, and tariffs and other restrictions inhibit potential entrepreneurs from participating efficiently in the global economy.



ECONOMIC FREEDOM SCORE

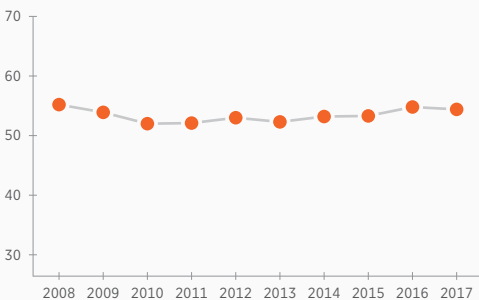


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law, Open Markets, and Labor Freedom

OVERALL SCORE CHANGE SINCE 2013:
+2.1

FREEDOM TREND



QUICK FACTS

POPULATION:
3.7 million

GDP (PPP):
\$16.3 billion
1.9% growth in 2015
5-year compound annual growth 5.1%
\$4,395 per capita

UNEMPLOYMENT:
31.1%

INFLATION (CPI):
0.5%

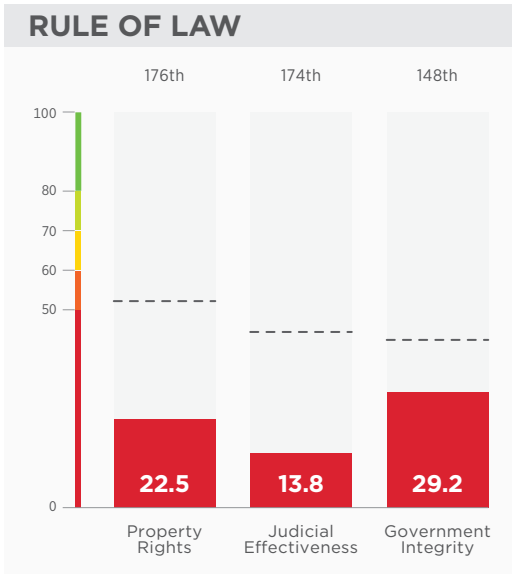
FDI INFLOW:
\$495.0 million

PUBLIC DEBT:
78.1% of GDP

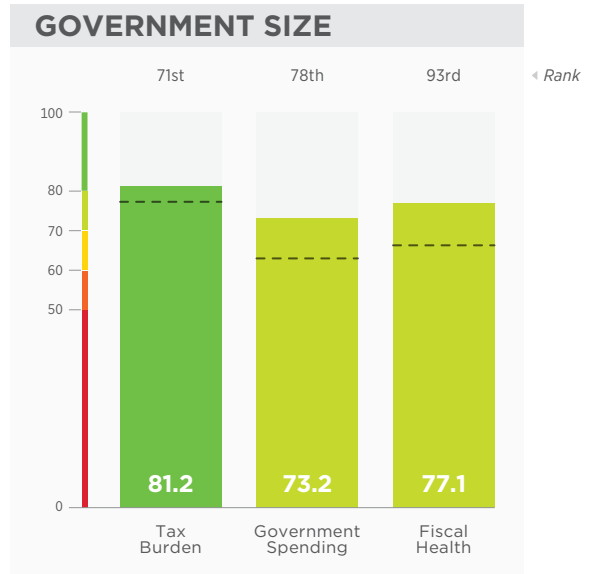
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Amidst political tensions from three major groups (Arabic-speaking descendants of slaves, Arabic-speaking “White Moors,” and Sub-Saharan ethnic groups) a military junta ruled Mauritania until 1992, when the first multi-party elections were held. In 2008, General Mohamed Ould Abdel Aziz overthrew President Sidi Ould Abdallahi. Aziz was subsequently elected president in a 2009 election that was boycotted by the opposition. He was re-elected in 2014. In 1981, Mauritania became the last country in the world to outlaw slavery, but as much as 20 percent of the population remains enslaved. Mauritania is threatened by the terrorist group al-Qaeda in the Islamic Maghreb (AQIM). Large offshore gas fields discovered near the border with Senegal have raised hopes that Mauritania could become a significant source of gas.

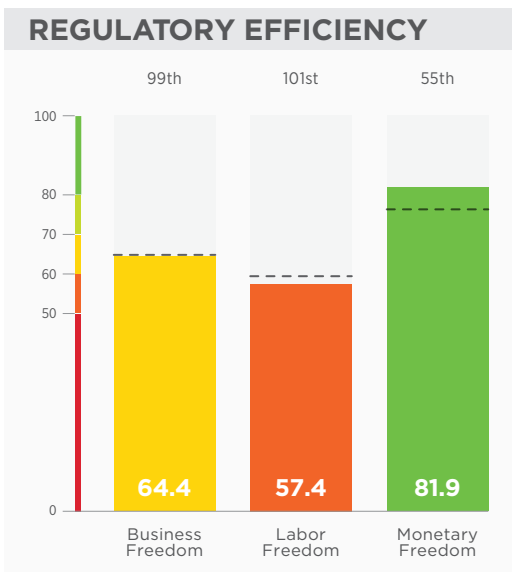
12 ECONOMIC FREEDOMS | MAURITANIA



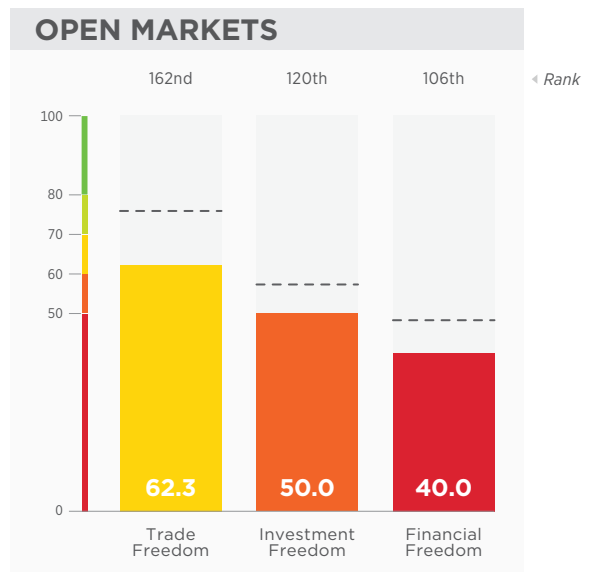
There is a well-developed property registration system for land and real estate in most areas of the country, but there are many controversial land tenure issues in the South along the Senegal River. The chaotic and corrupt judicial system is heavily influenced by the government. Corruption is most pervasive in government procurement but is also common in the distribution of official documents, fishing licenses, bank loans, and tax payments.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 18.9 percent of total domestic income. Government spending has amounted to 29.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 78.1 percent of GDP.



Bureaucratic procedures are complex and non-transparent. Obtaining necessary business licenses is time-consuming and costly. The absence of a well-functioning labor market has led to chronically high unemployment and severe underemployment. In view of fiscally unsustainable subsidies, the IMF is pressuring the government to raise fuel prices and electricity tariffs and adopt automatic price mechanisms to depoliticize the price-setting process.



Trade is extremely important to Mauritania's economy; the value of exports and imports taken together equals 104 percent of GDP. The average applied tariff rate is 11.4 percent. There are few formal barriers to foreign investment, but state-owned enterprises distort the economy. Limited access to credit and the high costs of financing continue to impede entrepreneurial activity. Progress in modernizing the financial sector has been sluggish.

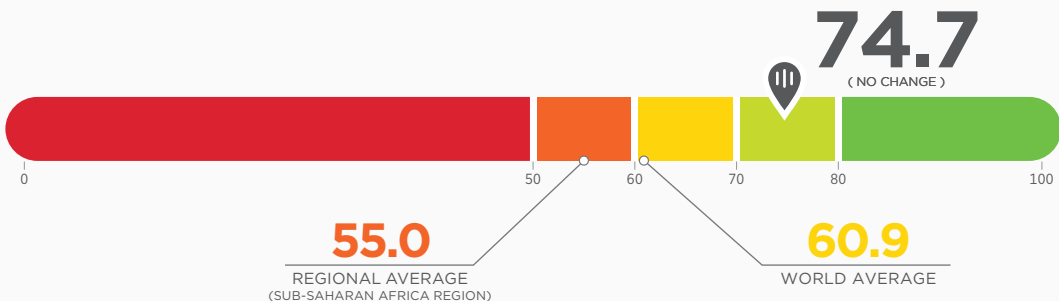
MAURITIUS

WORLD RANK: **21** | REGIONAL RANK: **1**
 ECONOMIC FREEDOM STATUS: **MOSTLY FREE**

An efficient and transparent regulatory environment supports relatively broad-based economic development in Mauritius, and competitive tax rates and a fairly flexible labor code facilitate private-sector growth. The open trade and investment regime is underpinned by relatively well-protected property rights and a nondiscriminatory legal system.

Privatization of state-owned monopolies has slowed, but the state does not play an overwhelming role in the economy, minimizing the drag on dynamic business activity. Corruption is relatively rare. Public financial management is generally sound, and a law requires that government debt must be reduced to below 50 percent of GDP by 2018.

ECONOMIC FREEDOM SCORE

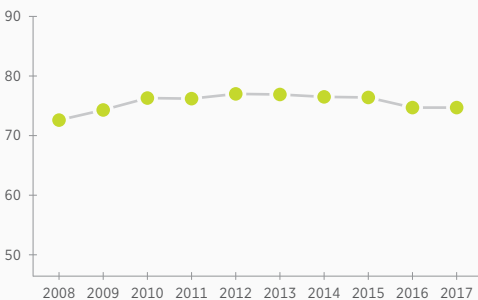


NOTABLE SUCCESSES:
 Open Markets, Monetary Stability, and Business Freedom

CONCERNS:
 Government Integrity, Property Rights, and Labor Freedom

OVERALL SCORE CHANGE SINCE 2013:
 -2.2

FREEDOM TREND



QUICK FACTS

POPULATION:
 1.3 million

GDP (PPP):
 \$24.6 billion
 3.4% growth in 2015
 5-year compound annual growth 3.5%
 \$19,509 per capita

UNEMPLOYMENT:
 7.9%

INFLATION (CPI):
 1.3%

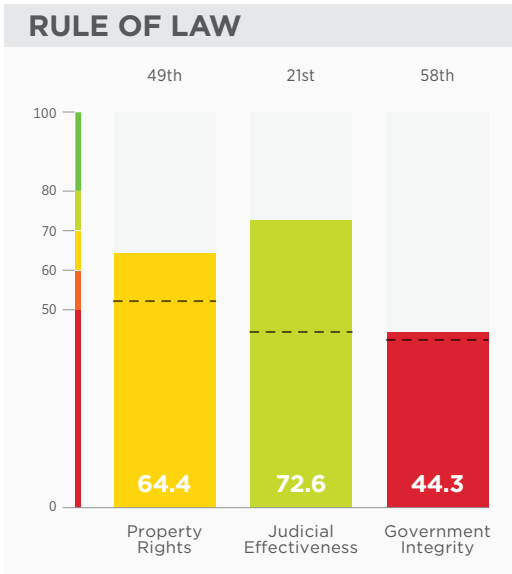
FDI INFLOW:
 \$208.3 million

PUBLIC DEBT:
 58.1% of GDP

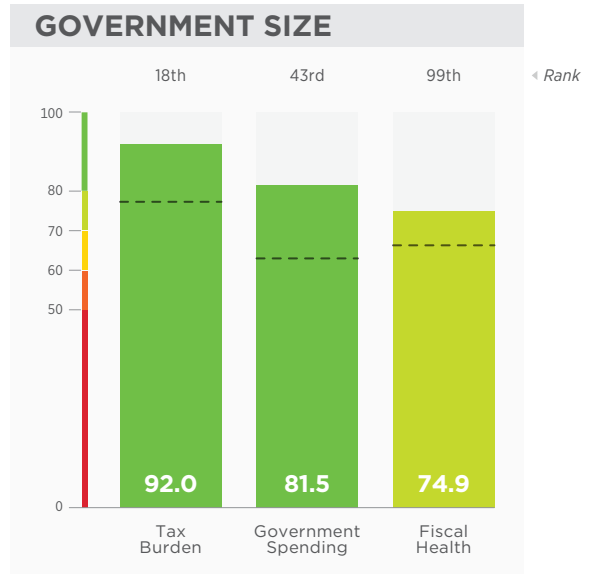
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Independent since 1968, Mauritius is the only African country to be ranked a “full democracy” by the Economist Intelligence Unit. Sir Anerood Jugnauth became prime minister for the third time in December 2014, and Ameenah Gurib-Fakim was elected to the presidency in June 2015, the first woman to hold the largely ceremonial role. The government is trying to modernize the sugar and textile industries while promoting diversification into such areas as information technology and financial and business services. Services and tourism remain the main economic drivers. Maritime security is a priority, and the government signed a deal with Britain’s Royal Navy in 2012 to transfer suspected pirates to Mauritius for prosecution.

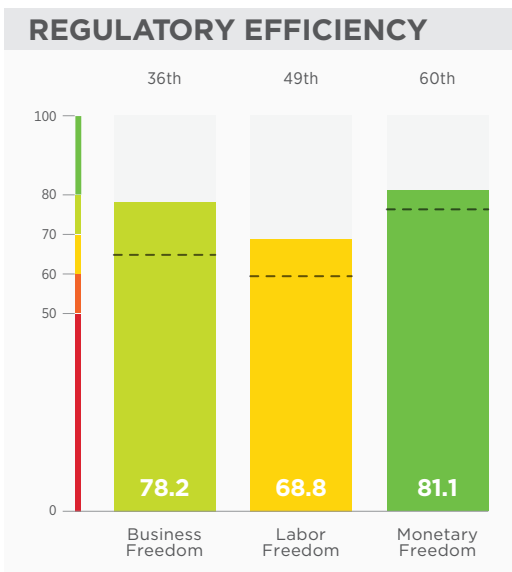
12 ECONOMIC FREEDOMS | MAURITIUS



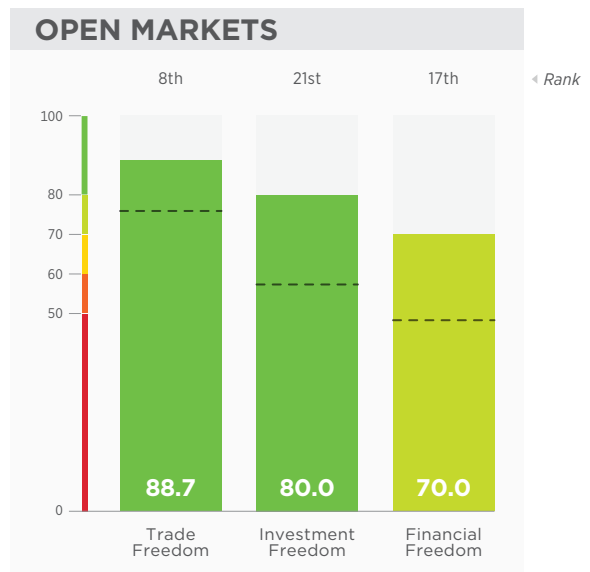
Property rights are respected, but enforcement of intellectual property laws is relatively weak. The judiciary continues to be independent, and the legal system is generally nondiscriminatory and transparent. In 2016, the World Economic Forum's *Global Competitiveness Index* reported a slight improvement in the country's institutions, which are among the strongest in Africa. The government prosecutes corruption, albeit inconsistently.



The personal income and corporate tax rates are a flat 15 percent. Other taxes include a value-added tax. The overall tax burden equals 18.6 percent of total domestic income. Government spending has amounted to 24.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.4 percent of GDP. Public debt is equivalent to 58.1 percent of GDP.



The overall regulatory framework has undergone a series of reforms aimed at facilitating entrepreneurial activity in recent years. Labor regulations are relatively flexible. The Economist Intelligence Unit reports that transfers to state-owned enterprises and poorly targeted welfare benefits will continue to consume considerable fiscal resources and that implementation of state-owned enterprise reforms will be slow.



Trade is extremely important to the economy of Mauritius; the value of exports and imports taken together equals 109 percent of GDP. The average applied tariff rate is 0.6 percent, and there are few nontariff barriers to trade. Foreign investment in some sectors is restricted. The financial sector remains competitive, and its contribution to GDP has risen steadily. Private banks dominate the sector and allocate credit on market terms.

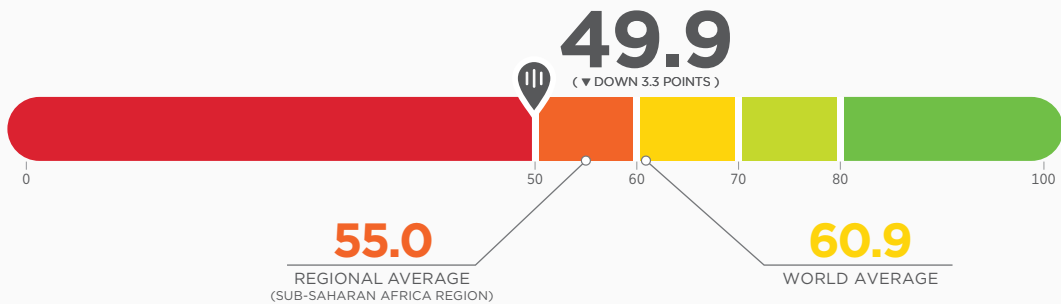
MOZAMBIQUE

WORLD RANK: **158** | REGIONAL RANK: **37**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

Mozambique has undertaken reforms to encourage economic development, although progress has been very gradual. Private-sector involvement in the economy is substantial, but privatization of state-owned enterprises has slowed. Foreign capital is treated the same as domestic capital in most cases, and trade liberalization has progressed.

Lingering institutional and fiscal shortcomings have a negative effect on long-term economic development. Judicial enforcement is subject to corruption and political influence. The regulatory environment remains inefficient and burdensome. In recent years, the government has focused on restoring macroeconomic stability, particularly in view of an increasingly burdensome external debt and liquidity risks confronting the country.

ECONOMIC FREEDOM SCORE

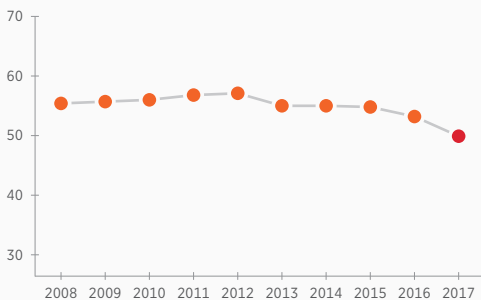


NOTABLE SUCCESSES:
 Monetary Stability and
 Trade Freedom

CONCERNS:
 Rule of Law, Fiscal Health, and
 Investment Freedom

**OVERALL SCORE CHANGE
 SINCE 2013:**
 -5.1

FREEDOM TREND



QUICK FACTS

POPULATION:
 27.1 million

GDP (PPP):
 \$33.2 billion
 6.3% growth in 2015
 5-year compound
 annual growth 7.0%
 \$1,186 per capita

UNEMPLOYMENT:
 22.3%

INFLATION (CPI):
 2.4%

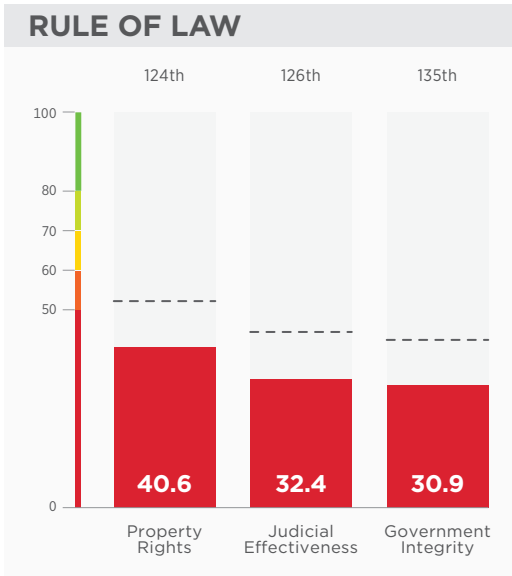
FDI INFLOW:
 \$3.7 billion

PUBLIC DEBT:
 74.8% of GDP

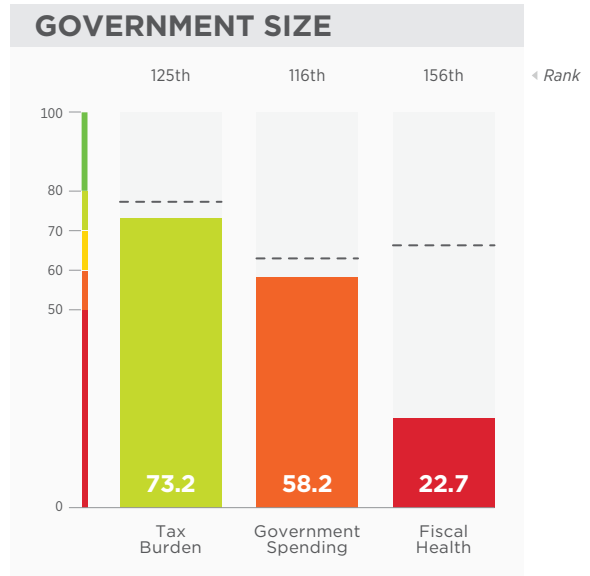
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: The Mozambique Liberation Front (FRELIMO) party, headed since 2015 by President Filipe Nyusi, has been in power since independence from Portugal in 1975. Following independence, there was a 16-year civil war between FRELIMO and the rebel Mozambican National Resistance (RENAMO) movement that ended with the Rome Peace Accords in 1992. In October 2013, after several armed clashes with FRELIMO troops, RENAMO announced that it was pulling out of the peace accord. Despite a new peace deal in September 2014, violence has continued, and thousands have fled to Malawi. Previously undisclosed debts of about \$1.4 billion amassed by the former government came to light in 2016, prompting donors to suspend budgetary support.

