



# Rethinking US Development Policy

## Getting Serious about Underperformance of the African Growth and Opportunity Act: Policy Options for Supporting Trade Potential in Africa

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February 2014

### Summary

With the African Growth and Opportunity Act (AGOA) scheduled to expire in September 2015, the US Congress and Obama Administration will need to consider its status this year. This presents an opportunity to examine broader US support for trade-based development in Africa. Drawing upon analysis of firm-level competitiveness constraints and US trade capacity building programs, we outline a number of policy recommendations, including: (1) revising the AGOA eligibility requirements to include business environment criteria; (2) establishing a centralized policy body, with appropriate budgetary authority, to focus US trade-related programs; (3) increasing USAID support for regional bodies that are supporting integration and harmonized policies; (4) protecting and expanding funding for the Millennium Challenge Corporation; and (5) increasing support, through multilateral and other bilateral vehicles, for electricity and transport infrastructure.

CGD is grateful for contributions from the Canadian Department of Foreign Affairs, Trade and Development and the Bill & Melinda Gates Foundation in support of this work.

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## I. Policy Context

**With the African Growth and Opportunity Act (AGOA) scheduled to expire in September 2015, the US Congress will need to consider its status this year.** Through preferential access to the US market, AGOA aims to: (1) expand US trade and investment with Sub-Saharan Africa; (2) stimulate economic growth; (3) encourage regional economic integration; and (4) facilitate greater integration into the global economy.<sup>1</sup> This program has formed the cornerstone of regional trade relations since 2000. Beyond a straightforward extension, Congress and the Obama Administration must decide whether to: (1) expand AGOA's preferential market access provisions; (2) adjust country eligibility requirements; and/or (3) modify existing US trade capacity-building programs.

## II. Market Access Provisions and Budgetary Considerations

**US domestic political dynamics present a challenging environment for expanding existing AGOA market access provisions.** Currently, AGOA provides duty-free access covering roughly 96 percent of African product lines. This includes nearly 5,000 tariff lines covered by the Generalized System of Preferences (GSP) plus an additional 1,800 tariff line items added by the AGOA legislation. Apparel-sector tariff lines also qualify where countries have met the respective "apparel visa" requirements.<sup>2</sup> Twenty-three African countries are currently eligible for this treatment.<sup>3</sup> AGOA does not provide duty-free access for several key agricultural product lines, such as cotton and sugar. Continued domestic political sensitivities suggest that expanding market access provisions is highly unlikely in the immediate term.

**The GSP expiration in July 2013 has complicated the budgetary implications of extending AGOA preferences.** The Congressional Budget Office (CBO) must provide a forecast of the foregone US customs revenue associated with the provision or extension of trade preferences.<sup>4</sup> Since GSP historically has covered the majority of associated product lines, with incremental AGOA market access layered on top of it, it has accounted for the majority of US budgetary costs. However, Congress has not yet renewed the GSP regime after its expiration last year. Without GSP in place, CBO will score an AGOA extension at a much higher rate than in the past. Even if GSP is renewed prior to, or alongside, of AGOA, there will be congressional pressure to identify budgetary offsets.

## III. AGOA Eligibility Requirements

**AGOA eligibility is based upon economic policy, trade and investment policy, governance, development, and labor criteria.** Under existing legislation, the President annually determines country eligibility based upon establishment of, or continuing progress

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1 See <http://www.ustr.gov/trade-topics/trade-development/preference-programs/african-growth-and-opportunity-act-agoa>.

2 For additional details, see <http://trade.gov/agoa/eligibility/apparel-eligibility.asp>.

3 These include: Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Chad, Ethiopia, the Gambia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Sierra Leone, Swaziland, Tanzania, Uganda, and Zambia.

4 For an example of past CBO analyses, see [http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/109xx/doc10907/hr4284\\_pg.pdf](http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/109xx/doc10907/hr4284_pg.pdf).

toward establishing, the following: (1) market-based economies; (2) the rule of law and political pluralism; (3) elimination of barriers to US trade and investment; (4) protection of intellectual property; (5) efforts to combat corruption; (6) policies to reduce poverty and increase availability of healthcare and educational opportunities; (7) protection of human rights and worker rights; and (8) elimination of child labor practices. Currently, 39 African countries are eligible to receive AGOA benefits.<sup>5</sup>

**Military coups, other unlawful seizures of power, or gross human rights violations have been the primary rationale for revoking AGOA eligibility.** Historically, this has been applied to: the Central African Republic (2004), the Democratic Republic of Congo (2011), Côte d'Ivoire (2005), Eritrea (2004), Guinea (2009), Guinea-Bissau (2012), Madagascar (2009), Mali (2012), Mauritania (2006), and Niger (2009).

**Revoking AGOA preferences has contributed to significant declines in nearly all affected countries' exports to the US market.**<sup>6</sup> In the Democratic Republic of Congo (DRC) and Mauritania, exports declined by almost 100 percent immediately after losing AGOA benefits.<sup>7</sup> Madagascar also experienced a sizable reduction, which was sustained due to textile manufacturers shifting operations to other countries. Côte d'Ivoire and Niger witnessed sharp declines immediately, but the impact has lessened over time. The impact was muted in Guinea, largely due to its dependence on mineral exports.

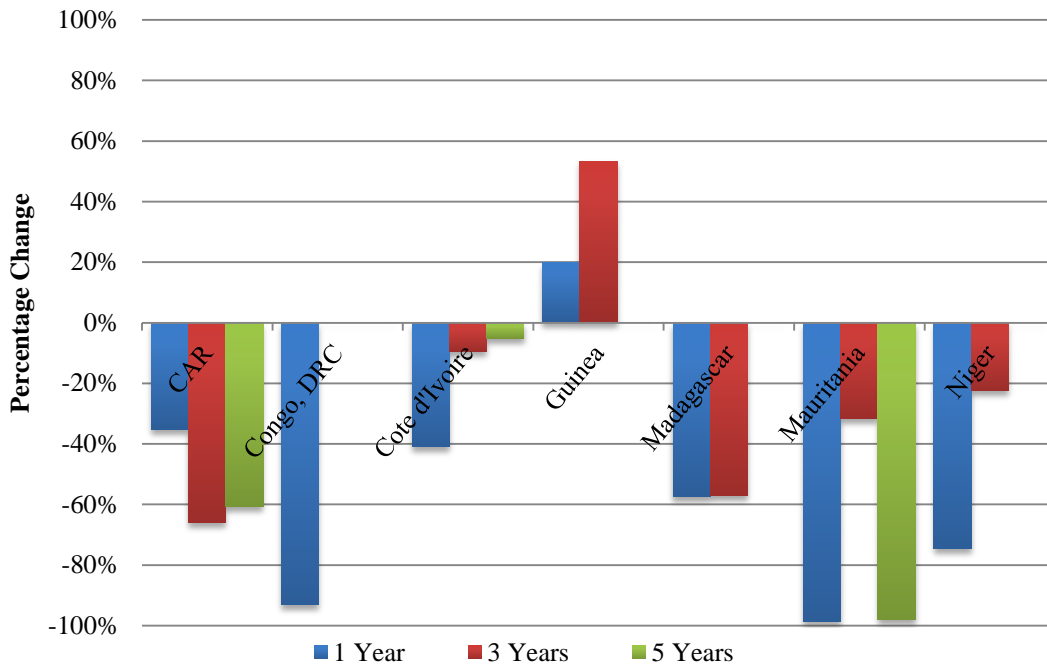
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<sup>5</sup> These include: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Comoros, Republic of Congo, Côte d'Ivoire, Djibouti, Ethiopia, Gabon, the Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Malawi, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Swaziland, Tanzania, Togo, Uganda, and Zambia.

<sup>6</sup> While revoking AGOA benefits undoubtedly impacted countries' export levels, there are other contributing factors as well, such as fluctuations in global commodity prices and broader business environment dynamics in the affected countries.

<sup>7</sup> DRC exports declined from \$623 million in 2011 to only \$42 million in 2012. Beyond the loss of AGOA preferences, this decline was also likely driven by other actions, such as Section 1502 of the Dodd-Frank Act.

**Figure 1 – Country Exports to the US Market Following AGOA Revocation**



Source: US International Trade Commission database and authors' calculations

**The US has not revoked AGOA benefits because of market environment considerations, despite the lack of improvement or sharp deterioration in many countries.** By illustration, business freedoms and property rights declined significantly in Chad and the Republic of Congo since 2005, without affecting their eligibility for AGOA benefits.<sup>8</sup> Moreover, contract enforcement has worsened in a number of other African countries, such as Angola, Burundi, and Zambia – without any trade preference implications.<sup>9</sup>

**This suggests that AGOA eligibility determinations have been less focused on incentivizing improved trade and investment policies.** There are essentially three approaches for promoting AGOA's core policy-based objectives: (1) incentivizing country reforms through AGOA eligibility requirements; (2) providing trade capacity-building assistance to support existing reform agendas; and/or (3) relying on businesses to incentivize and reward stronger performers through greater investment. To date, the US government has pursued approaches (2) and (3). However, conditioning access to the US economy based upon business environment conditions may also help to address African economies' core competitiveness constraints (see Section V for further details).