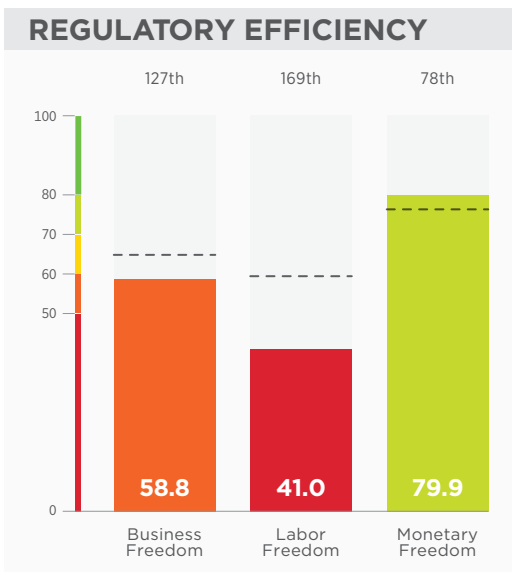
12 ECONOMIC FREEDOMS | MOZAMBIQUE



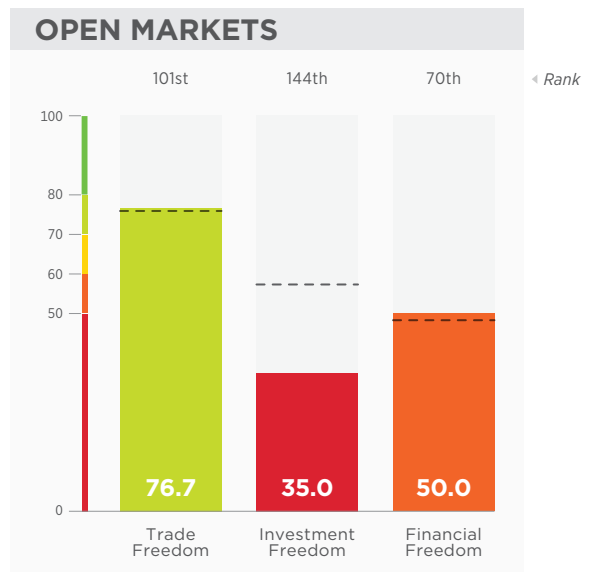
Although property rights are recognized by the government, they are not strongly respected, and enforcement of property law is inefficient and uneven. The judiciary is understaffed, inadequately trained, and subject to political influence. Corruption and extortion by police are widespread, and impunity remains a serious problem. Senior government officials often have conflicts of interest between their public roles and their private business interests.



The top individual income and corporate tax rates are 32 percent. Other taxes include a value-added tax and an inheritance tax. The overall tax burden equals 25.1 percent of total domestic income. The overall tax burden equals 25.1 percent of total domestic income. Government spending has amounted to 37.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.4 percent of GDP. Public debt is equivalent to 74.8 percent of GDP.



Despite some improvement, the overall business environment continues to restrain economic growth. A recently passed labor law was intended to make the labor market more flexible, but it also increased overtime restrictions. Although the government has divested ownership of small businesses, it maintains interests in large enterprises such as an aluminum smelter and the country's largest bank and has expanded the state-owned energy company.



Trade is important to Mozambique's economy; the value of exports and imports taken together equals 92 percent of GDP. The average applied tariff rate is 4.2 percent. All land is owned by the government, and state-owned enterprises distort the economy. Dominated by banking, the financial sector continues to evolve. The state retains shares in the banking sector, and a government-owned investment bank funnels funding to state projects.

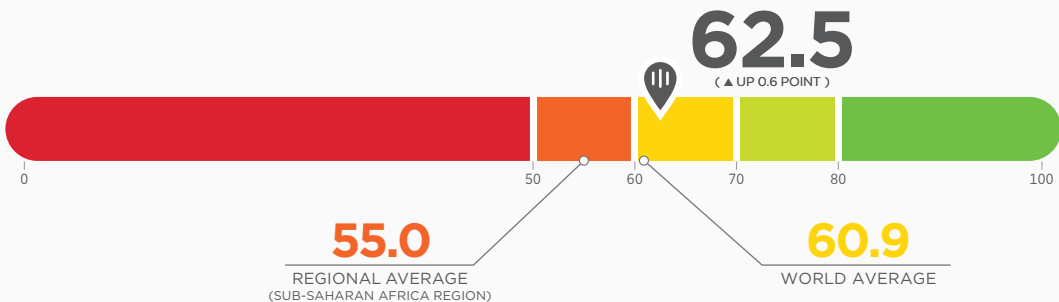
NAMIBIA

WORLD RANK: **78** | REGIONAL RANK: **5**
 ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Namibia's economy has benefited from a relatively high degree of regulatory efficiency and engagement in global commerce. The overall regulatory environment is fairly well organized and straightforward. With simplified and low tariffs, openness to trade is relatively high. Despite the challenging global economic environment, annual economic growth has averaged more than 5 percent over the past five years.

Overall economic freedom in Namibia remains constrained by long-standing institutional weaknesses and the absence of political commitment to deeper reforms. Namibia is weak in protecting property rights, and despite some progress, anticorruption measures lack effectiveness. The judicial system enforces contracts inconsistently and is vulnerable to political influence.

ECONOMIC FREEDOM SCORE

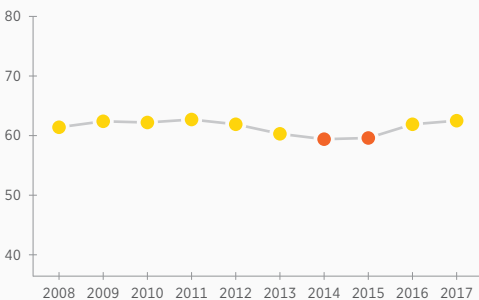


NOTABLE SUCCESSES:
 Trade Freedom and Monetary Stability

CONCERNS:
 Rule of Law, Financial Freedom, and Government Spending

OVERALL SCORE CHANGE SINCE 2013:
 +2.2

FREEDOM TREND



QUICK FACTS

POPULATION:
 2.2 million

GDP (PPP):
 \$25.3 billion
 4.5% growth in 2015
 5-year compound annual growth 5.3%
 \$11,408 per capita

UNEMPLOYMENT:
 25.5%

INFLATION (CPI):
 3.4%

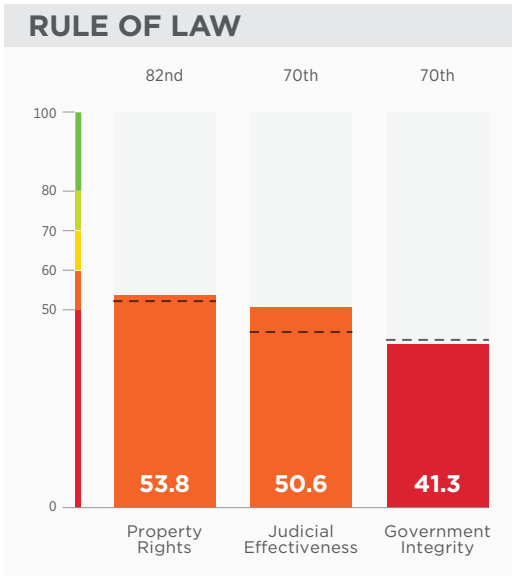
FDI INFLOW:
 \$1.1 billion

PUBLIC DEBT:
 27.2% of GDP

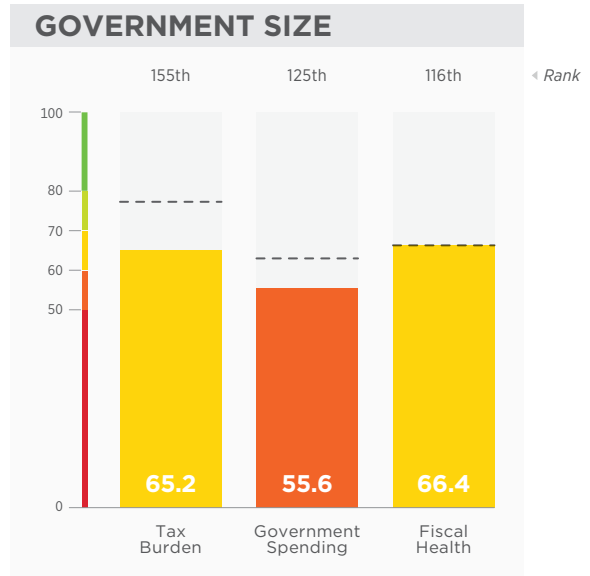
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Namibia has been politically stable since independence from South Africa in 1990. President Hage Geingob won a five-year term in 2014. The ruling South West Africa People's Organization (SWAPO) has won every parliamentary election by large majorities since 1990. The mining sector brings in more than 50 percent of foreign exchange earnings, and the country is projected to become the world's second-largest uranium producer after a Chinese-owned mine is fully on line. Namibia has one of the highest credit ratings in Africa. Its economy is closely linked to South Africa's economy, and its dollar has been pegged to the South African rand since 1993.

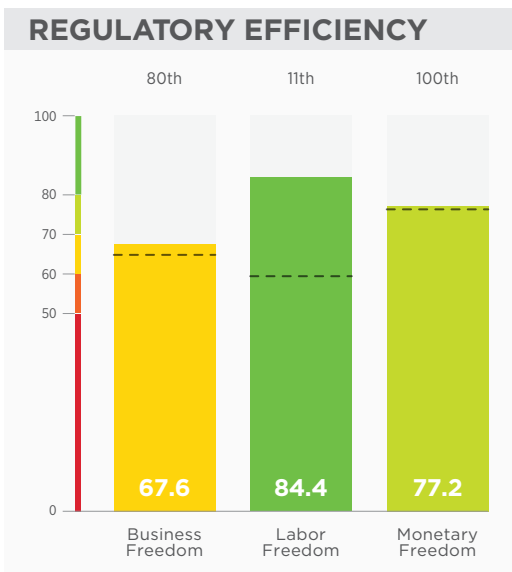
12 ECONOMIC FREEDOMS | NAMIBIA



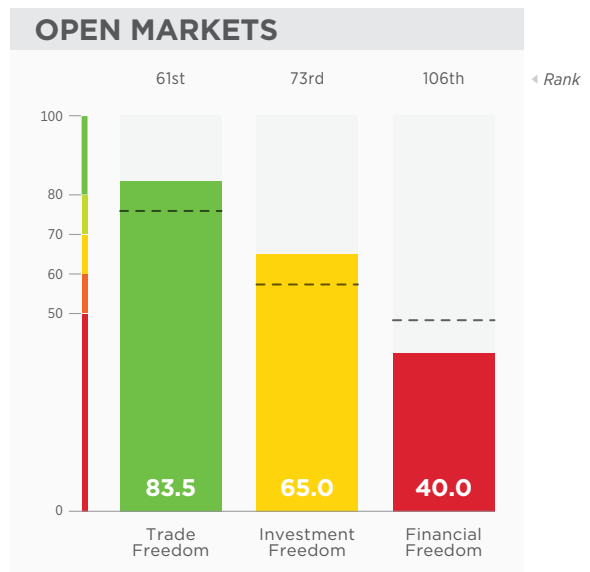
Property rights are constitutionally guaranteed, but the parliament can legally expropriate property and regulate the property rights of foreign nationals. The rule of law remains weak, and the judicial system suffers from a lack of resources and chronic delays. The president's strong anticorruption drive, backed by exemplary action, has helped the fight against graft, but significant weaknesses in transparency and government accountability persist.



The top individual income tax rate is 37 percent, and the top corporate tax rate is 34 percent. Other taxes include a value-added tax. The overall tax burden equals 30.9 percent of total domestic income. Government spending has amounted to 38.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.5 percent of GDP. Public debt is equivalent to 27.2 percent of GDP.



The overall regulatory framework has become more efficient and streamlined, but the pace of reform has slowed. Enforcement of commercial regulations is fairly effective and consistent. Labor regulations are relatively flexible, but the labor market lacks dynamism. Subsidies and transfers intended for educational assistance, medical care for public servants, and roads and infrastructure are expected to increase by nearly 1 percent of GDP.



Trade is extremely important to Namibia's economy; the value of exports and imports taken together equals 100 percent of GDP. The average applied tariff rate is 0.8 percent. Foreign investment is screened by the government, and state-owned enterprises distort the economy. Financial intermediation remains uneven across the country, and scarce access to credit and banking services discourages more robust entrepreneurial activity.

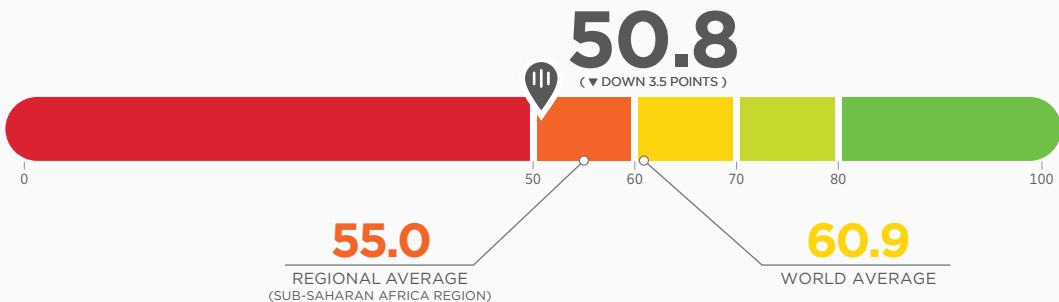
NIGER



Niger has recorded annual economic expansion of around 6 percent, driven mainly by minerals exports, over the past five years. Sustaining growth over the longer term will be difficult, however, because of a lack of economic dynamism. The economy remains highly vulnerable to external shocks.

Niger's overall progress toward greater economic freedom has been uneven and sluggish. The financial system remains underdeveloped, weak, and fragmented, reflecting the small size of the formal economy. The inefficient regulatory and legal environment constrains commercial operations and investment. Outmoded labor regulations discourage employment growth, and the judicial system remains vulnerable to corruption.

ECONOMIC FREEDOM SCORE

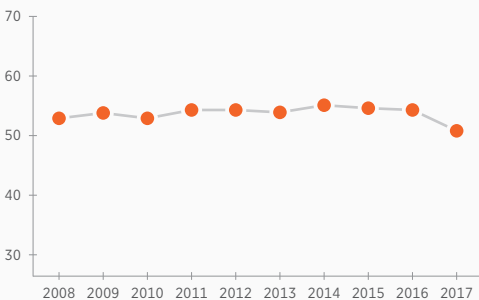


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law, Fiscal Health, and
Business Freedom

**OVERALL SCORE CHANGE
SINCE 2013:**
-3.1

FREEDOM TREND



QUICK FACTS

POPULATION:
17.6 million

GDP (PPP):
\$19.1 billion
4.0% growth in 2015
5-year compound
annual growth 6.1%
\$1,080 per capita

UNEMPLOYMENT:
2.8%

INFLATION (CPI):
1.0%

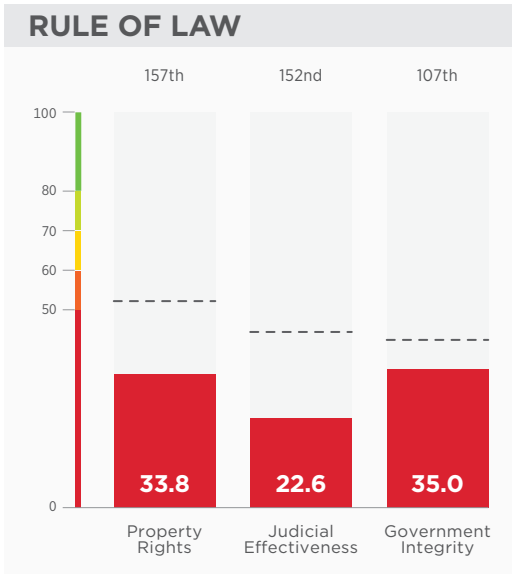
FDI INFLOW:
\$525.0 million

PUBLIC DEBT:
43.5% of GDP

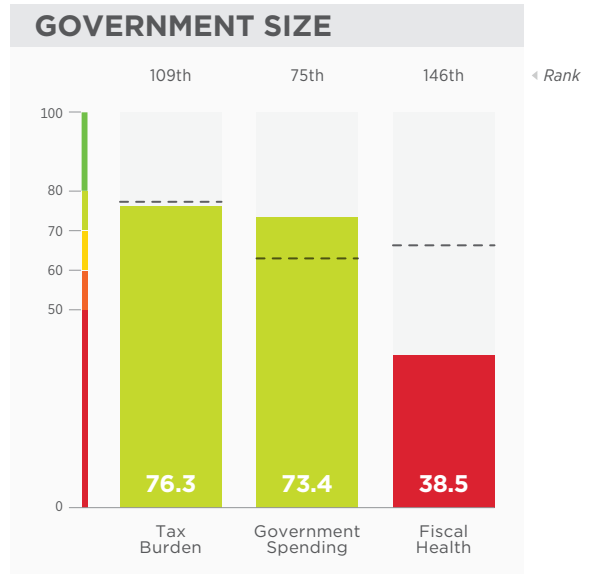
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: The military overthrew President Mamadou Tandja in a February 2010 coup after Tandja tried to extend his rule beyond the constitutionally mandated two terms. Mahamadou Issoufou of the opposition Nigerien Party for Democracy and Socialism won subsequent elections in 2011 and was reelected in a controversial March 2016 runoff vote after his chief rival, Hama Amadou, was imprisoned before the election on charges of child trafficking. In 2015, Niger joined a multinational coalition fighting the Nigerian terrorist group Boko Haram, and thousands of Nigeriens have been displaced by Boko Haram violence. Niger also faces a restive Tuareg population in the North and spillover violence from conflicts in Libya and Mali.

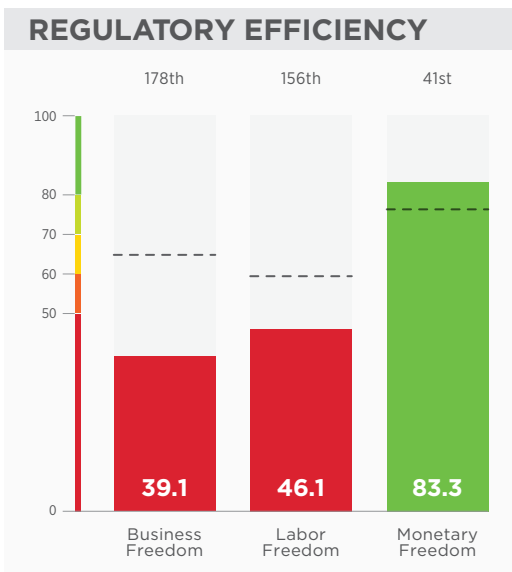
12 ECONOMIC FREEDOMS | NIGER



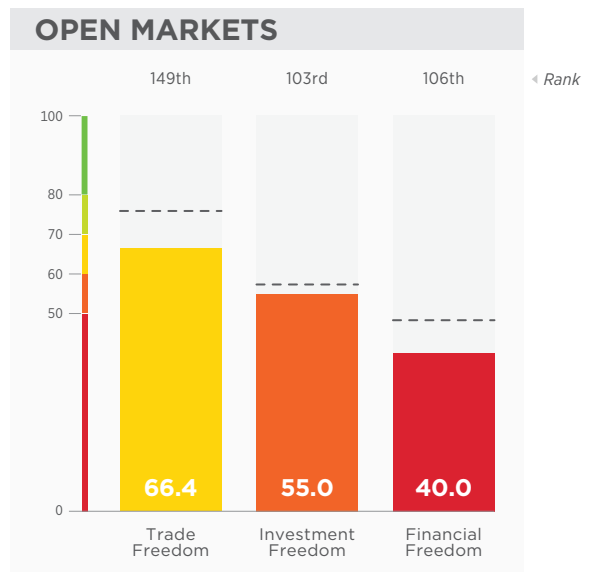
Interests in property are enforced when the landholder is known, but property disputes are common, especially in rural areas subject to customary land titles. The rule of law remains hampered by an ineffective judicial framework and a weak court system that is vulnerable to political pressure. High rates of illiteracy among Nigeriens, many of whom are semi-nomadic, have contributed to a political culture that is overly tolerant of corruption.