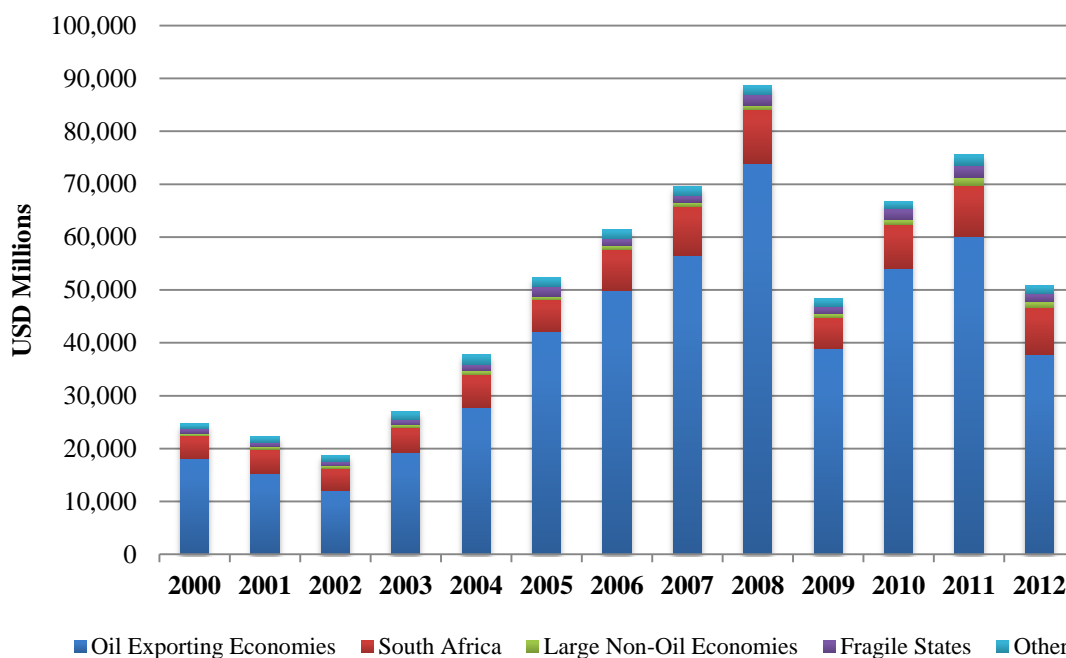
<sup>8</sup> Source: Heritage Foundation, *Economic Freedom Index*, various years.

<sup>9</sup> By illustration, the time required to enforce a contract in Angola increased from 1,011 days in 2003 to nearly 1,300 days in 2013.

## IV. US–Africa Trade Trends

**Oil-exporting nations and South Africa continue to dominate trade ties with the United States.** Seven oil-exporting nations,<sup>10</sup> along with South Africa, have consistently accounted for more than 90 percent of African exports to the US market. Within this, three nations (Angola, Nigeria, and South Africa) account for more than three-quarters of regional exports to the United States. Nonetheless, exports from Sub-Saharan Africa’s six largest *non-oil* dependent economies have increased by nearly 60 percent since 2005.<sup>11</sup> Although, they still account for only 2 percent of total African exports to the US market.<sup>12</sup> Exports from seven fragile states were lower in 2012 compared to 2005.<sup>13</sup>

**Figure 2 – Sub-Saharan Africa Exports to US Market, by Country Groups<sup>14</sup>**



Source: US International Trade Commission database and authors’ calculations

<sup>10</sup> These include: Angola, Cameroon, Chad, Republic of Congo, Equatorial Guinea, Gabon, and Nigeria.

<sup>11</sup> These include Ethiopia, Ghana, Kenya, Tanzania, Uganda, and Zambia, each of which had a gross domestic product of at least \$20 billion in 2012.

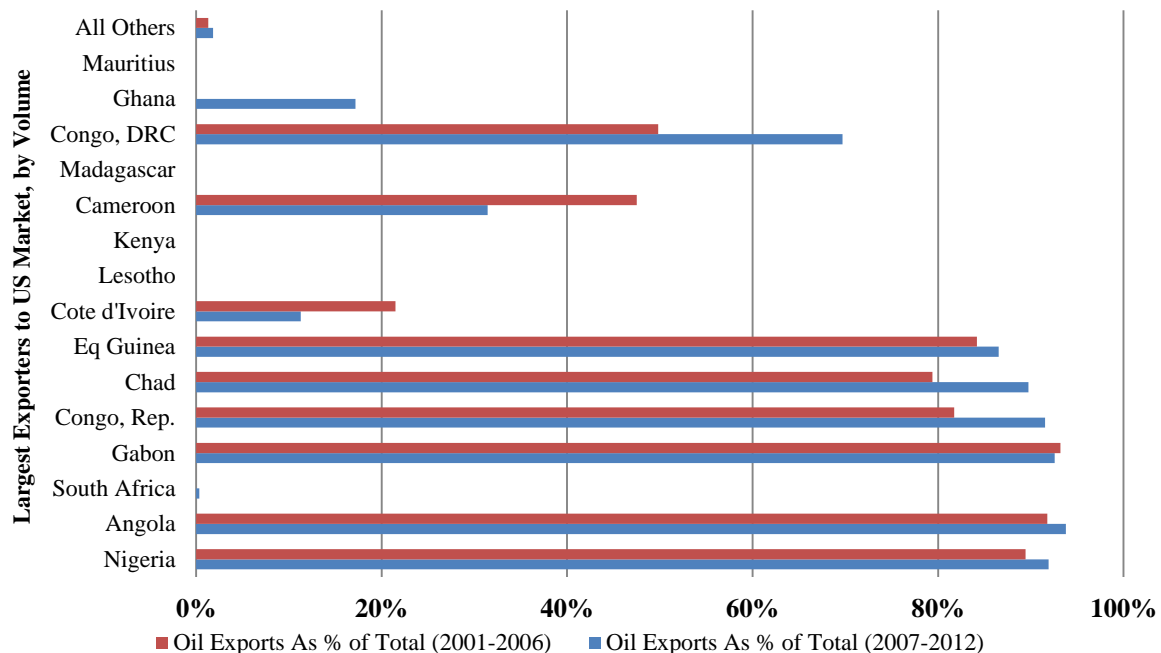
<sup>12</sup> These six countries exported \$1.2 billion to the United States in 2012 (out of \$50.8 billion).

<sup>13</sup> Based upon the World Bank’s fiscal year 2013 harmonized list of fragile situations. The fragile states with lower exports to the US market include: Central African Republic (27 percent), Democratic Republic of Congo (84 percent), Republic of Congo (11 percent), Côte d’Ivoire (11 percent), Eritrea (83 percent), Guinea-Bissau (36 percent), and Zimbabwe (46 percent). The Republic of Congo is categorized as a fragile state and an oil-exporting nation.

<sup>14</sup> See Appendix II for country classifications.

**Petroleum, minerals, and South African manufacturing products account for the vast majority of African exports to the US market.** In 2012, the four largest US import categories included: (1) crude oil (\$37 billion); (2) precious stones (\$3 billion); (3) vehicles (\$2 billion); and (4) mineral ores (\$940 million).<sup>15</sup> Agricultural products totaled roughly \$2 billion, including: (1) cocoa beans (\$760 million); (2) rubber (\$320 million); (3) cocoa paste and cocoa butter (\$240 million); and (4) unroasted coffee beans (\$220 million).

**Figure 3 – Oil versus Non-Oil Exports to US Market, Largest Exporters by Volume**



Source: US International Trade Commission database and authors' calculations

**Chinese transshipment may be responsible for half of African textile and apparel exports to the US market.** A recent study, which matches invoices from incoming and outgoing goods, suggests that half of garments exported from African countries are actually made in China.<sup>16</sup> Therefore, AGOA's influence and impact in this sector may be somewhat overstated, particularly with respect to the low level of African value-added. Nonetheless, efforts to promote vertical integration and higher levels of regional value-added will remain constrained by higher input and non-input related costs (see additional details below).

<sup>15</sup> See <http://www.ustr.gov/countries-regions/africa>.