The top personal income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include a tax on interest and a capital gains tax. The overall tax burden equals 15.5 percent of total domestic income. Government spending has amounted to 29.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.0 percent of GDP. Public debt is equivalent to 43.5 percent of GDP.



Much-needed private-sector development has been hampered by the inadequate regulatory framework. Outmoded and inconsistent regulations impose substantial costs on business operations. The labor market is poorly developed, and much of the labor force works in the informal sector. Government-provided food subsidies cost an estimated 3.7 percent of GDP. The government also subsidizes natural gas in an effort to slow deforestation.



Trade is important to Niger's economy; the value of exports and imports taken together equals 57 percent of GDP. The average applied tariff rate is 9.3 percent. Investment in some sectors of the economy may be screened or capped, and state-owned enterprises distort the economy. Despite some progress, financing options for starting private businesses are limited. Overall bank credit to the private sector remains low.

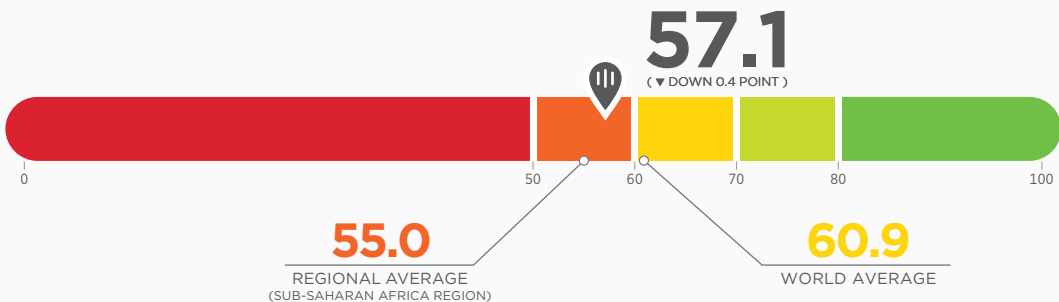
NIGERIA

Nigeria, Africa's most populous nation, has sought to improve its macroeconomic stability and develop its poor infrastructure, but severe economic policy distortions and a lack of transparency in the economic system continue to impair progress. The government also has struggled to end ongoing security threats in some parts of the country that have exacerbated poverty and unemployment.

The government's overreliance on oil, which accounts for over 90 percent of export earnings, has exposed the economy to major risks amid declining oil prices. Despite attempts to diversify Nigeria's industries, overall progress has been only marginal. State-imposed bans on imports have hurt consumers and businesses, and the judicial system remains vulnerable to corruption.



ECONOMIC FREEDOM SCORE

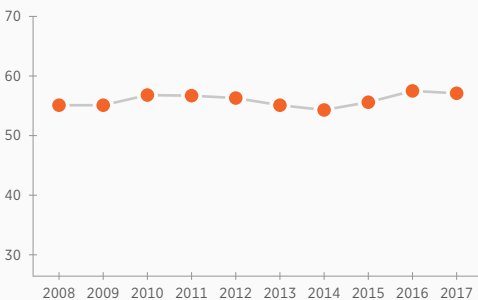


NOTABLE SUCCESSES:
Government Spending

CONCERNS:
Rule of Law, Open Markets, and Business Freedom

OVERALL SCORE CHANGE SINCE 2013:
+2.0

FREEDOM TREND



QUICK FACTS

POPULATION:
178.7 million

GDP (PPP):
\$1.1 trillion
2.7% growth in 2015
5-year compound annual growth 4.7%
\$6,108 per capita

UNEMPLOYMENT:
5.8%

INFLATION (CPI):
9.0%

FDI INFLOW:
\$3.1 billion

PUBLIC DEBT:
11.5% of GDP

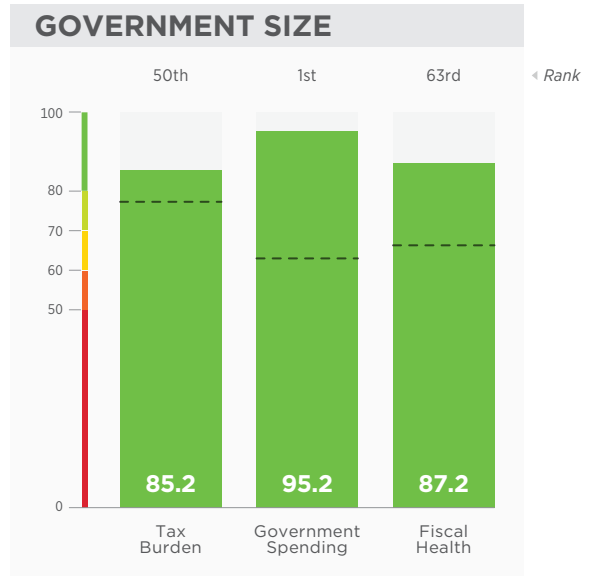
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: In May 2015, in Nigeria's first peaceful transfer of power among parties since independence, former military ruler Muhammadu Buhari defeated incumbent President Goodluck Jonathan. Critical challenges include an Islamist insurgency and budgetary shortfalls caused by plunging oil prices. Before the May election, Nigeria, Chad, Niger, and Cameroon pushed the terrorist group Boko Haram out of its major strongholds. However, Boko Haram attacks have continued, primarily in northeast Nigeria, and militants in the oil-rich Niger Delta region have revived a campaign of attacks against the oil sector. In 2014, Nigeria surpassed South Africa as Africa's largest economy.

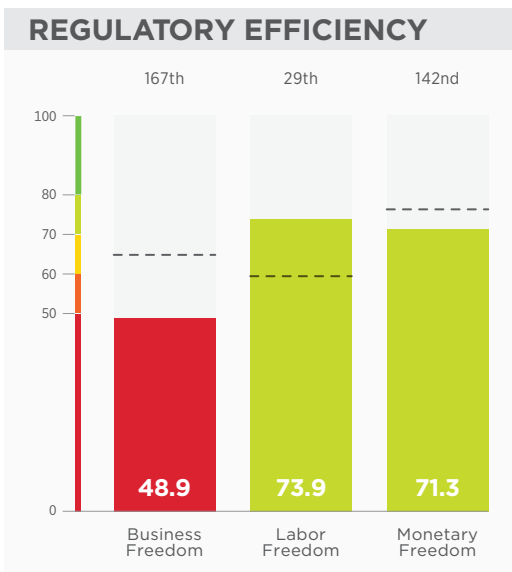
12 ECONOMIC FREEDOMS | NIGERIA



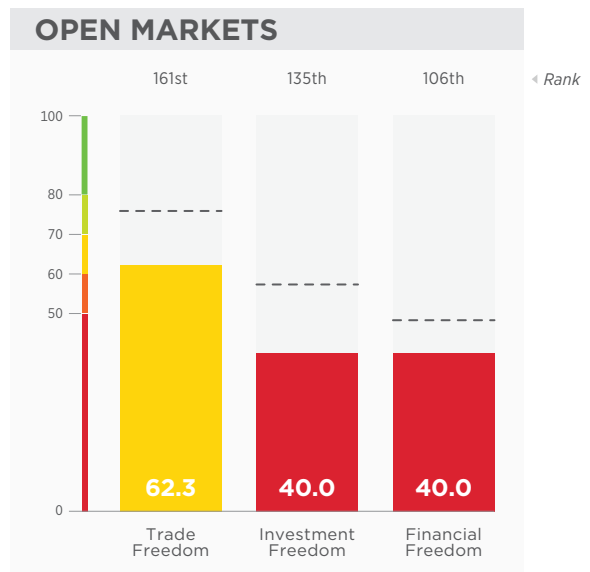
Protection of property rights is weak, although the World Bank's 2016 *Doing Business* survey reported that fees for property transfers had been reduced. The judiciary has some independence but is hobbled by political interference, corruption, and a lack of funding. Corruption is rarely investigated or prosecuted, and impunity remains widespread at all levels of government. Protectionism driven by currency devaluation has led to increased smuggling.



The top individual income tax rate is 24 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden equals 2.8 percent of total domestic income. Government spending has amounted to 12.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.8 percent of GDP. Public debt is equivalent to 11.5 percent of GDP.



Despite recent reforms, the structural changes that are needed to develop a more vibrant private sector have not emerged, and the oil sector still dominates overall economic activity. In the absence of dynamic nonenergy growth, a more vibrant labor market has not emerged. To tackle chronic shortages, the government cut gasoline subsidies in May 2016 by 67 percent. Nigeria regulates prices on electricity.

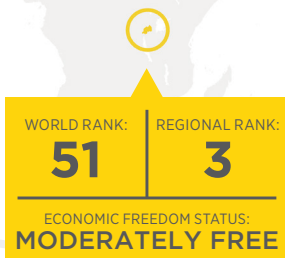


Trade is moderately important to Nigeria's economy; the value of exports and imports taken together equals 31 percent of GDP. The average applied tariff rate is 11.3 percent. In general, foreign and domestic investors are treated equally, but the judicial and regulatory systems impede foreign investment. The banks are highly exposed to the energy sector, and nonperforming loans have been increasing rapidly.

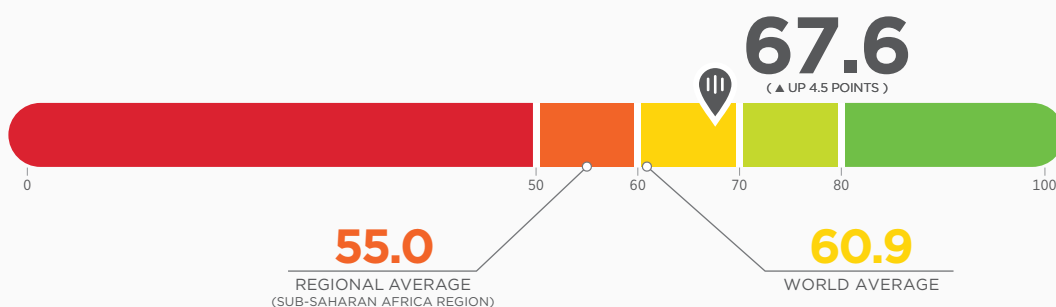
RWANDA

Rwanda's adoption of structural reforms has facilitated the emergence of entrepreneurial activity and transformed the once conflict-ridden country into a more open economy. Personal and corporate tax rates are moderate. With a sound regulatory framework that is conducive to private-sector development, Rwanda has achieved annual economic growth of approximately 7 percent over the past three years.

Overall economic freedom, however, is held back by lingering institutional weaknesses that are interrelated. Although foreign investment is welcome, political instability is a major deterrent. There have been ongoing efforts to strengthen the financial sector, create infrastructure, and improve expenditure management, but tangible progress has been elusive. The judicial system lacks independence and transparency.



ECONOMIC FREEDOM SCORE

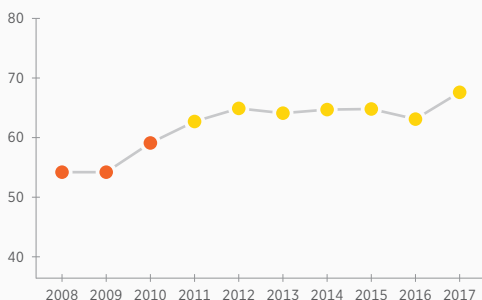


NOTABLE SUCCESSES:
Labor Freedom, Monetary Stability, and Trade Freedom

CONCERNS:
Financial Freedom, Business Freedom, and Rule of Law

OVERALL SCORE CHANGE SINCE 2013:
+3.5

FREEDOM TREND



QUICK FACTS

POPULATION:
11.4 million

GDP (PPP):
\$20.4 billion
6.9% growth in 2015
5-year compound annual growth 7.0%
\$1,807 per capita

UNEMPLOYMENT:
2.4%

INFLATION (CPI):
2.5%

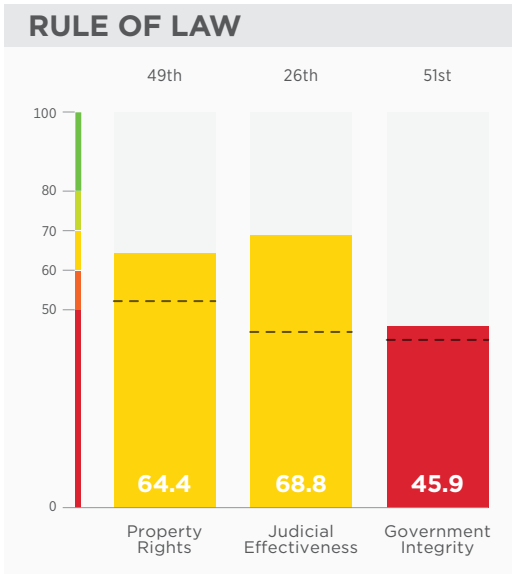
FDI INFLOW:
\$471.2 million

PUBLIC DEBT:
34.6% of GDP

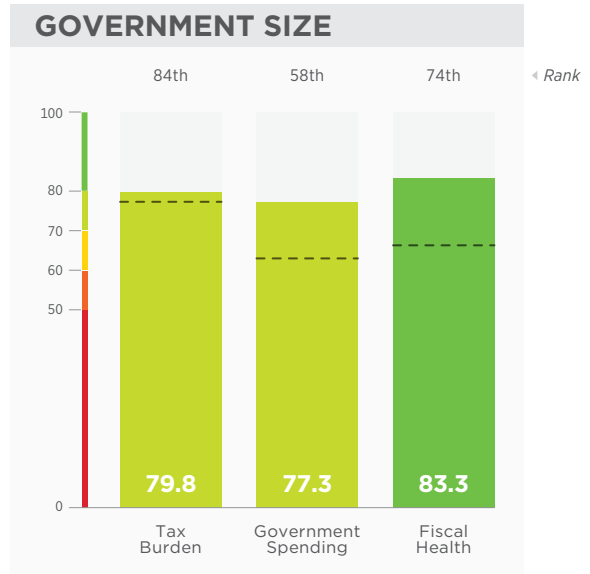
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Paul Kagame's Tutsi-led Rwandan Patriotic Front (RPF) seized power in July 1994 in the wake of the state-sponsored genocide that killed an estimated 800,000 people, mostly Tutsis. Kagame has been president since 2000. He was reelected in August 2010 amid allegations of fraud, intimidation, and violence, and his RPF won a resounding victory in the September 2013 parliamentary elections. In 2015, in a move that drew criticism from countries concerned about Kagame's increasingly authoritarian rule, Rwandans voted overwhelmingly to amend the constitution to allow Kagame in theory to govern until 2034. Although it still remains widespread, poverty has been declining rapidly.

12 ECONOMIC FREEDOMS | RWANDA



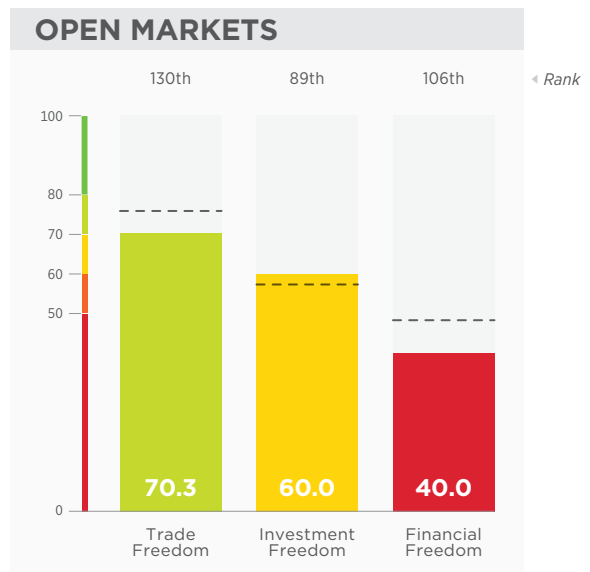
The law protects and facilitates the acquisition and disposition of private rights in property. There have been some recent improvements in the judicial system, including improved training and revisions of the legal code, but the judiciary has yet to secure full independence from the executive. Rwanda is among the least corrupt countries in Africa and is ranked 44th in the world in Transparency International's 2015 *Corruption Perceptions Index*.



The top personal income and corporate tax rates are 30 percent. Other taxes include a value-added tax and a property transfer tax. The overall tax burden equals 14.9 percent of total domestic income. Government spending has amounted to 27.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.0 percent of GDP. Public debt is equivalent to 34.6 percent of GDP.



Regulatory reform measures have contributed to a more favorable business environment, although the pace of reform has slowed in recent years. Labor regulations are relatively flexible, but a more vibrant formal labor market has yet to develop. The government subsidizes agriculture, maintains price controls, and subsidizes power for the 20 percent of the population that has access to electricity.



Trade is moderately important to Rwanda's economy; the value of exports and imports taken together equals 45 percent of GDP. The average applied tariff rate is 7.4 percent. Foreign investors may lease but not own land. Many state-owned enterprises have been privatized. The financial sector continues to evolve, but the high costs of financing and limited access to credit still pose serious challenges for potential entrepreneurs.

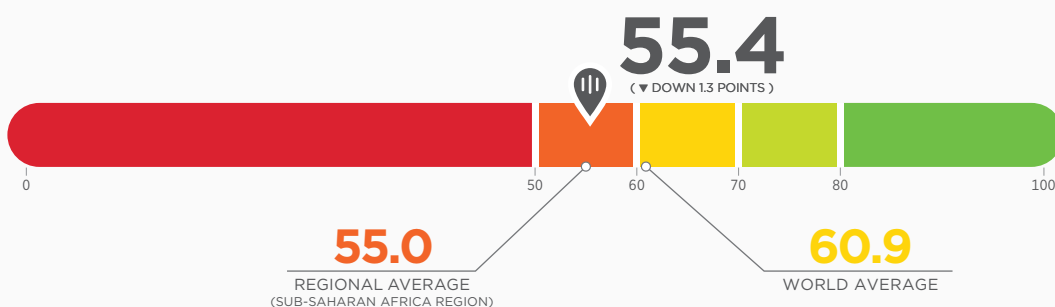
SÃO TOMÉ AND PRÍNCIPE

São Tomé and Príncipe has undertaken structural reforms to boost government efficiency and enhance the business environment. A streamlined business formation process has enhanced regulatory efficiency, and the corporate tax rate has been significantly reduced to a flat 25 percent.

Nevertheless, institutional weaknesses continue to constrain overall economic freedom. The judicial system lacks the capacity to defend property rights effectively. Widespread corruption undermines prospects for long-term economic development. High public spending perpetuates fiscal burdens. A lack of commitment to open-market policies impedes growth in trade and investment and thwarts the emergence of a more dynamic private sector.



ECONOMIC FREEDOM SCORE

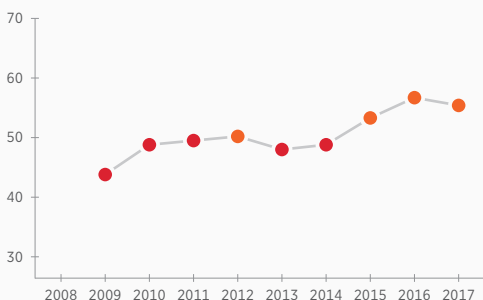


NOTABLE SUCCESSSES:
Trade Freedom

CONCERNS:
Rule of Law, Financial Freedom, and Labor Freedom

OVERALL SCORE CHANGE SINCE 2013:
+7.4

FREEDOM TREND



QUICK FACTS

POPULATION:
0.2 million

GDP (PPP):
\$0.7 billion
4.0% growth in 2015
5-year compound annual growth 4.4%
\$3,244 per capita

UNEMPLOYMENT:
14.0%

INFLATION (CPI):
5.3%

FDI INFLOW:
\$28.5 million

PUBLIC DEBT:
82.5% of GDP

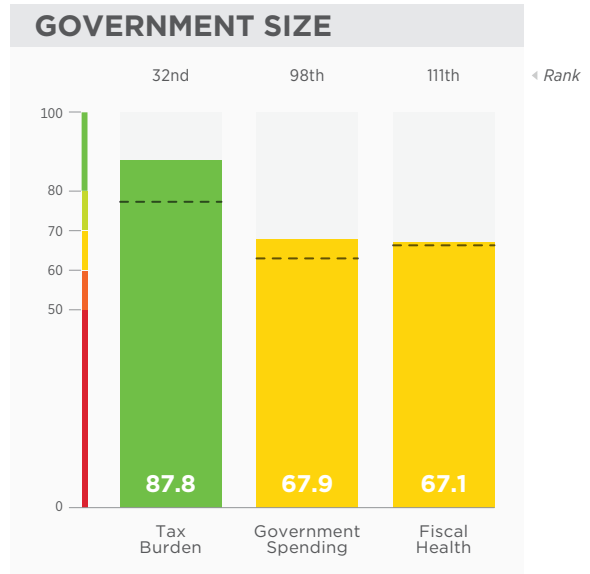
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Evaristo Carvalho won the presidency in a runoff election in August 2016 that was marred by accusations of irregularities and a boycott by incumbent President Manuel Pinto da Costa, who had served two separate terms following independence from Portugal in 1975. Previously, the supreme court had overturned results showing that Carvalho had won a narrow victory in the first round of voting. Patrice Trovoada, a Carvalho ally, is prime minister. Cocoa production, an economic mainstay, has declined in recent years, but there is tourism potential. São Tomé is dependent on foreign assistance. It is developing oil fields in the Gulf of Guinea jointly with Nigeria, but production will not begin for several years.

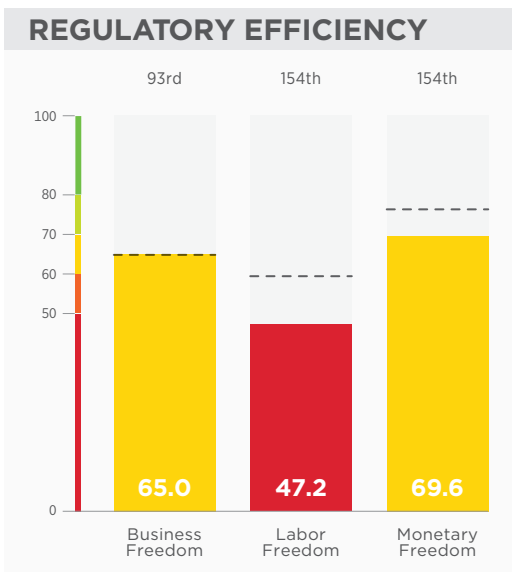
12 ECONOMIC FREEDOMS | SÃO TOMÉ AND PRÍNCIPE



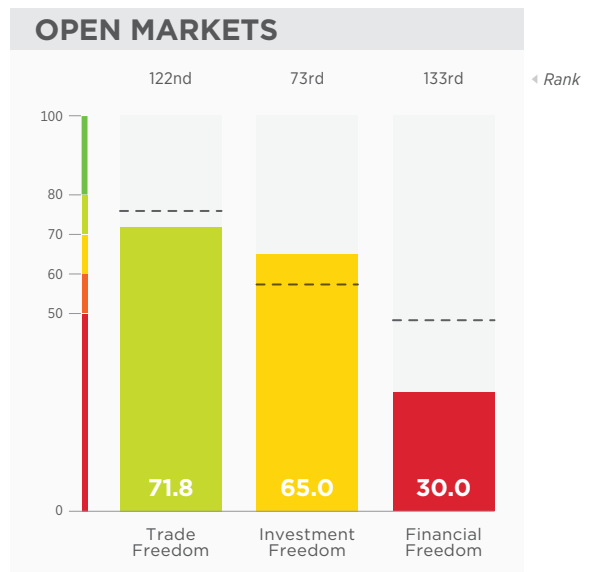
Property rights are not protected effectively. The judiciary is independent but weak and susceptible to political influence. Although there are criminal penalties for official corruption, the government reportedly does not enforce applicable laws effectively. The World Bank's 2015 Worldwide Governance Indicators confirmed that corruption is a problem. Many citizens view police as ineffective and corrupt.



The top personal income tax rate is 20 percent, and the corporate tax rate is a flat 25 percent. Other taxes include a sales tax and a dividend tax. The overall tax burden equals 14.1 percent of total domestic income. Government spending has amounted to 32.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 82.5 percent of GDP.



Launching a business is time-consuming, and regulatory requirements increase the overall cost of entrepreneurial activity. Existing labor regulations are not enforced effectively. The government made an IMF commitment to introduce an automatic pricing mechanism for fuel beginning in June 2016 and to pursue power subsidy reform, but implementation has been hindered by powerful vested interests that profit from the status quo.



Trade is important to São Tomé and Príncipe's economy; the value of exports and imports taken together equals 55 percent of GDP. The average applied tariff rate is 9.1 percent. In general, foreign and domestic investors are treated equally under the law, and most sectors of the economy are open to foreign investment. Much of the population still lacks access to formal banking services, and financing for business expansion is very limited.

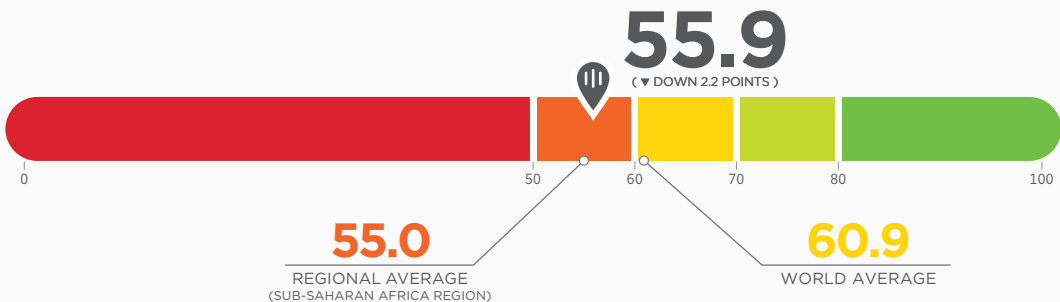
SENEGAL

Senegal has experienced uneven progress in economic freedom. The regulatory framework discourages dynamism and tends to curb development of the private sector. Despite some improvement in streamlining business formation, government bureaucracy and the lack of transparency create a poor entrepreneurial climate, and a lack of commitment to open markets hinders integration into the global marketplace.

Implementation of deeper institutional reforms to improve the foundations of economic freedom is critical to Senegal's prospects for long-term economic development and greater poverty reduction. Systemic weaknesses persist in the protection of property rights and the effective enforcement of anticorruption measures. The judiciary remains vulnerable to political influence.

WORLD RANK: **120** | REGIONAL RANK: **21**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

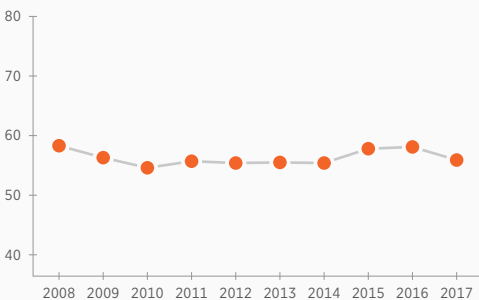


NOTABLE SUCCESSES:
 Monetary Stability and
 Trade Freedom

CONCERNS:
 Rule of Law, Financial Freedom, and
 Labor Freedom

**OVERALL SCORE CHANGE
 SINCE 2013:**
 +0.4

FREEDOM TREND



QUICK FACTS

POPULATION:
 15.0 million

GDP (PPP):
 \$36.7 billion
 6.5% growth in 2015
 5-year compound
 annual growth 4.2%
 \$2,451 per capita

UNEMPLOYMENT:
 9.3%

INFLATION (CPI):
 0.1%

FDI INFLOW:
 \$345.2 million

PUBLIC DEBT:
 56.8% of GDP

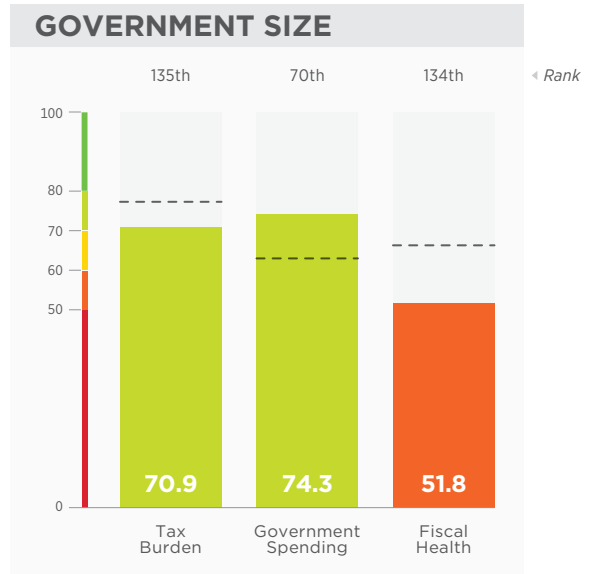
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: President Macky Sall of the Alliance for the Republic-Yakaar party won election in March 2012, defeating two-term incumbent Abdoulaye Wade, whose third-term bid sparked street protests. In March 2016, at Sall's urging, the country passed a constitutional referendum shortening presidential terms from seven to five years, prohibiting more than two terms, and reducing presidential power in favor of the National Assembly. In April 2014, after more than 30 years of conflict between the government and southern separatists, the leader of the rebel Movement of Democratic Forces of Casamance declared a unilateral cease-fire that remains in force. About 75 percent of the workforce is engaged in agriculture or fishing.

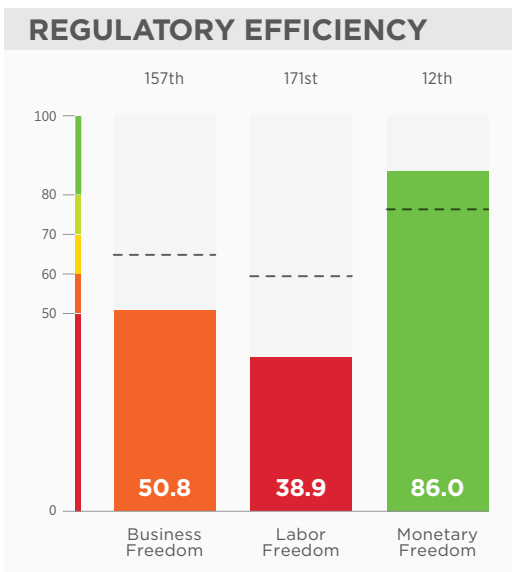
12 ECONOMIC FREEDOMS | SENEGAL



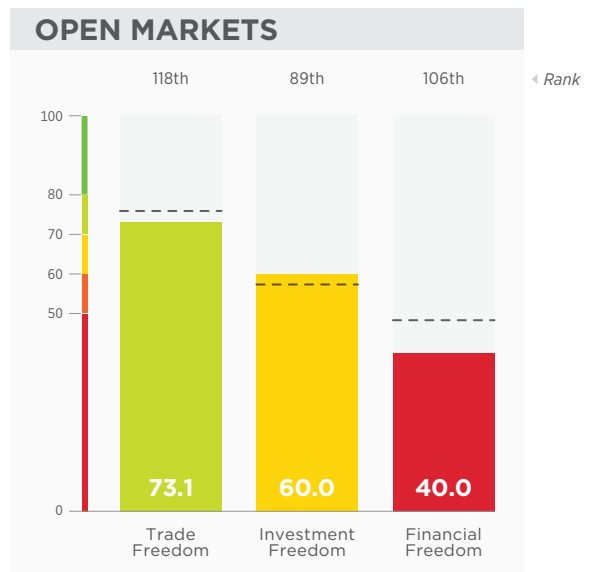
Property titling procedures are uneven across the country. The judiciary is independent but inadequately resourced and subject to external influences. President Sall's reformist policy agenda includes restoring fiscal responsibility and pursuing former ministers accused of graft, but the public remains frustrated by perceived official corruption and by slow progress on efforts to address popular demand for political and social reform.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax and an insurance tax. The overall tax burden equals 20.2 percent of total domestic income. Government spending has amounted to 29.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 56.8 percent of GDP.



Although the process for establishing a business has become more streamlined, start-up costs remain substantial. The overall regulatory environment is vulnerable to arbitrary decision-making and corruption. A formal urban labor market has been slow to develop. The IMF has advised reductions in unproductive public spending and has appealed for progress in the implementation of energy reform, but the government continues to fund costly subsidies.

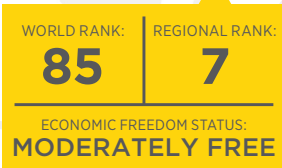


Trade is important to Senegal's economy; the value of exports and imports taken together equals 74 percent of GDP. Foreign investment may be screened. Most sectors of the economy are open to investment, but bureaucratic barriers may impede foreign investment. The underdeveloped financial system is dominated by banking, which is highly concentrated, and the government retains its shares in a number of banks.

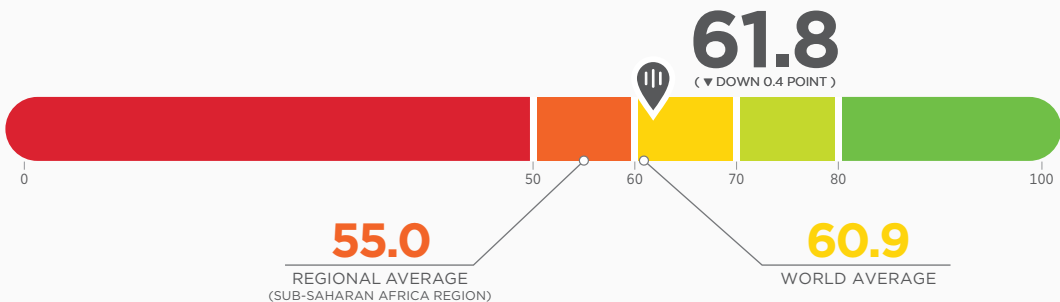
SEYCHELLES

Reforms of the Seychelles economy's evolving entrepreneurial framework have focused on improving overall regulatory efficiency. The government has previously implemented major tax reforms, cutting and simplifying personal and corporate taxes. Although privatization has been slow, efforts to enhance transparency and improve the governance of state-owned enterprises have continued. Additional regulatory reform will be critical to improving competitiveness.

Undermining the gains from an improved regulatory environment, however, is a lack of commitment to open-market policies that continues to hold back dynamic growth in trade and investment. Institutional weaknesses stemming from an inefficient legal framework and pervasive corruption severely hamper the emergence of a dynamic private sector beyond the tourism sector.



ECONOMIC FREEDOM SCORE

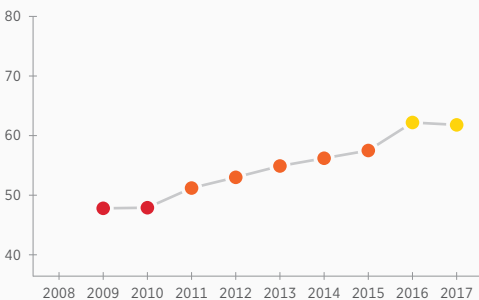


NOTABLE SUCCESSES:
Fiscal Policy, Trade Freedom, and Monetary Stability

CONCERNS:
Rule of Law, Financial Freedom, and Investment Freedom

OVERALL SCORE CHANGE SINCE 2013:
+6.9

FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$2.4 billion
4.4% growth in 2015
5-year compound annual growth 4.9%
\$26,277 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
4.0%

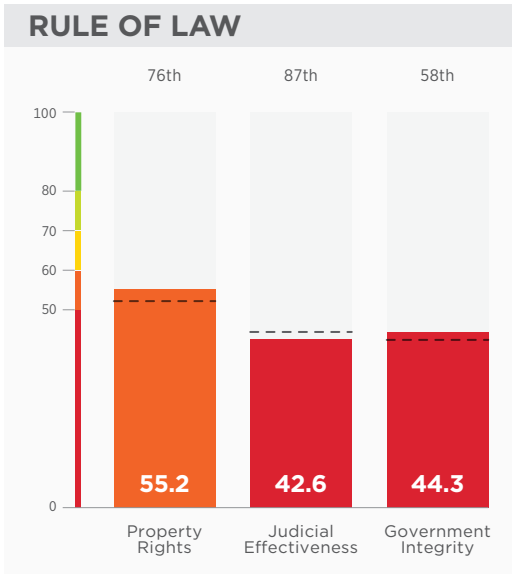
FDI INFLOW:
\$194.5 million

PUBLIC DEBT:
68.1% of GDP

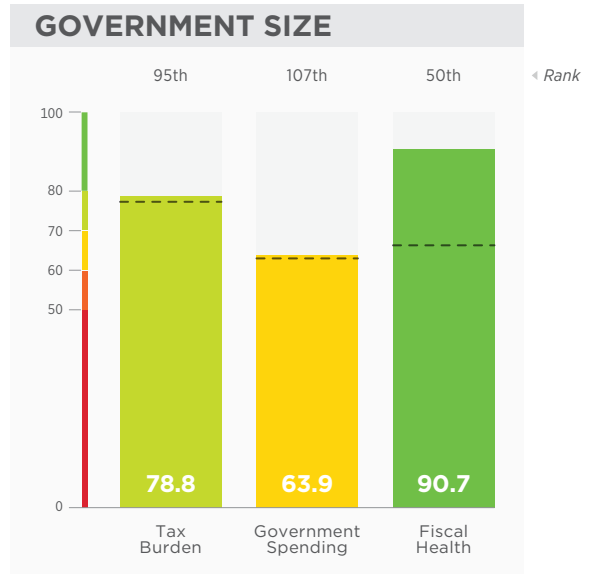
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: The Seychelles People's Progressive Front, now known as the People's Party, has ruled the archipelago country of Seychelles since 1977 when France-Albert René seized power in a bloodless coup. In 2004, René ceded power to Vice President James Michel. Michel was elected to five-year terms in 2006, 2011, and 2015 after a runoff vote. In October 2016, President Michel resigned and transferred power to Vice President Danny Faure, who will serve the remaining four years of Michel's term. Seychelles enjoys a relatively stable economic environment with lucrative fishing and tourism industries. In July 2015, the World Bank classified Seychelles as a "high income" country.

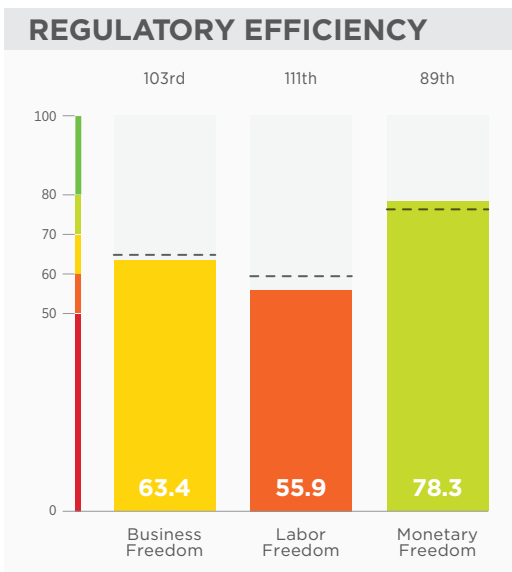
12 ECONOMIC FREEDOMS | SEYCHELLES



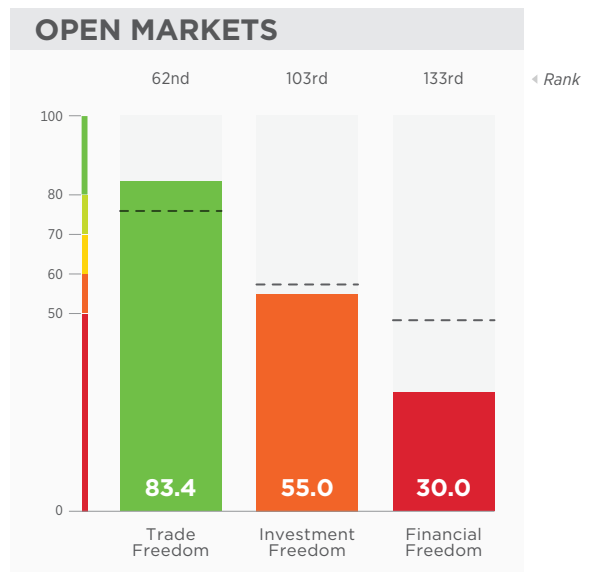
The courts enforce interests in real property, including mortgages and liens. The World Bank's 2016 *Doing Business* survey ranked Seychelles 67th out of 189 countries in its Registering Property index. The judicial branch is independent, but well-connected individuals are perceived as receiving special treatment in the courts. A lack of transparency enables corruption in privatization and other government programs.



The personal income tax rate is a flat 15 percent. The top corporate tax rate is 33 percent. Other taxes include an interest tax, a vehicle tax, and a value-added tax. The overall tax burden equals 28.4 percent of total domestic income. Government spending has amounted to 34.7 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.0 percent of GDP. Public debt is equivalent to 68.1 percent of GDP.



The regulatory framework still includes considerable bureaucratic and procedural hurdles for potential entrepreneurs. The formal labor market is not fully developed, and the inefficient public sector accounts for approximately 40 percent of total employment. The state-owned airline added new destinations in 2015 despite large operating losses, and Seychelles Public Transport Corporation recorded losses in 2015 despite a government subsidy.