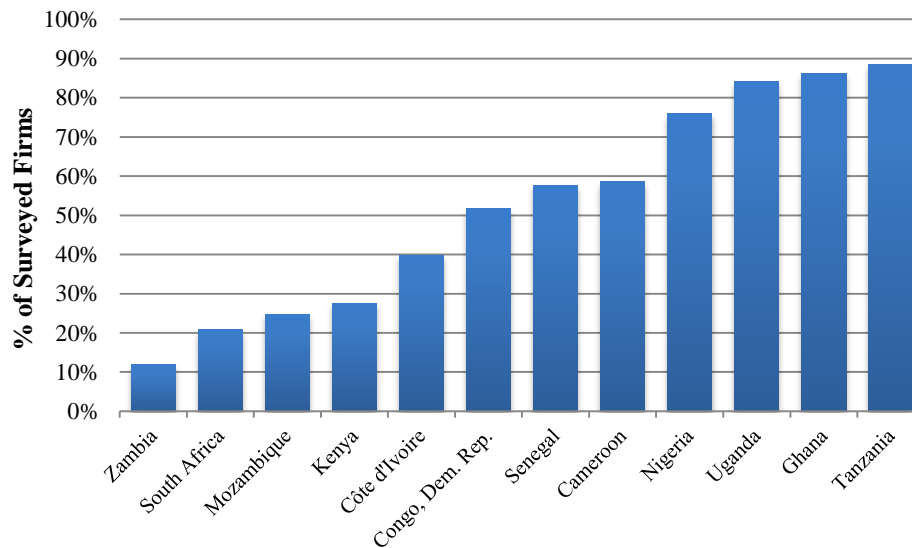
<sup>16</sup> Lorenzo Rotunno, Pierre-Louis Vezina, and Zheng Wang (2012), *The rise and fall of (Chinese) African apparel exports*, CSAE Working Paper WPS/2012-12.

## V. African Firm-Level Competitiveness Constraints

**African trade competitiveness is influenced primarily by business climate constraints, small market size, and collusive political economy dynamics.** Addressing these factors, even on the margins, will have a greater impact on US–Africa trade flows and private-sector-based development than expanding AGOA’s preferential market access provisions.

**Unreliable and costly electricity is a major competitiveness constraint for most African businesses.** Half of African firms cite electricity as a major constraint on their competitiveness, profitability, and expansion potential.<sup>17</sup> More than 80 percent of firms in Ghana, Tanzania, and Uganda cite concerns with power reliability and affordability. In some African economies, losses from power outages amount to more than 10 percent of sales.

**Figure 4 – African Firms’ Citing Electricity as Major Constraint, Select Countries**



Source: World Bank Business Enterprise surveys

**Despite some progress in transport and export-processing times, high costs remain a burden.** Across the region, nearly 30 percent of Sub-Saharan African firms cite transport as a major or severe constraint. Since 2009, more than half of African economies have reduced the time required to transport and export a standardized shipping container.<sup>18</sup> However, the average cost increased in half of African countries during the same period. In fact, 13 countries witnessed higher costs while still reducing the transport and export processing times, such as Botswana, Lesotho, Malawi, Mali, and Nigeria. Monopolistic trucking cartels

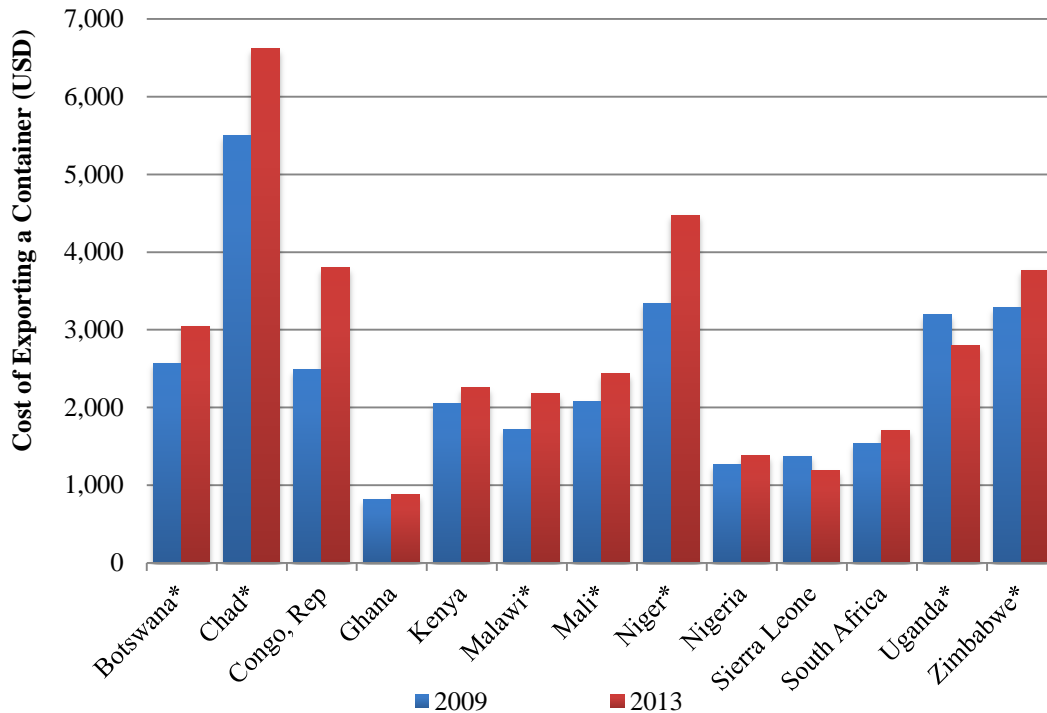
<sup>17</sup> Source: World Bank Business Enterprise surveys and authors’ calculations.