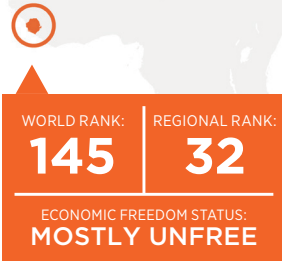


Trade is extremely important to the Seychelles economy; the value of exports and imports taken together equals 181 percent of GDP. Seychelles joined the World Trade Organization in 2015. Foreign investment in some sectors of the economy is restricted. The banking sector consists of both state-owned and foreign financial institutions. Limited financing options for the private sector undermine business development.

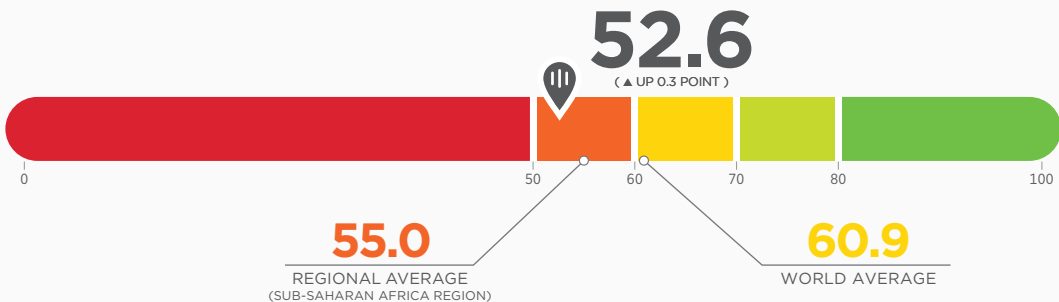
SIERRA LEONE

In an effort to move away from dependence on diamond production, Sierra Leone has taken measures to improve its legal and physical infrastructure. It has also taken steps to improve tax administration and the management of public debt.

Significant structural weaknesses, however, continue to strain the fragile economy. Poverty reduction and economic growth are hampered by a restrictive regulatory environment, inadequate infrastructure, and weak enforcement of contracts. The financial system is still recovering from civil war and lacks the capacity to provide sufficient credit for vibrant business activity. Pervasive corruption and nearly nonexistent property rights are significant drags on private-sector dynamism.



ECONOMIC FREEDOM SCORE

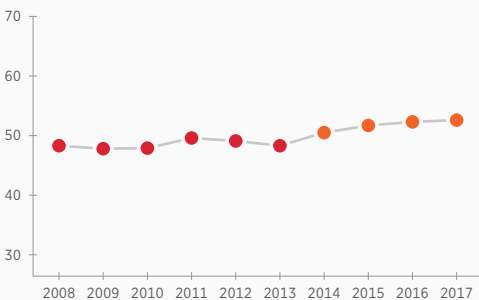


NOTABLE SUCCESSSES:
Trade Freedom

CONCERNS:
Rule of Law, Regulatory Efficiency, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
+4.3

FREEDOM TREND



QUICK FACTS

POPULATION:
6.3 million

GDP (PPP):
\$10.0 billion
-21.5% growth in 2015
5-year compound annual growth 5.0%
\$1,577 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
9.0%

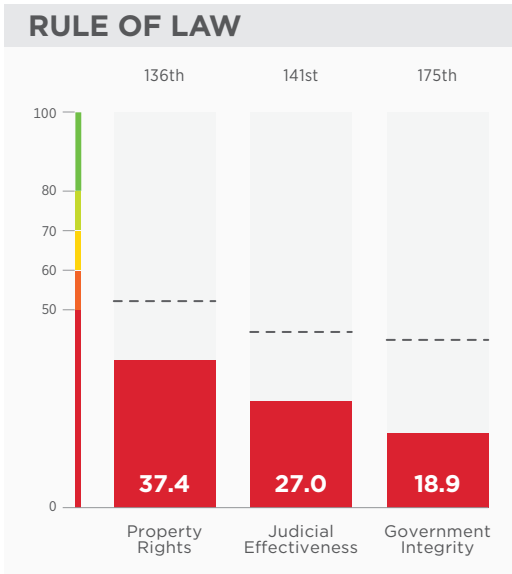
FDI INFLOW:
\$518.7 million

PUBLIC DEBT:
46.1% of GDP

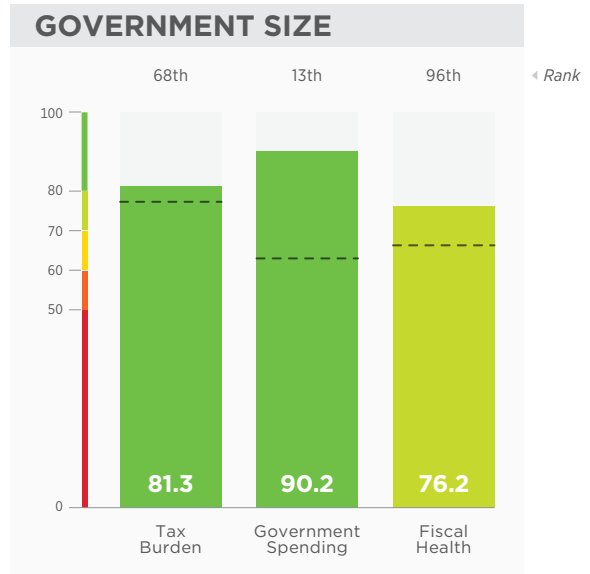
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Opposition candidate Ernest Bai Koroma of the All People's Congress, elected president in 2007 in Sierra Leone's first peaceful transition of power since independence from Britain in 1961, was reelected in 2012. Despite some institutional progress since the end of a decade-long civil war in 2002, living standards remain very low, and basic infrastructure is lacking throughout the country. Because mining is the primary industry and mineral exports generate most foreign exchange, Sierra Leone is vulnerable to fluctuations in commodity prices. Gem-quality diamonds account for nearly half of exports and for high rates of economic growth. The 2014 Ebola epidemic in West Africa killed nearly 4,000 Sierra Leoneans.

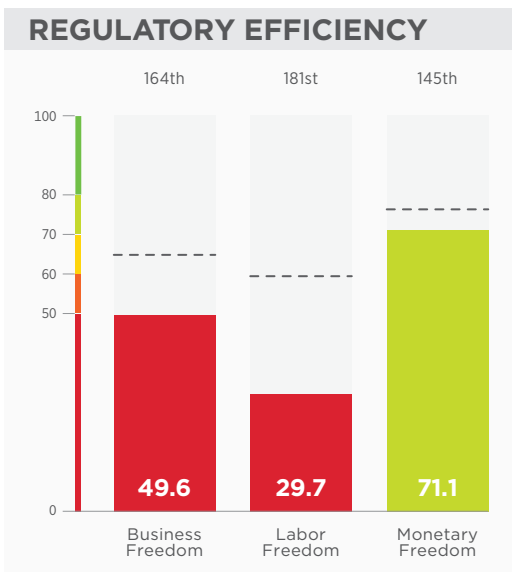
12 ECONOMIC FREEDOMS | SIERRA LEONE



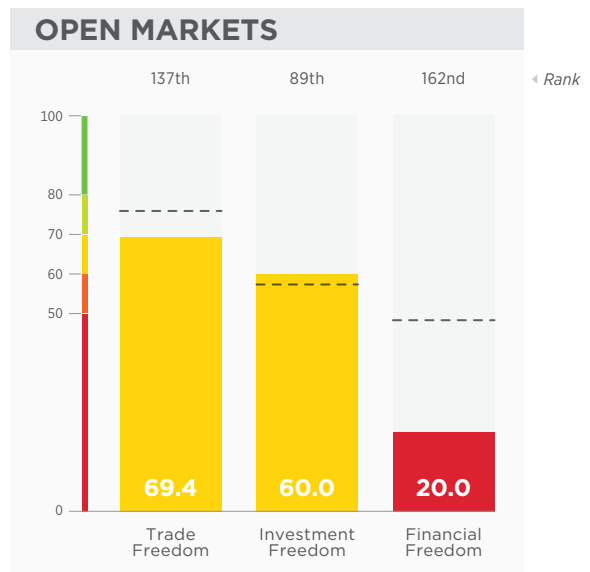
There is no land titling system. The judiciary has demonstrated a degree of independence, but low salaries, lack of police professionalism, and inadequate resources still impede judicial effectiveness. Corruption remains endemic at every level of government: Even funds to fight Ebola have vanished. Perceptions of corruption, as reported in November 2015 by Transparency International's Global Corruption Barometer, are among the highest in Africa.



The top individual income and corporate tax rates are 30 percent. Other taxes include a goods and services tax and an interest tax. The overall tax burden equals 8.3 percent of total domestic income. Government spending has amounted to 18.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 46.1 percent of GDP.



Despite recent years' reform measures, the overall regulatory environment lacks efficiency and transparency. With much of the labor force employed in the informal sector, outmoded and inflexible labor regulations are rather futile in application. In 2015, the IMF advised the government to take advantage of lower oil prices and cut subsidies; in 2016, it reported that the authorities had failed to adhere to their commitments in this area.



Trade is important to Sierra Leone's economy; the value of exports and imports taken together equals 59 percent of GDP. The average applied tariff rate is 10.3 percent. In general, foreign and domestic investors are treated equally under the law. State-owned enterprises distort the economy. The financial system was undermined by prolonged economic and political instability, and the recovery process has been sluggish.

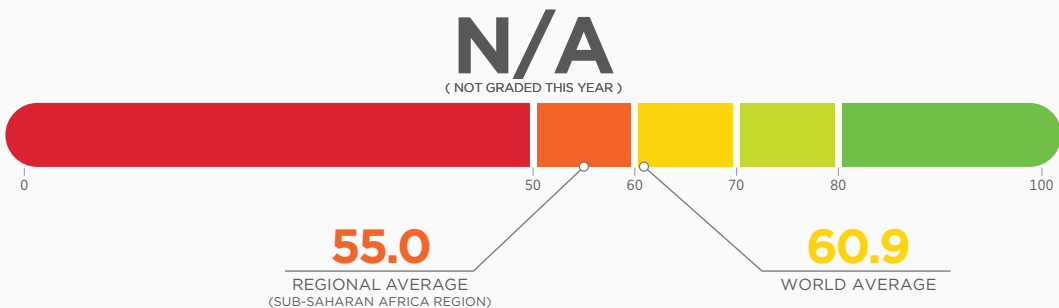
SOMALIA

Violence and political unrest have prevented Somalia from developing a coherent and coordinated domestic marketplace. The central government controls only part of the country, and formal economic activity is largely relegated to urban areas like Mogadishu. The lack of accurate economic statistics precludes ranking Somalia in this edition of the *Index*.

Lack of central authority makes the rule of law inconsistent and fragmented, with different militias, authorities, and tribes applying varying legal frameworks. Traditional customs like Sharia law have become more entrenched. The level of corruption remains high, and the lack of transparency and formal bookkeeping means that government revenues are easily embezzled.

WORLD RANK: **N/A** | REGIONAL RANK: **N/A**
 ECONOMIC FREEDOM STATUS: **NOT GRADED**

ECONOMIC FREEDOM SCORE



NOTABLE SUCCESSES:
 n/a

CONCERNS:
 n/a

OVERALL SCORE CHANGE SINCE 2013:
 N/A

FREEDOM TREND



QUICK FACTS

POPULATION:
 10.5 million

GDP (NOMINAL):
 \$5.7 billion
 3.7% growth in 2015
 5-year compound annual growth n/a
 n/a per capita

UNEMPLOYMENT:
 n/a

INFLATION (CPI):
 n/a

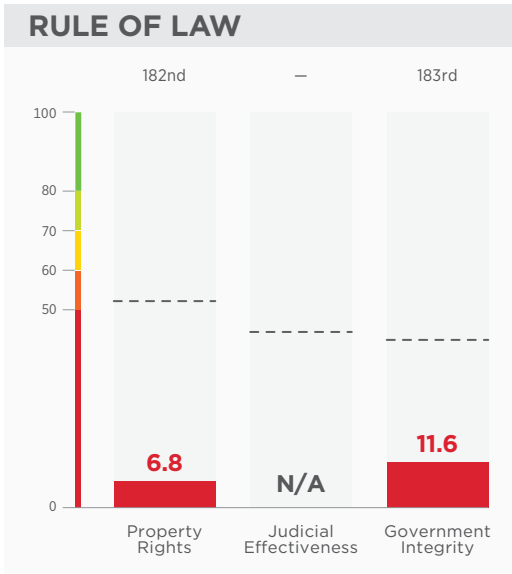
FDI INFLOW:
 \$516.0 million

PUBLIC DEBT:
 n/a

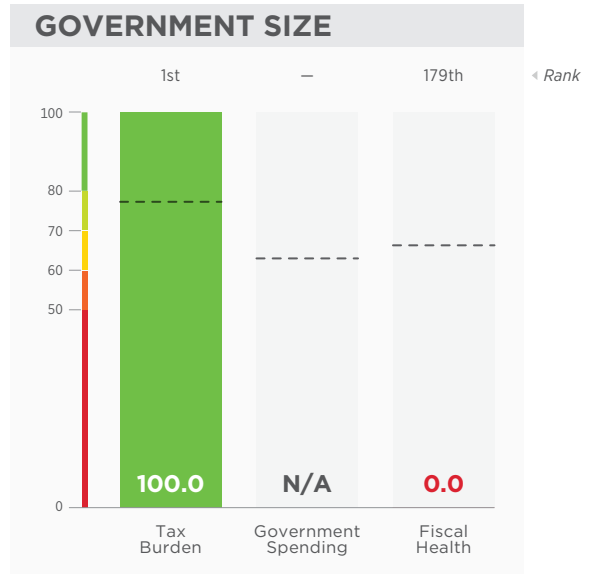
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Since the collapse of longtime dictator Siad Barre's regime in 1991, various peacekeeping forces have protected a succession of weak and short-lived governments. The current AMISOM multinational force was inaugurated in 2007. A provisional constitution was passed in August 2012, and Hassan Sheikh Mohamud was elected president in September. The Islamist terrorist group al-Shabaab has been pushed from its most important strongholds, but it remains a potent threat. Somalia's GDP and living standards are among the lowest in the world, and the population depends on foreign aid and remittances. Economic growth is slowly expanding beyond Mogadishu. Livestock, agriculture, and fishing are economic mainstays.

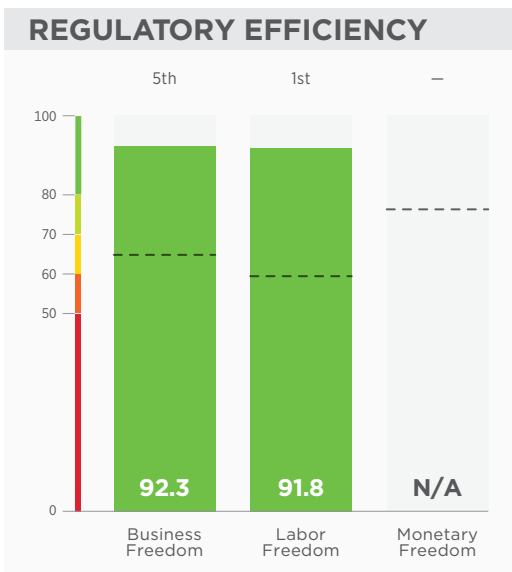
12 ECONOMIC FREEDOMS | SOMALIA



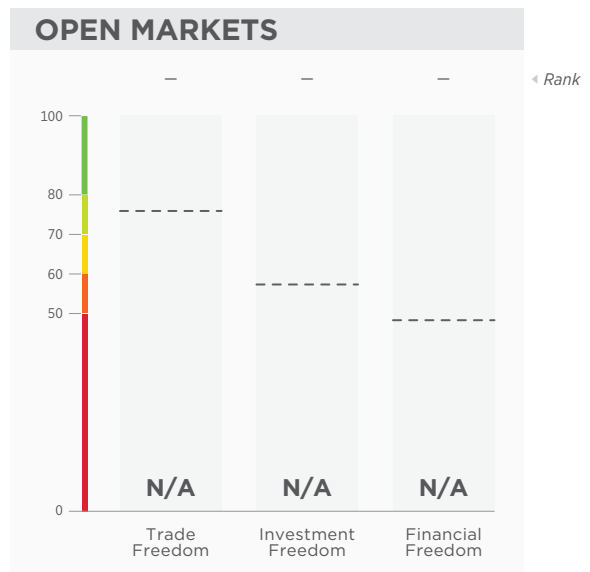
Disputes over real property are at the core of ongoing civil unrest, marked by many conflicts over land, land grabs by warlords, and huge displacements of local populations, especially in South Central Somalia. The civilian judicial system is largely nonfunctional across the country. Corruption is rampant. Somalia was tied with North Korea for last place among the 168 countries surveyed in Transparency International's 2015 *Corruption Perceptions Index*.



There is no effective national government that can provide basic services. Other than the collection of very limited duties and taxes, little formal fiscal policy is in place. A new income tax law has been submitted to parliament for approval, but the lack of productive economic activity severely constrains the government's ability to generate revenues.

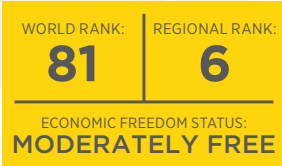


An outmoded regulatory environment and inadequate infrastructure deter the formation and operation of businesses. The labor market is dominated by informal hiring practices. Somalia has a nascent financial sector and no control over monetary policy, but its informal agricultural, construction, and telecommunications sectors have seen modest growth without subsidies.



Trade is important to Somalia's economy; the value of exports and imports taken together equals 76 percent of GDP. Much of the population remains outside of the formal trade and banking sectors, and private investment remains extremely limited. Somali diaspora remittances continue to be an important source of foreign exchange and economic support for the majority of Somalis.

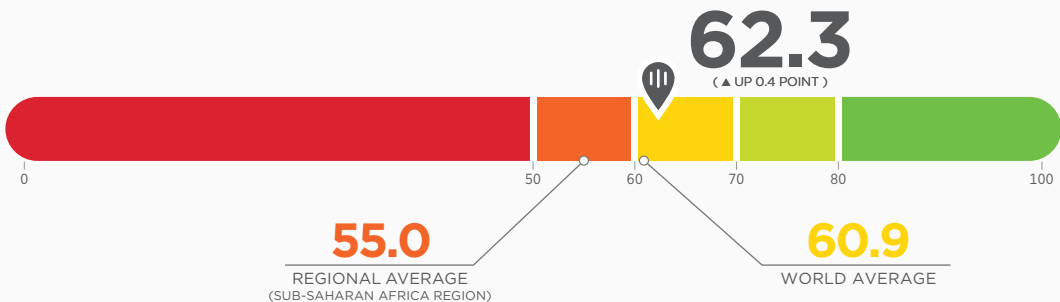
SOUTH AFRICA



Performing far below its potential, South Africa's economy has been stifled by political instability and a weakening rule of law. The judicial system has become vulnerable to political interference, and numerous scandals and frequent political infighting have severely undermined government integrity. Private-sector growth remains constrained by structural and institutional impediments caused by growing government encroachment into the marketplace.

Persistent uncertainties surrounding key government policies are additional impediments to private investment and expansion of the production base. Undermining overall macroeconomic stability, a combination of rising public debt, inefficient state-owned enterprises, and spending pressures contributes to increasing fiscal vulnerability.

ECONOMIC FREEDOM SCORE

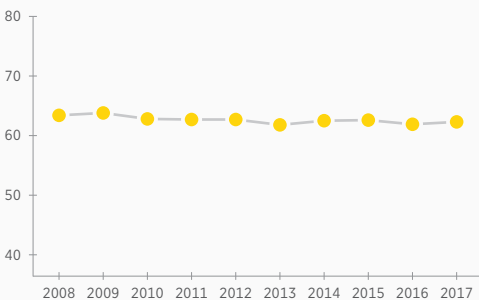


NOTABLE SUCCESSES:
Trade Freedom and Monetary Stability

CONCERNS:
Judicial Effectiveness, Government Integrity, and Investment Freedom

OVERALL SCORE CHANGE SINCE 2013:
+0.5

FREEDOM TREND



QUICK FACTS

POPULATION:
54.9 million

GDP (PPP):
\$723.5 billion
1.3% growth in 2015
5-year compound annual growth 2.1%
\$13,165 per capita

UNEMPLOYMENT:
25.1%

INFLATION (CPI):
4.6%

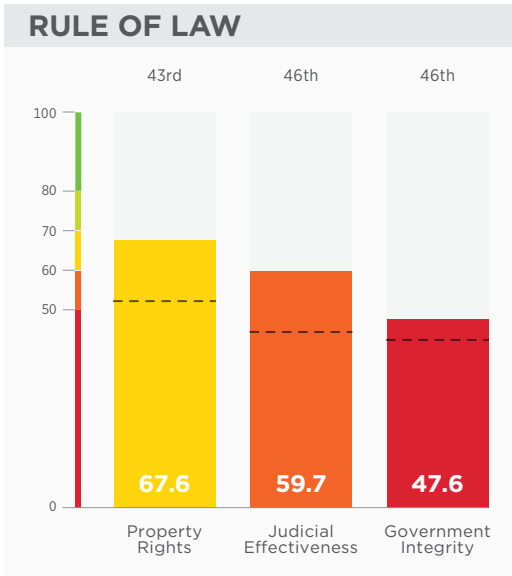
FDI INFLOW:
\$1.8 billion

PUBLIC DEBT:
50.1% of GDP

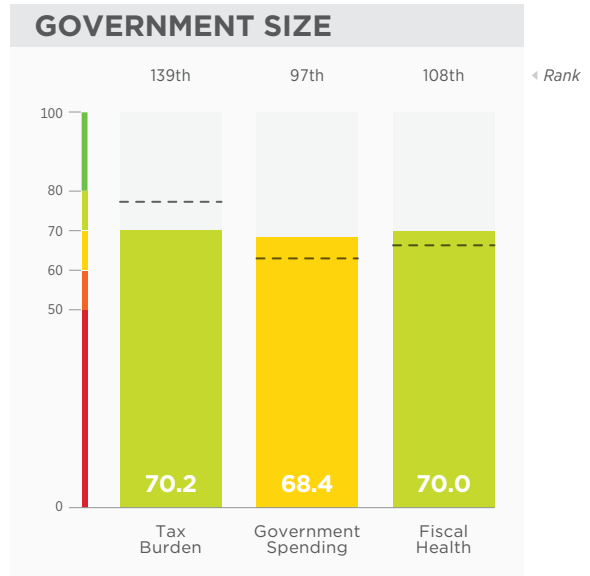
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Jacob Zuma of the African National Congress was elected president by the ANC-controlled National Assembly in 2009 and then reelected for another five years in May 2014. The ANC has dominated politics since the end of apartheid in 1994. South Africa is Africa's second-largest economy and one of the world's largest producers and exporters of gold and platinum. Yet many South Africans are poor, and the mining industry has been hurt by falling commodity prices and bitter labor strikes that have driven up production costs. Rates of formal-sector unemployment and crime are high, and the quality of public education is poor. Access to infrastructure and basic services is lacking.

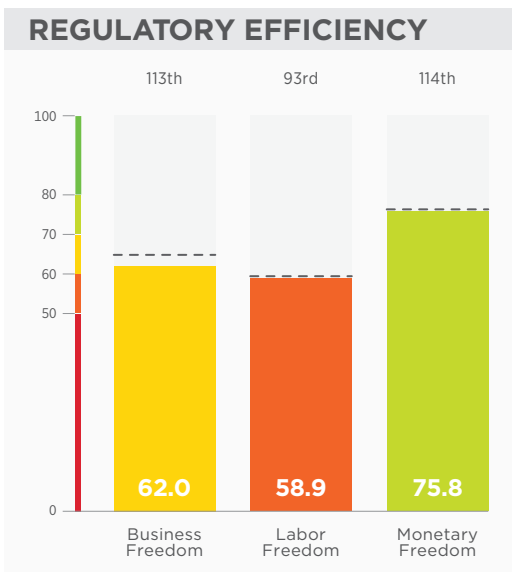
12 ECONOMIC FREEDOMS | SOUTH AFRICA



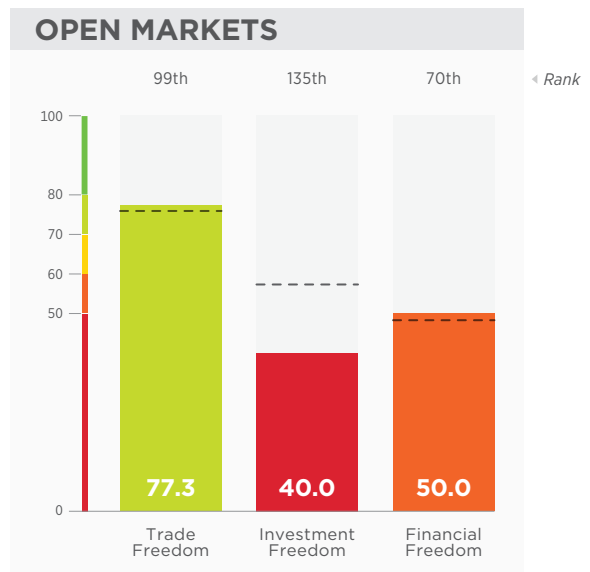
Property rights are relatively well protected, and contracts are generally secure. The World Economic Forum's 2015–2016 *Global Competitiveness Index* reports that South Africa benefits from strong institutions and a robust and independent legal framework. Corruption hampers the functioning of government, however, and enforcement of anticorruption statutes is inadequate. The process of tendering public contracts can be politically driven and opaque.



The top personal income tax rate has been raised to 41 percent. The top corporate tax rate is 28 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden equals 22.6 percent of total domestic income. Government spending has amounted to 32.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.0 percent of GDP. Public debt is equivalent to 50.1 percent of GDP.



Progress in diversifying South Africa's economic base has been limited and uneven, indicating a need for regulatory changes that would encourage more dynamic private-sector development. Labor market rigidity has contributed to persistently high unemployment rates. The government has abolished price controls on all but a handful of items such as coal, petroleum and petroleum products, and utilities.



Trade is important to South Africa's economy; the value of exports and imports taken together equals 63 percent of GDP. The average applied tariff rate is 3.9 percent. Numerous state-owned enterprises distort the economy, and recent efforts to ban foreign ownership of land and facilitate expropriation discourage foreign investment. The financial sector is one of the largest among emerging markets and includes sophisticated banking and bond markets.

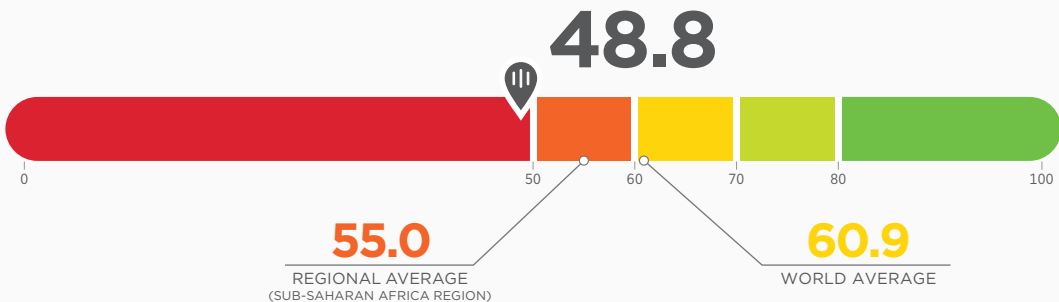
SUDAN

Grating of Sudan's economic freedom has resumed in the 2017 *Index*, reflecting the improved availability and quality of key economic data. The petroleum sector provides some economic stability and foreign exchange earnings, but other parts of the economy are underdeveloped and face serious structural and institutional headwinds. Continued conflict with rebels and South Sudan promotes uncertainty and undermines investor confidence.

Poor governance and inefficient regulations impede further economic diversification. A large informal economy remains trapped by business regulations that inhibit registration and a rigid labor market that discourages formal hiring. High tariffs limit imports and protect domestic industry, and investment remains reserved largely for the hydrocarbon sector.



ECONOMIC FREEDOM SCORE



NOTABLE SUCCESSES:
None

CONCERNS:
Rule of Law, Open Markets, and Regulatory Efficiency

OVERALL SCORE CHANGE SINCE 2013:
0.0

FREEDOM TREND



QUICK FACTS

POPULATION:
38.4 million

GDP (PPP):
\$167.0 billion
3.5% growth in 2015
5-year compound annual growth 1.2%
\$4,344 per capita

UNEMPLOYMENT:
13.6%

INFLATION (CPI):
16.9%

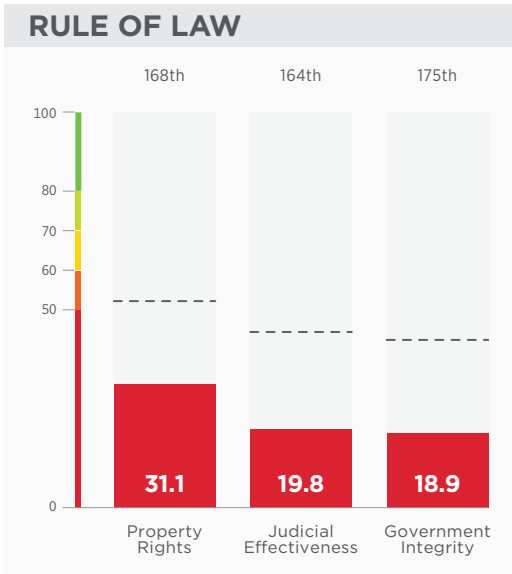
FDI INFLOW:
\$1.7 billion

PUBLIC DEBT:
68.9% of GDP

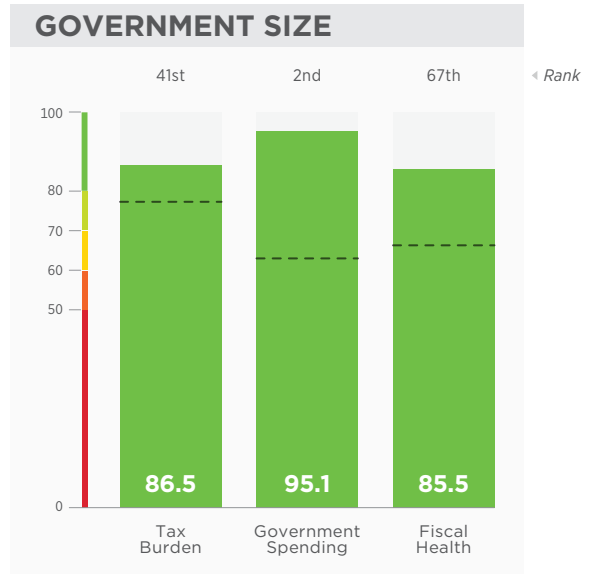
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Omar Hassan al-Bashir has been president since 1989 after coming to power in a military coup. He faces two international arrest warrants based on charges of war crimes, crimes against humanity, and genocide in the Darfur conflict that has killed over 200,000 people and displaced over 2 million since 2003. Cross-border violence, political instability, poor infrastructure, weak property rights, and corruption hinder development. Following the secession of South Sudan in 2011, Sudan lost two-thirds of its oil revenue to the South. A June 2015 U.N. report of an upsurge of violence in Darfur has raised concerns that the conflict may be heating up again.

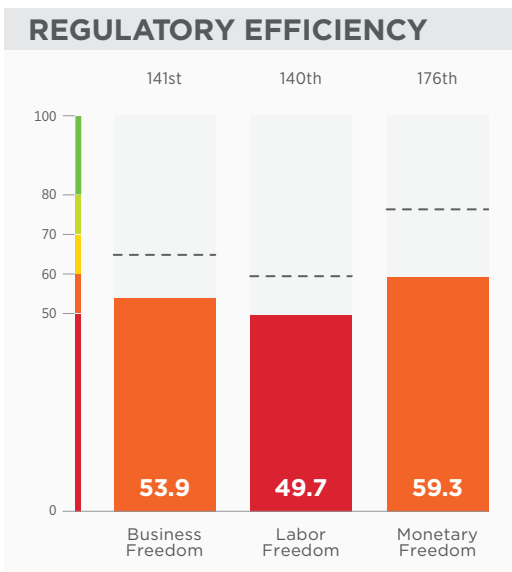
12 ECONOMIC FREEDOMS | SUDAN



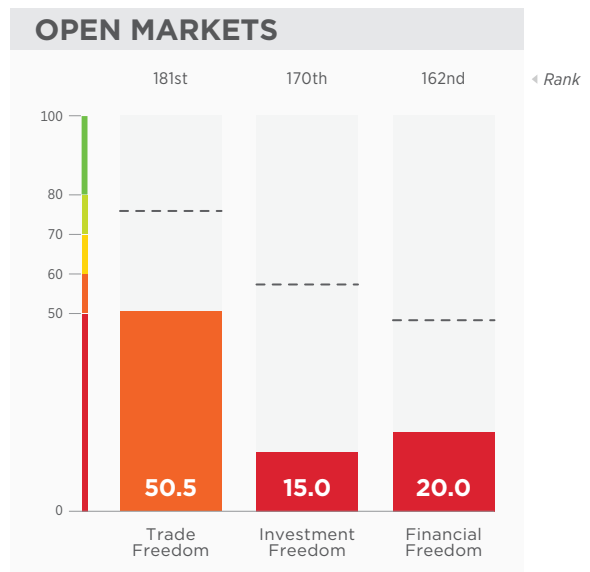
There is little respect for private property. The judiciary is not independent, and the legal framework has been severely hampered by years of political conflict. Sudan, one of the world's most corrupt nations, was ranked 165th among the 168 countries surveyed in Transparency International's 2015 *Corruption Perceptions Index*. Power and resources are concentrated in and around Khartoum, while outlying states are neglected and impoverished.



The top personal income tax rate is 10 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 5.2 percent of total domestic income. Government spending has amounted to 12.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.8 percent of GDP. Public debt is equivalent to 68.9 percent of GDP.



The entrepreneurial environment is not conducive to private-sector development. The labor market remains underdeveloped, and much of the labor force is employed in the informal sector. Early in 2016, the government cut cooking gas, jet fuel, and fuel oil subsidies by ending a government monopoly over these products as global oil prices slid, opening the market to the private sector.



Trade is moderately important to Sudan's economy; the value of exports and imports taken together equals 19 percent of GDP. The average applied tariff rate is 14.7 percent. International economic sanctions restrict investment, and state-owned enterprises distort the economy. A large portion of the population remains outside of the formal banking sector, and access to credit remains limited.

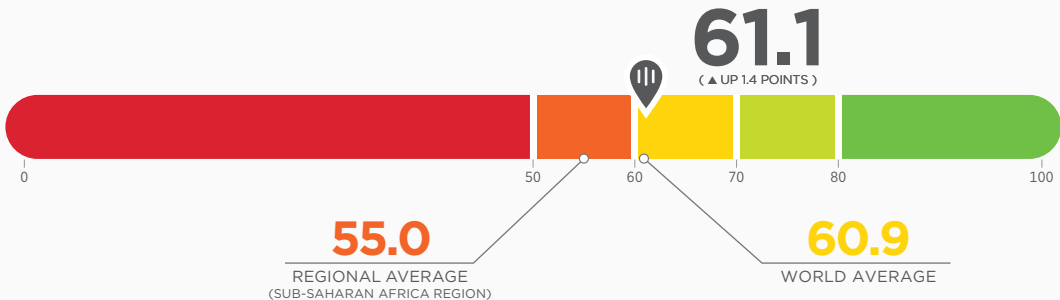
SWAZILAND



Inefficient regulatory and legal frameworks have deterred development of more dynamic private investment and production in Swaziland. Privatization has progressed only marginally. Averaging annual growth of around 2 percent over the past five years, Swaziland's economic performance has lagged behind that of other economies in the region.

Bureaucratic inefficiency and corruption affect many aspects of the economy, discouraging more vibrant activity. The most visible constraints on the emergence of economic dynamism are related to poor management of public finance, administrative complexities, and a lack of respect for contracts. Court enforcement of property rights is vulnerable to political interference.

ECONOMIC FREEDOM SCORE

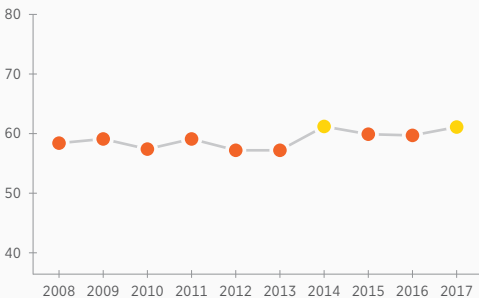


NOTABLE SUCCESSES:
Trade Freedom and Monetary Stability

CONCERNS:
Rule of Law, Financial Freedom, and Investment Freedom

OVERALL SCORE CHANGE SINCE 2013:
+3.9

FREEDOM TREND



QUICK FACTS

POPULATION:
1.1 million

GDP (PPP):
\$10.8 billion
1.7% growth in 2015
5-year compound annual growth 2.3%
\$8,453 per capita

UNEMPLOYMENT:
25.6%

INFLATION (CPI):
5.0%

FDI INFLOW:
-\$120.9 million

PUBLIC DEBT:
17.4% of GDP

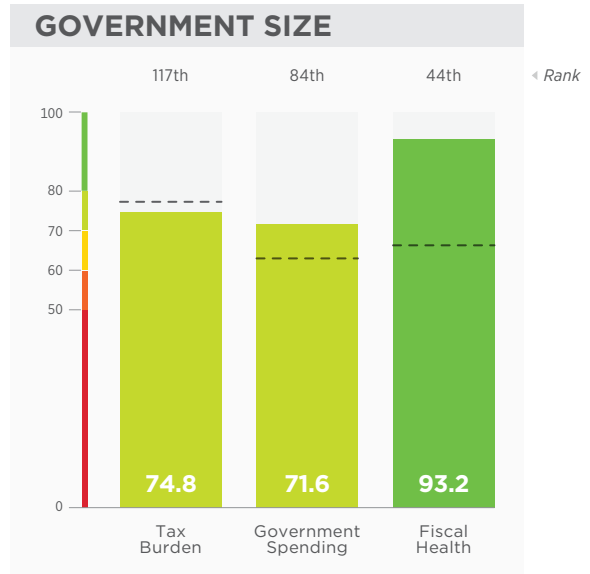
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: King Mswati III rules Africa's last absolute monarchy. Political parties are banned, and rights groups accuse the government of imprisoning journalists and pro-democracy activists. Parliamentary candidates are handpicked by chiefs who are loyal to the king, and international observers declared the most recent elections, held in September 2013, not credible. In June 2014, responding to crackdowns on peaceful demonstrations and a lack of protection of workers' rights, the U.S. disqualified Swaziland from receiving the market-access benefits available under the African Growth and Opportunity Act. Because about one-third of Swaziland's garment and textile exports at the time went to the U.S., the AGOA disqualification forced Swaziland to reorient some of its exports regionally.

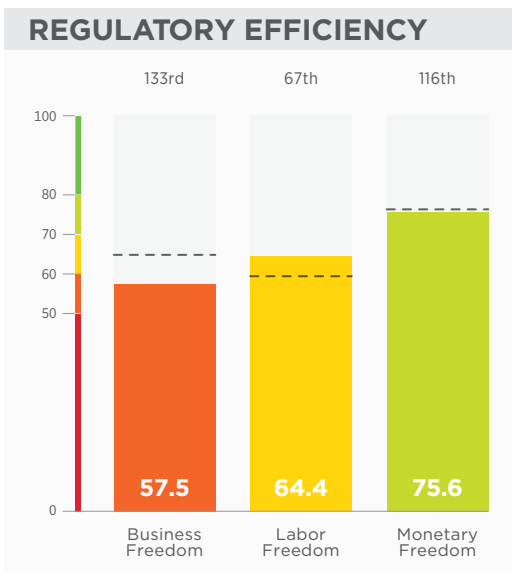
12 ECONOMIC FREEDOMS | SWAZILAND



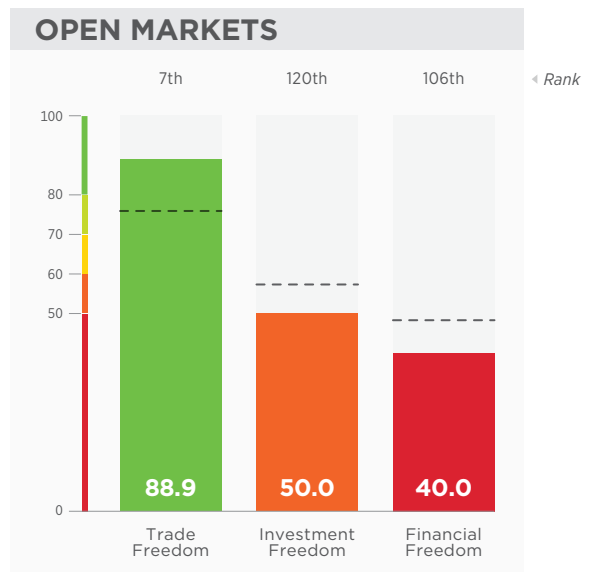
The right to own property is protected by law, but most Swazis reside on Swazi Nation Land that is not covered by this constitutional protection, and 60 percent of land does not have clear title. The constitution provides for an independent judiciary, but the king's power to appoint judges limits judicial independence. Corruption is a major problem. Areas most affected include public contracting, government appointments, and school admissions.