<sup>18</sup> Between 2009 and 2013, the number of days required to export a standardized shipping container was reduced in 29 Sub-Saharan African countries (out of 47). The time required was unchanged in 17 countries. Average time requirements deteriorated in only one country (Guinea), increasing from 34 days to 36 days. Source: World Bank Doing Business surveys.



at least partly explain this dynamic in many countries.<sup>19</sup> In addition, increased costs in several regional shipping hubs, such as Kenya and South Africa, may have also contributed to this trend. While transport is typically cited as a larger problem in landlocked economies, firms located in many coastal countries also cite it as a major competitiveness constraint, such as in Kenya, Benin, and the Republic of Congo.<sup>20</sup>

**Figure 5 – Average Cost Required to Export a Standardized Container, Select Countries<sup>21</sup>**



Source: World Bank Doing Business surveys and authors' calculations

**Access to finance remains another impediment to firm expansion potential.** On average, nearly half of African firms cite access to finance as a major concern. Moreover, half of surveyed firms in 15 African nations raise these concerns.<sup>22</sup> This appears to be a significant constraint in many resource-dependent economies, such as Cameroon, the DRC, Côte d'Ivoire, and Nigeria.

<sup>19</sup> Supee Teravaninthorn and Gaël Raballand (2008), Transport Prices and Costs in Africa: A Review of the Main International Corridors, Africa Infrastructure Country Diagnostic Working Paper 14.

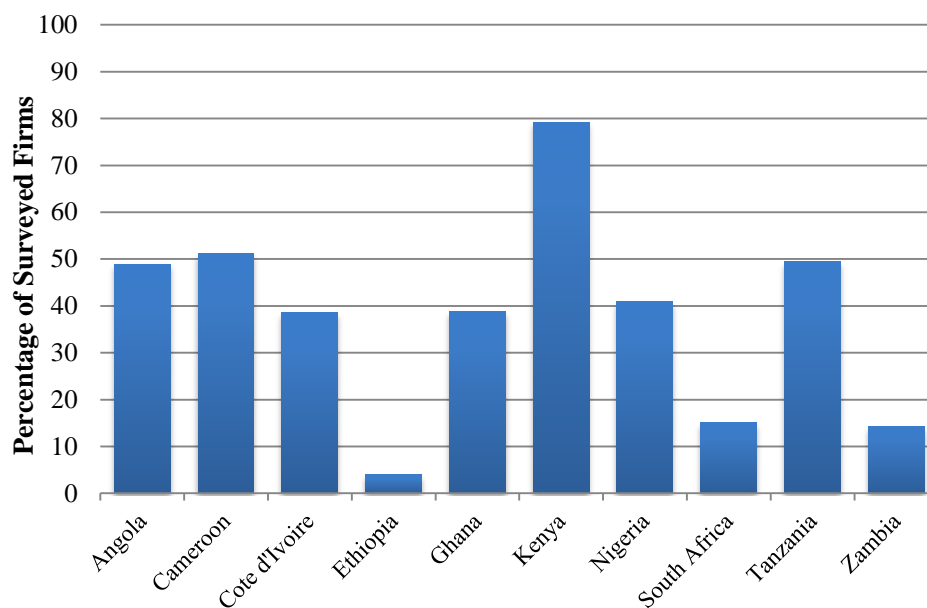
<sup>20</sup> In Kenya, 31 percent of surveyed firms cite transport as a major constraint. This figure is 49 percent in Benin and 48 percent in the Republic of Congo.

<sup>21</sup> Asterisk indicates that the country is landlocked.