The top individual income tax rate is 33 percent, and the top corporate tax rate is 27.5 percent. Other taxes include a fuel tax and a sales tax. The overall tax burden equals 26.0 percent of total domestic income. Government spending has amounted to 30.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.0 percent of GDP. Public debt is equivalent to 17.4 percent of GDP.



Saddled with an inefficient regulatory environment, Swaziland's private sector faces considerable challenges. Various regulatory requirements increase the overall cost of carrying out sustainable entrepreneurial activity. A formal labor market has not been fully developed. In 2015, the IMF called for reductions in subsidies and transfers, but policymaking is ultimately in the hands of the king, and significant economic reform appears unlikely.



Trade is important to Swaziland's economy; the value of exports and imports taken together equals 77 percent of GDP. The average applied tariff rate is 0.6 percent. Foreign investment is screened by the government, and foreign investment in land is restricted. In addition, state-owned enterprises distort the economy. Overall supervision of the banking sector is weak, and the sector remains subject to government influence.

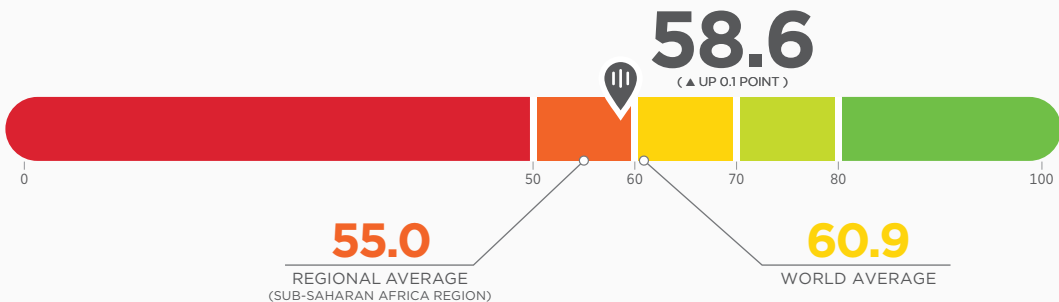
TANZANIA

Tanzania has made progress in achieving income growth and poverty reduction over the past decade. While small in size, the financial sector has undergone modernization, and credit is increasingly allocated at market rates, supporting the development of a more vibrant entrepreneurial sector.

Despite these recent gains, however, the Tanzanian government seems to lack strong commitment to further institutional reforms that are essential to long-term economic development. Long-standing structural problems include poor management of public finance and an underdeveloped legal framework that interferes with regulatory efficiency. Trade and investment policies needed to sustain open markets are undercut by lingering government interference in the economy. Widespread corruption further undermines the weak rule of law.

WORLD RANK: **105** REGIONAL RANK: **14**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE

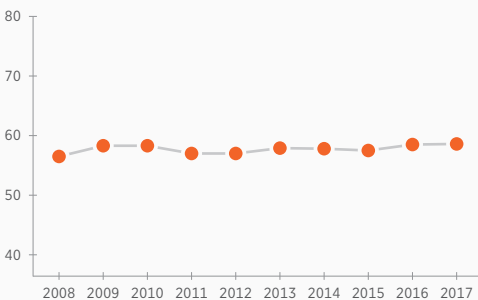


NOTABLE SUCCESSES:
Tax Policy and Trade Freedom

CONCERNS:
Rule of Law, Regulatory Efficiency,
and Financial Freedom

**OVERALL SCORE CHANGE
SINCE 2013:**
+0.7

FREEDOM TREND



QUICK FACTS

POPULATION:
49.1 million

GDP (PPP):
\$138.5 billion
7.0% growth in 2015
5-year compound
annual growth 6.8%
\$2,904 per capita

UNEMPLOYMENT:
3.2%

INFLATION (CPI):
5.6%

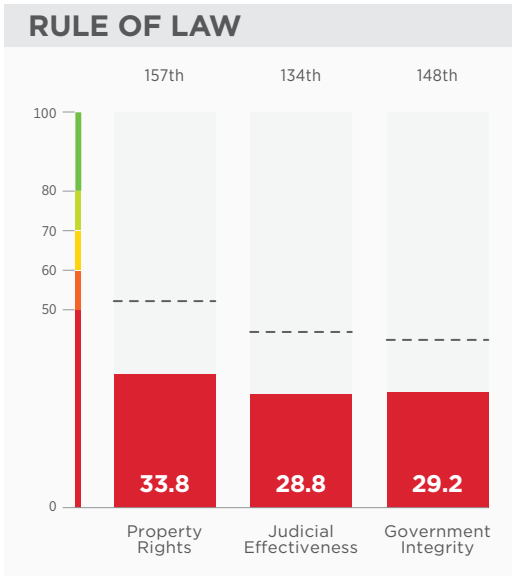
FDI INFLOW:
\$1.5 billion

PUBLIC DEBT:
40.5% of GDP

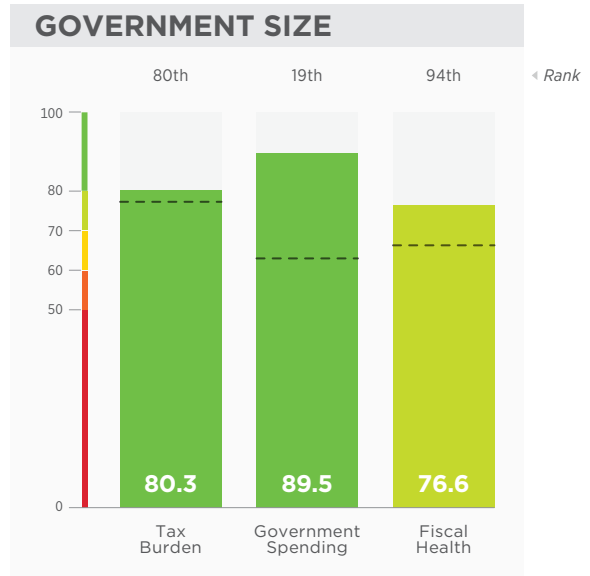
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: John Magufuli of the Chama Cha Mapinduzi (CCM) party was elected president in October 2015, succeeding Jakaya Kikwete, also of the CCM. Their party and its earlier iterations have been in power since independence in 1961. In 2016, the United States froze some aid to Tanzania after declaring that elections won by the ruling party in the semiautonomous island of Zanzibar were fraudulent. The country has a high HIV/AIDS rate. In 2016, a large field of helium gas was discovered in Tanzania, and efforts to exploit the find are ongoing.

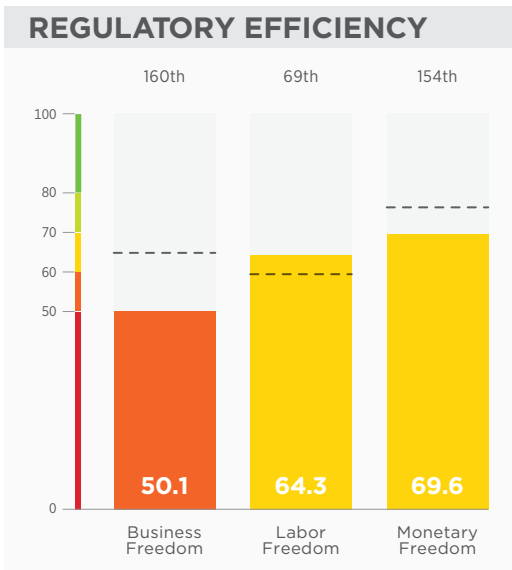
12 ECONOMIC FREEDOMS | TANZANIA



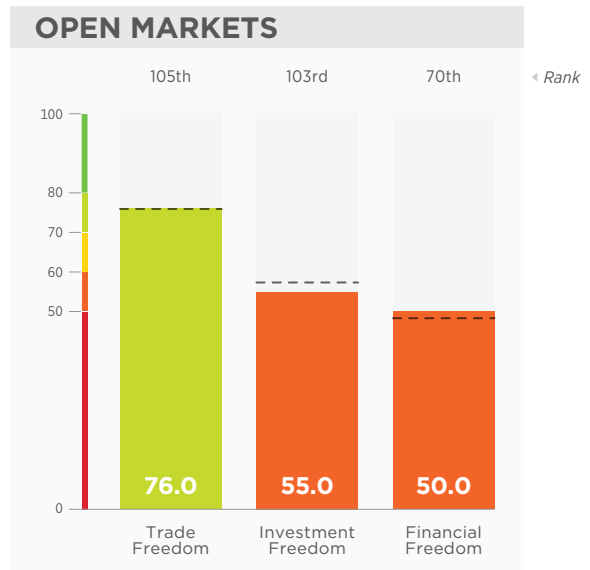
Complex land laws have been accompanied by a high incidence of land disputes. The inadequately resourced and corrupt judiciary remains subject to political influence. Although corruption continues to be pervasive in all aspects of political and commercial life, the new president, who campaigned on an anti-graft platform and promised to establish an anticorruption court, has undertaken reforms to enhance institutional effectiveness.



The top personal income and corporate tax rates are 30 percent. Other taxes include a value-added tax and a tax on interest. The overall tax burden equals 13.2 percent of total domestic income. Government spending has amounted to 18.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 40.5 percent of GDP.



The business environment remains hampered by inefficient regulations. Although requirements for launching a business are not time-consuming, the licensing process costs over five times the average level of annual income. Labor regulations are not flexible enough to support a vibrant labor market. The International Monetary Fund reported in 2016 that the public electricity utility TANESCO remains financially unsustainable.



Trade is important to Tanzania's economy; the value of exports and imports taken together equals 50 percent of GDP. The average applied tariff rate is 7.0 percent. Foreign investment in land is restricted, and investment in other sectors may be screened. State-owned enterprises distort the economy. The financial sector continues to evolve. Credit is allocated largely at market rates, and a range of commercial credit instruments is available to the private sector.

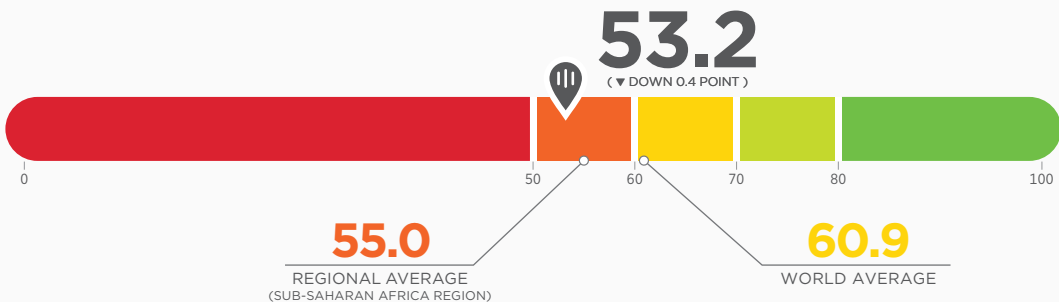
TOGO

Togo has undertaken a series of economic reforms in recent years, restructuring its key banking, electricity, and transportation sectors. The corporate tax rate, formerly one of the region's highest, has been lowered. The government has also taken steps to divest public enterprises. There are plans to privatize inefficient public banks.

However, an inefficient business environment and weak public administration continue to undermine overall competitiveness. A significant proportion of economic activity occurs in the informal sector. Togo still depends heavily on foreign aid. Foreign direct investment is allowed only in certain sectors, and regulatory and judicial systems are vulnerable to corruption and political interference.



ECONOMIC FREEDOM SCORE

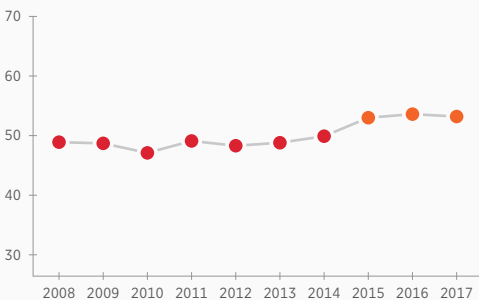


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Rule of Law and Open Markets

OVERALL SCORE CHANGE SINCE 2013:
+4.4

FREEDOM TREND



QUICK FACTS

POPULATION:
7.2 million

GDP (PPP):
\$10.8 billion
5.3% growth in 2015
5-year compound annual growth 5.4%
\$1,483 per capita

UNEMPLOYMENT:
7.7%

INFLATION (CPI):
1.8%

FDI INFLOW:
\$52.7 million

PUBLIC DEBT:
61.9% of GDP

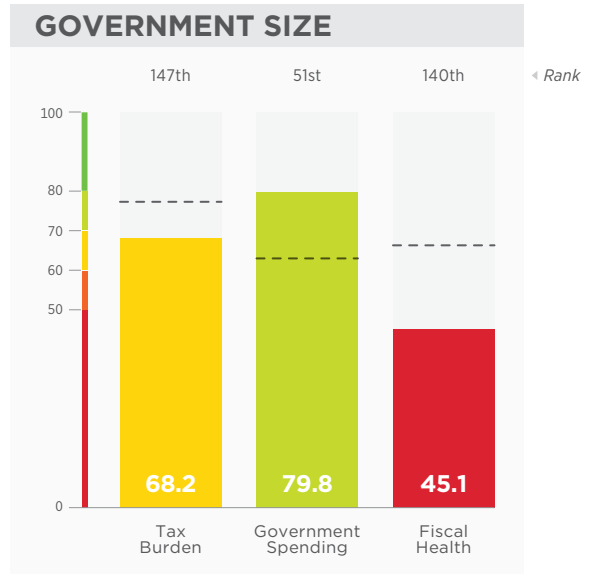
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Togo's military appointed Faure Gnassingbé to the presidency in 2005 following the death of his father, who had ruled for nearly 40 years. Under pressure from the Economic Community of West African States and the African Union, he stepped down two months later, but he won the subsequent presidential election in April 2005. In 2012, Gnassingbé dissolved the ruling Rally of the Togolese People party and formed the Union for the Republic, which still dominates the political landscape. In April 2015, he secured a third five-year term. With one of West Africa's few natural deep-water ports, Togo's secure territorial waters have become a relatively safe zone for international shippers.

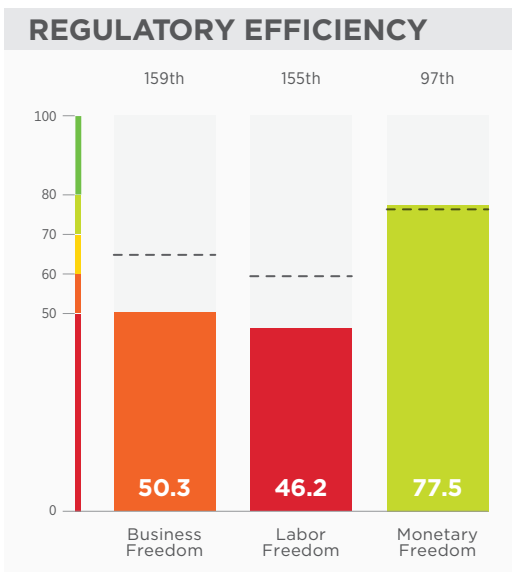
12 ECONOMIC FREEDOMS | TOGO



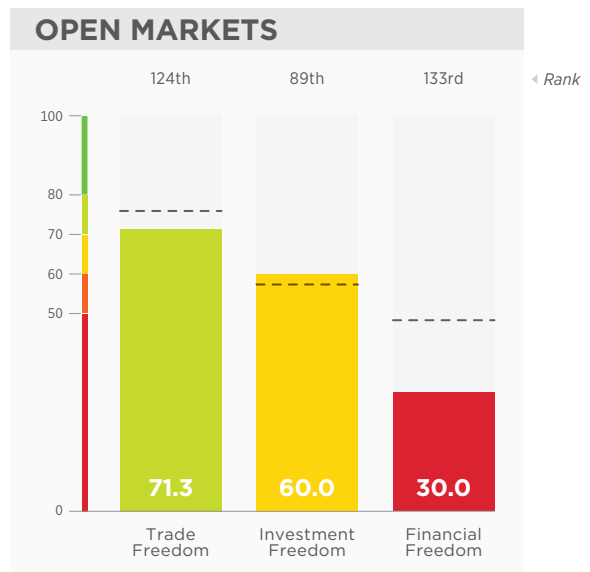
Protection of real property is frequently contentious; the relevant statutes are comprised of poorly defined mixtures of civil code and traditional laws and can lead to legal fights over inheritances. Despite some recent reforms, property registration is still very cumbersome. Contracts are difficult to enforce. The opaque judicial system lacks resources and is heavily influenced by the presidency. Graft and corruption remain serious problems.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 27 percent. Other taxes include a value-added tax and a property tax. The overall tax burden equals 20.7 percent of total domestic income. Government spending has amounted to 26 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.4 percent of GDP. Public debt is equivalent to 61.9 percent of GDP.



Recent reforms to enhance the entrepreneurial environment have reduced the time and cost involved in launching a business. The labor market lacks dynamism, and informal labor activity remains substantial. In 2016, lower oil prices allowed the government to reduce fuel subsidies, but these subsidies remain a burden on the budget and are expected to rise in the medium term as international oil prices increase.



Trade is extremely important to Togo's economy; the value of exports and imports taken together equals 107 percent of GDP. The average applied tariff rate is 9.4 percent. Foreign ownership of land is restricted; otherwise, foreign and domestic investors are generally treated equally under the law. Capital transactions are subject to some controls or government approval. Despite progress, the underdeveloped banking system lacks liquidity.

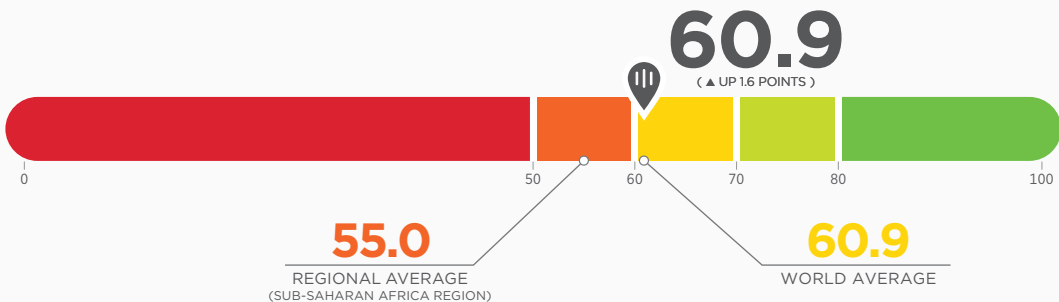
UGANDA

The strong commitment to economic liberalization that made Uganda one of the most rapidly developing countries in Africa during the 1980s has noticeably diminished. Bureaucracy and expensive business licensing requirements discourage development of the private sector. Excessive government spending has led to rising debt without any positive impact on growth.

Uganda is currently revising a range of laws and regulations to create greater government accountability, develop infrastructure, and build a more vibrant private sector. In 2016, the government constructed a one-stop border post, reducing border compliance time for exports. However, a weak and inefficient judicial system and pervasive corruption are likely to remain serious impediments to sustainable development.



ECONOMIC FREEDOM SCORE

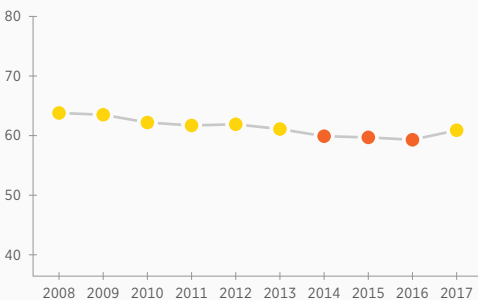


NOTABLE SUCCESSES:
Labor Freedom, Monetary Stability, and Trade Freedom

CONCERNS:
Rule of Law, Business Freedom, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
-0.2

FREEDOM TREND



QUICK FACTS

POPULATION:
39.2 million

GDP (PPP):
\$79.9 billion
5.0% growth in 2015
5-year compound annual growth 4.7%
\$2,003 per capita

UNEMPLOYMENT:
3.6%

INFLATION (CPI):
5.8%

FDI INFLOW:
\$1.1 billion

PUBLIC DEBT:
35.4% of GDP

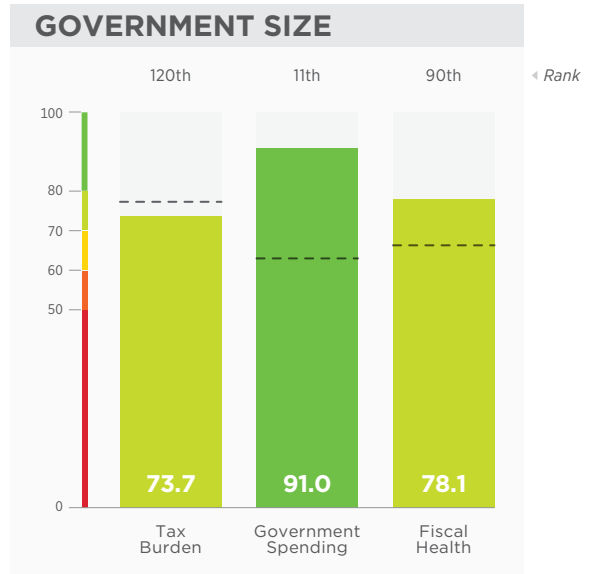
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: President Yoweri Museveni and his National Resistance Movement have ruled Uganda since 1986 when Museveni, at the head of a rebel force, toppled President Tito Okello, who had seized power in a 1985 military coup. In February 2016, Museveni won a fifth term in elections that the international community viewed as tainted by government intimidation. The main opposition leader, Kizza Besigye, was arrested a number of times during the election cycle and later was charged with treason. Uganda has significant natural wealth, including gold, recently discovered oil, and rich agricultural lands from which more than two-thirds of the workforce derives employment.