<sup>22</sup> These include: Benin (67 percent), Burkina Faso (75 percent), Burundi (51 percent), Cameroon (55 percent), DRC (73 percent), Côte d'Ivoire (67 percent), Ghana (66 percent), Guinea (58 percent), Guinea-Bissau (72 percent), Malawi (51 percent), Mozambique (50 percent), Niger (62 percent), Nigeria (53 percent), Togo (59 percent), and Zimbabwe (64 percent).

**Corruption, burdensome licensing requirements, fees, and bribes contribute to informality and negatively impact firms’ competitiveness.** African firms cite corruption as a major constraint, with response rates exceeding 70 percent in Burkina Faso and Côte d’Ivoire. By illustration of burdensome procedures, Zambia requires multiple licenses for some tourism operations, which can take between six months and a year to obtain.<sup>23</sup> This has stifled investment by dramatically raising compliance costs, processing times, and policy uncertainty. On average, roughly 40 percent of African firms say that bribes are necessary in their industry. In Kenya, nearly 80 percent of surveyed firms suggest that gifts to public officials are expected to “get things done.”

**Figure 6 – Expectation of Gifts to Public Officials to “Get Things Done,” Ten Largest African Economies**



Source: World Bank Business Enterprise Surveys

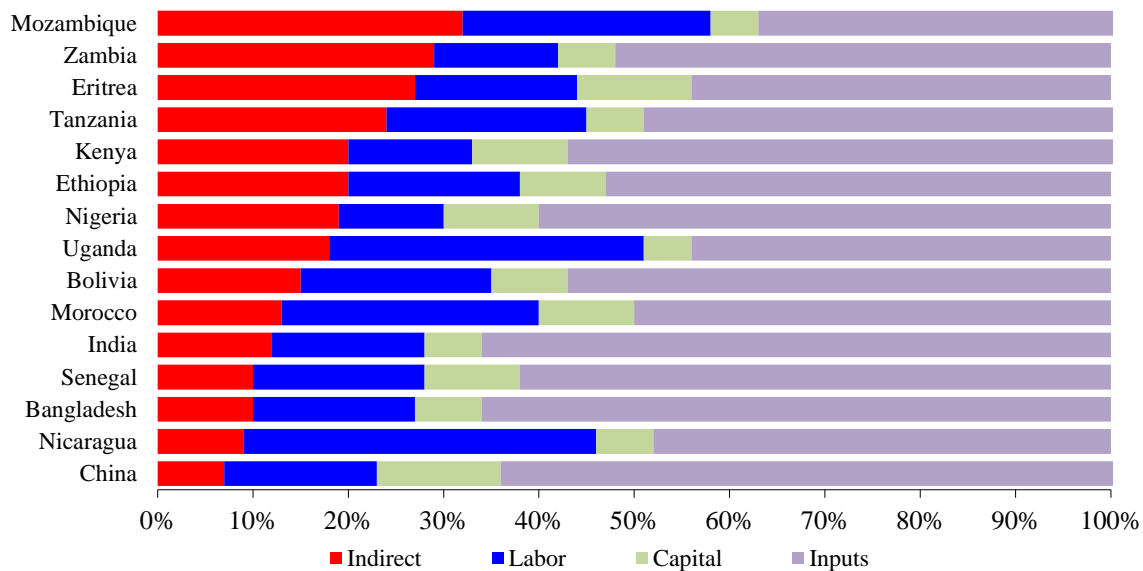
**Collectively, these business climate constraints have a direct and negative impact on firm productivity and competitiveness.** Relative to comparator country firms, many African firms exhibit similar “factory floor productivity” (e.g., sales minus input costs). However, they are substantially less productive when business climate costs (“indirect costs”) are included – such as electricity, transport, licensing fees, and bribes.<sup>24</sup> By illustration, Kenyan firms have roughly the same factory floor productivity as Chinese firms, but only about half of the overall productivity.<sup>25</sup>

<sup>23</sup> Olivier Cattaneo, Aaditya Mattoo, and Lucy Payton (2007), “Tourism: Unfulfilled Promise.” In *Services Trade and Development: The Experience of Zambia*, 213–258.

<sup>24</sup> Benn Eifert, Alan Gelb, and Vijaya Ramachandran (2008), “The Cost of Doing Business in Africa: Evidence from Enterprise Survey Data,” *World Development* 36: 1531–1546.

<sup>25</sup> Factory floor productivity, or gross value added, is defined as sales minus input costs. Overall productivity, or net value added, includes costs related to power, transport, licensing fees, and bribes.