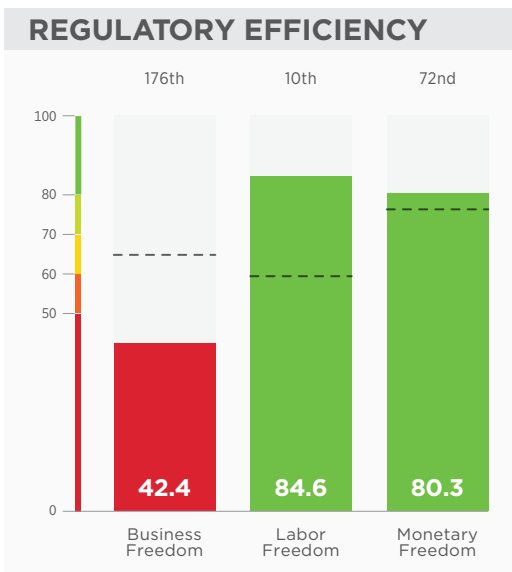
12 ECONOMIC FREEDOMS | UGANDA



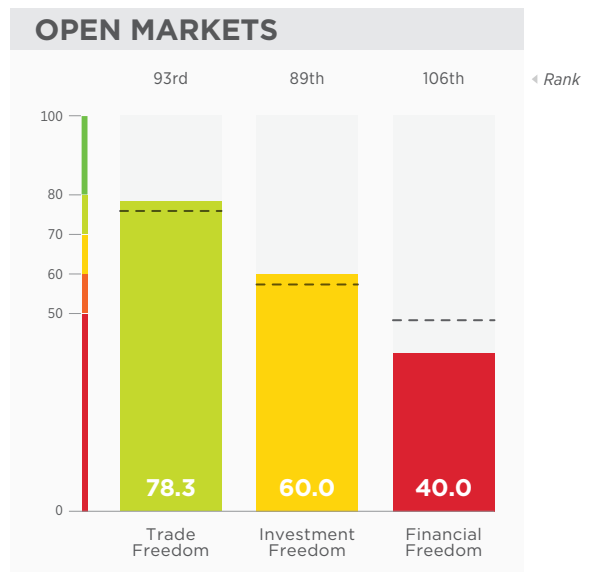
Property rights are guaranteed by law, but implementation of existing regulations lacks effectiveness and consistency. Businesses and individuals have great difficulty acquiring clear titles to land. Executive and military influence undermines judicial independence. Power is concentrated in the hands of the ruling party, the security forces, and especially the president, who retains office through deeply flawed elections. Corruption is rarely prosecuted.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax and a property tax. The overall tax burden equals 11.4 percent of total domestic income. Government spending has amounted to 17.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 35.4 percent of GDP.



The overall regulatory framework remains poor. Although there is no minimum capital requirement, establishing a business is costly and time-consuming. Labor regulations are relatively flexible. The government does not subsidize fuel, and lower world oil prices have been passed on to consumers in the form of more economical gasoline and electricity prices.



Trade is moderately important to Uganda's economy; the value of exports and imports taken together equals 47 percent of GDP. The average applied tariff rate is 5.9 percent. Foreign investors may lease but not own land; otherwise, foreign and domestic investors are generally treated equally under the law. The financial system is dominated by banking, which is increasingly open to competition, and access to financial services has been expanding.

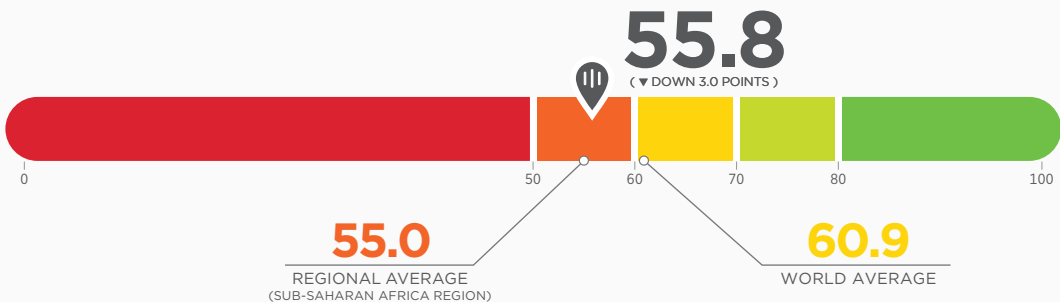
ZAMBIA

WORLD RANK: **122** | REGIONAL RANK: **23**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Previous reform measures, coupled with relative political stability, have enabled Zambia's economy to maintain steady expansion averaging more than 5 percent over the past five years. The government's policy agenda has focused on reducing inflation, bringing down the fiscal deficit, and developing power and transport infrastructure to facilitate diversification of the economy.

However, overall progress in reforming governance, developing a more robust private sector, and diversifying the economy has been sluggish and mixed. Lingering institutional shortcomings, which include inefficient legal and regulatory frameworks, weak protection of property rights, and corruption, continue to undercut prospects for long-term development.

ECONOMIC FREEDOM SCORE

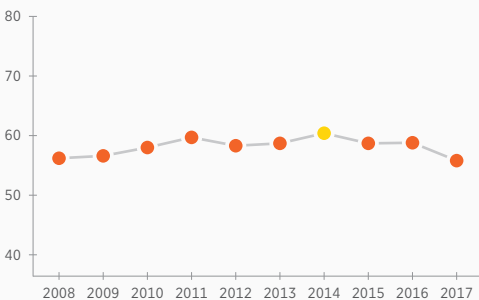


NOTABLE SUCCESSES:
 Trade Freedom

CONCERNS:
 Rule of Law, Fiscal Health, and Labor Freedom

OVERALL SCORE CHANGE SINCE 2013:
 -2.9

FREEDOM TREND



QUICK FACTS

POPULATION:
 15.5 million

GDP (PPP):
 \$62.7 billion
 3.6% growth in 2015
 5-year compound annual growth 5.4%
 \$3,868 per capita

UNEMPLOYMENT:
 10.7%

INFLATION (CPI):
 10.1%

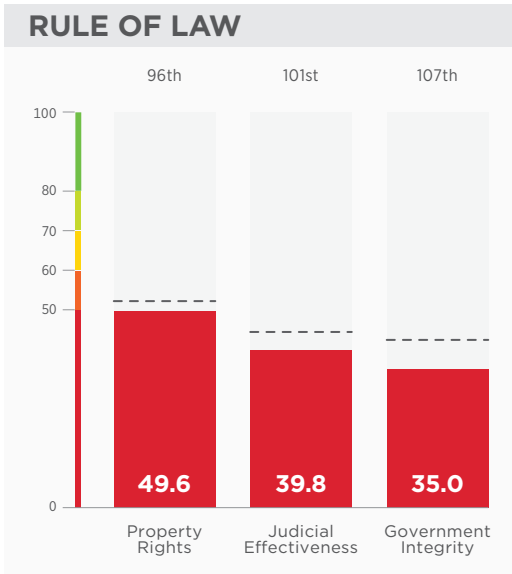
FDI INFLOW:
 \$1.7 billion

PUBLIC DEBT:
 52.9% of GDP

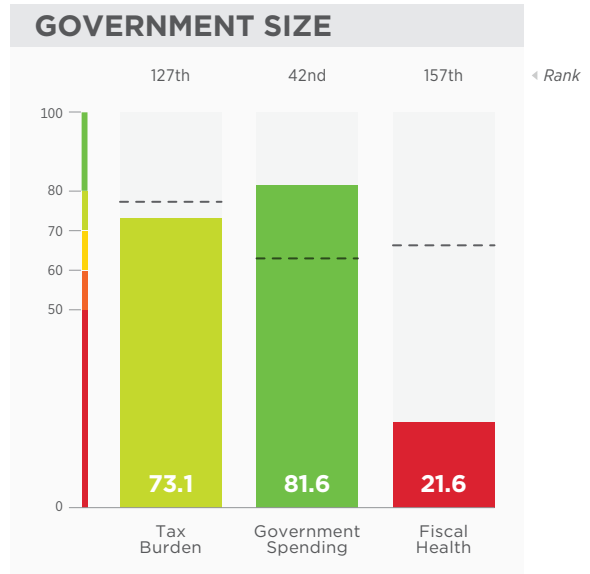
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Zambia, traditionally one of the most politically stable countries in southern Africa, has successfully undergone five peaceful transfers of presidential power since the end of one-party rule in 1991. Edgar Lungu of the Patriotic Front narrowly won a January 2015 presidential special election held to replace Michael Sata, who died in office in October 2014. Zambia is revising its constitution to reduce presidential powers and institute a 50-plus-one vote for presidential elections, among other measures. Plummeting copper prices, reduced Chinese demand for commodities, and intense drought that reduced the country's hydroelectric power generation made the Zambian kwacha one of the world's most poorly performing currencies in 2015.

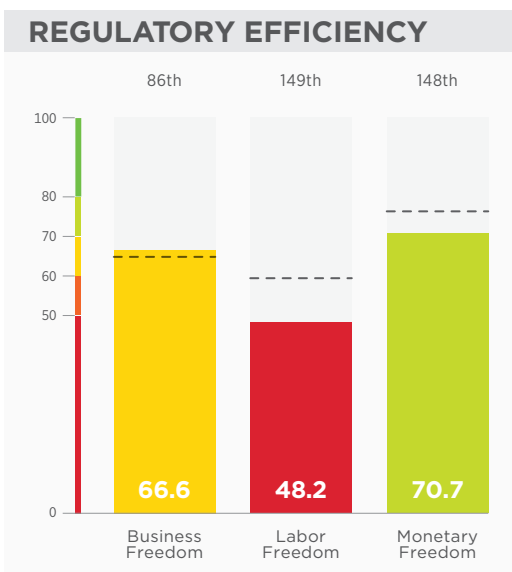
12 ECONOMIC FREEDOMS | ZAMBIA



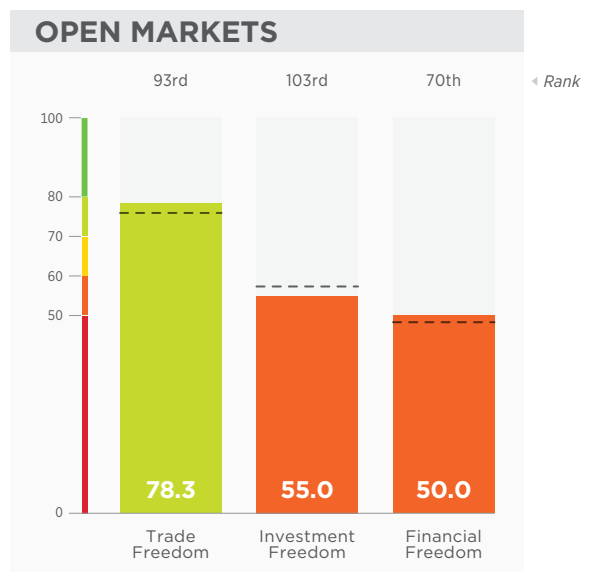
Protection of property rights and enforcement of contracts are weak. The rule of law remains uneven across the country. The inefficient judicial system is poorly resourced and politically influenced. Checks and balances on the president are inadequate. Although some steps were taken in 2015 to improve openness and transparency, widespread corruption, graft, and mismanagement continue to hinder the functioning of the government.



The top personal income and corporate tax rates are 35 percent. Other taxes include a value-added tax and a property transfer tax. The overall tax burden equals 15.5 percent of total domestic income. Government spending has amounted to 24.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.7 percent of GDP. Public debt is equivalent to 52.9 percent of GDP.



The regulatory environment does not promote entrepreneurial activity. Requirements for commercial licenses are time-consuming and costly, and enforcement of regulations is inconsistent. With unskilled labor abundant, an efficient labor market has not developed. Inflation has been rising as revenue shortfalls have forced subsidy cuts and price increases for electricity, fuel, and other goods.



Trade is important to Zambia's economy; the value of exports and imports taken together equals 73 percent of GDP. The average applied tariff rate is 3.4 percent, and additional barriers restrict agricultural trade. Foreign investment is screened by the government. In general, foreign investors may lease but not own land. Financial intermediation is rare, and credit to the private sector remains scarce.

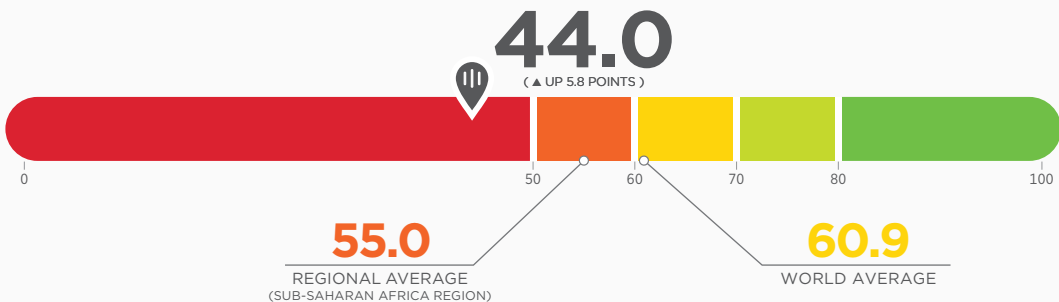
ZIMBABWE

WORLD RANK: **175** | REGIONAL RANK: **45**
 ECONOMIC FREEDOM STATUS: **REPPRESSED**

Zimbabwe's economy is characterized by instability and volatility, both of which are hallmarks of excessive government interference and mismanagement. Massive corruption and disastrous economic policies have plunged Zimbabwe into poverty. The government's near bankruptcy has triggered large protests over unpaid civil service wages and a continuing economic crisis.

The financial system has suffered from repeated crises. The lingering effects of years of hyperinflation have crippled entrepreneurial activity, severely undermining macroeconomic stability. The government has used the Reserve Bank of Zimbabwe to finance deficit spending and provide direct loans to state-owned enterprises. An inefficient judicial system and general lack of transparency severely exacerbate business costs and entrepreneurial risk.

ECONOMIC FREEDOM SCORE

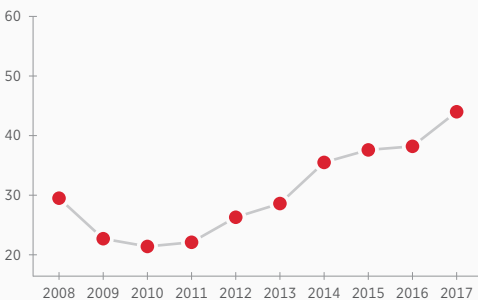


NOTABLE SUCCESSES:
 None

CONCERNS:
 Rule of Law, Regulatory Efficiency, and Open Markets

OVERALL SCORE CHANGE SINCE 2013:
 +15.4

FREEDOM TREND



QUICK FACTS

POPULATION:
 13.4 million

GDP (PPP):
 \$28.1 billion
 1.5% growth in 2015
 5-year compound annual growth 6.5%
 \$2,096 per capita

UNEMPLOYMENT:
 9.3%

INFLATION (CPI):
 -2.4%

FDI INFLOW:
 \$421.0 million

PUBLIC DEBT:
 53.0% of GDP

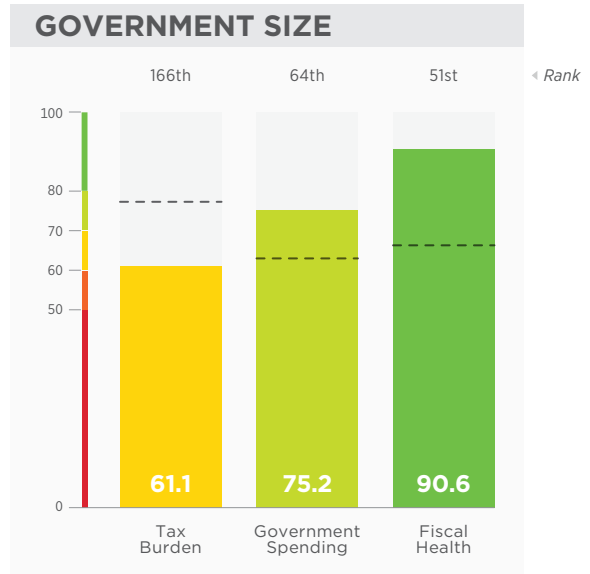
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: In March 2013, Zimbabweans approved a new constitution to roll back presidential power. In July 2013, however, President Robert Mugabe of the Zimbabwe African National Union–Patriotic Front (ZANU–PF) won a seventh term in power since his first election as prime minister in 1980. In 1987, Mugabe consolidated power as president. Zimbabwe's next presidential and legislative elections are due to be held in 2018, but Mugabe's increasing frailty has touched off a bitter succession struggle within ZANU–PF. Inflation reached 500 billion percent in 2008, forcing the country to scrap the Zimbabwean dollar and allow use of other currencies, including the U.S. dollar.

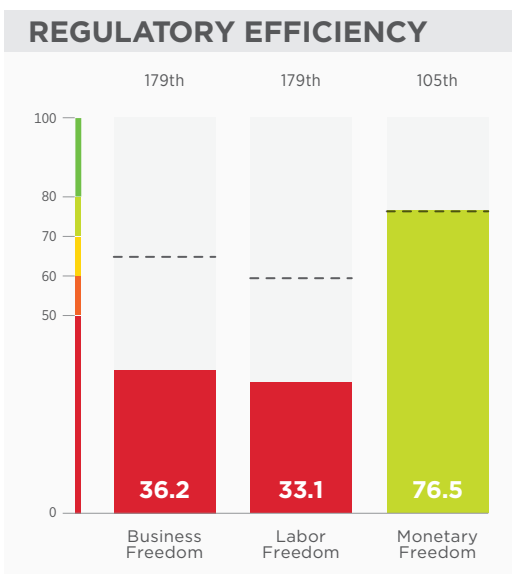
12 ECONOMIC FREEDOMS | ZIMBABWE



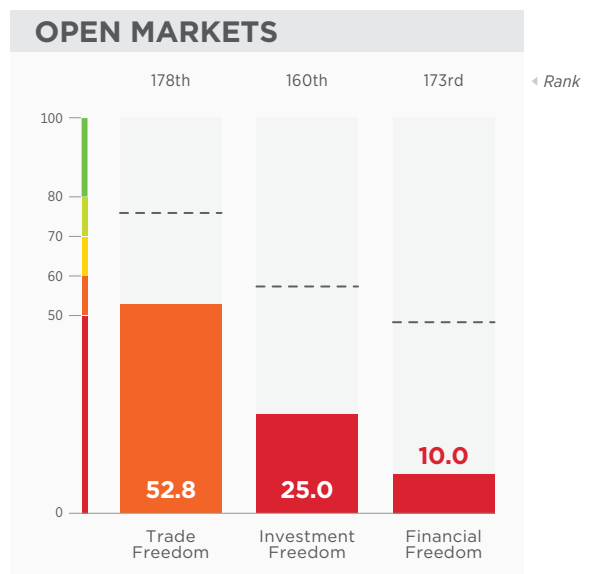
The government enforces property rights with respect to residential and commercial properties in cities, but not with respect to agricultural land. While Zimbabwe continues to struggle with the internal factionalism of both ruling and opposition parties, the judiciary has shown increasing independence by deciding against powerful political interests, including ruling party elites. Nevertheless, corruption remains a severe problem at every level of government.



The top personal income tax rate is 51.5 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden equals 24.8 percent of total domestic income. Government spending has amounted to 28.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.5 percent of GDP. Public debt is equivalent to 53.0 percent of GDP.



The overall regulatory environment is opaque and vulnerable to government intervention. Because of the government's failed economic policies and continuing control, the formal labor market is not functioning. The IMF left in December 2015 with little sign of a genuine change in the government's prioritization of its political agenda over economic management. In 2016, the government reimposed import and currency controls.



Trade is important to Zimbabwe's economy; the value of exports and imports taken together equals 75 percent of GDP. The average applied tariff rate is 13.6 percent. The government screens and limits foreign investment. Expropriation of land has been called a disaster, and state-owned enterprises distort the economy. Government intervention, inadequate supervision, and political instability have severely undermined the financial system.