**Figure 7 – Firm Cost Structure: Share of Indirect and Other Costs, Select Countries**



Source: Eifert, Gelb, and Ramachandran (2008)

**Small market size and geographic population dispersion also limit firm development and international competitiveness.** With the exception of Nigeria and South Africa, African markets are small in absolute size. Economic output is also geographically dispersed, with output per square kilometer equaling only 8 percent of levels in India and China. In this environment, industrial sectors are typically dominated by a few firms with: high domestic market share; limited competition; close relationships to government; and high indirect cost structures.

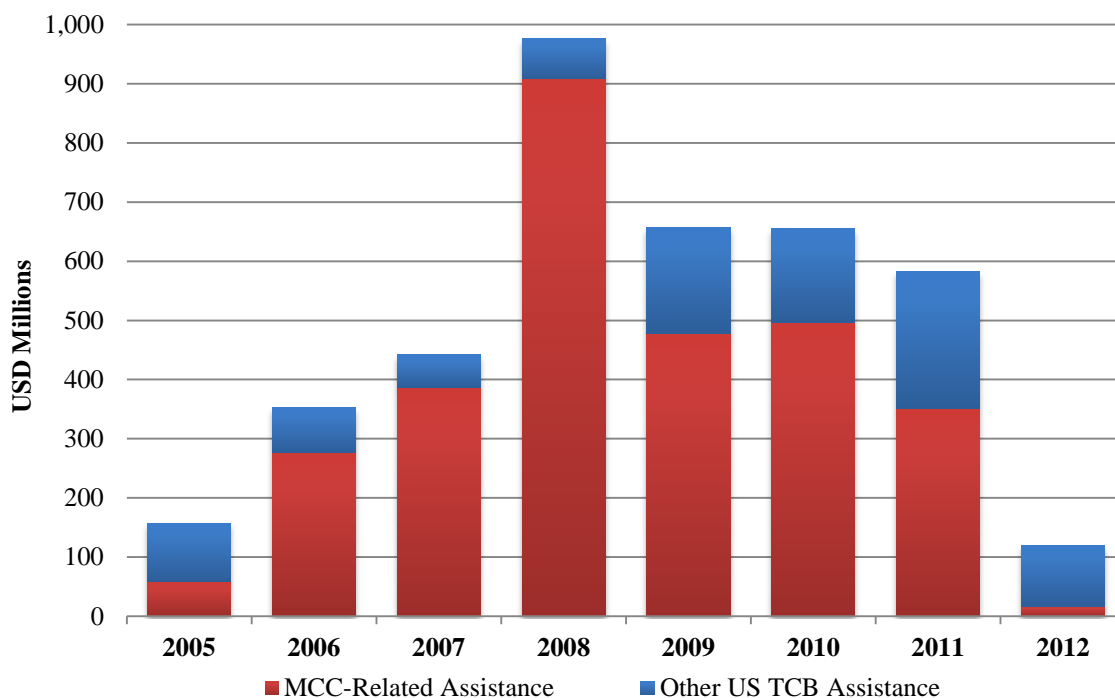
**Collusive political economy practices have further constrained firm creation and expansion over time.** The private sector has historically lacked a strong political constituency in most African nations, which has made it more vulnerable to sudden policy shifts and political intrusion. Many regulatory regimes were founded under restrictive colonial and/or socialist eras, which sought to extend state control over the economy as a tool for maintaining power and stability. While “first-generation reforms” have widened businesses’ operating space to a degree, de facto administrative barriers that constrain firm creation and expansion have endured in most African economies.<sup>26</sup>

<sup>26</sup> James Emery (2003), “Governance, Transparency, and Private Investment in Africa,” Organization for Economic Cooperation and Development Global Forum on International Investment.

## VI. US Trade Capacity-Building Efforts

Since 2005, the Millennium Challenge Corporation (MCC) has been the primary US trade capacity-building (TCB) vehicle.<sup>27</sup> The MCC has provided nearly \$3 billion in trade-related support to 12 African nations and has focused largely on port, transport, and power infrastructure.<sup>28</sup> These compact programs have been well targeted at addressing African firms' most binding constraints. The MCC accounts for three-quarters of total US TCB assistance to Sub-Saharan Africa over the last eight years.

Figure 8 – US Trade Capacity-Building Assistance, 2005–2012



Source: US Agency for International Development (USAID) Trade Capacity Building database and authors' calculations

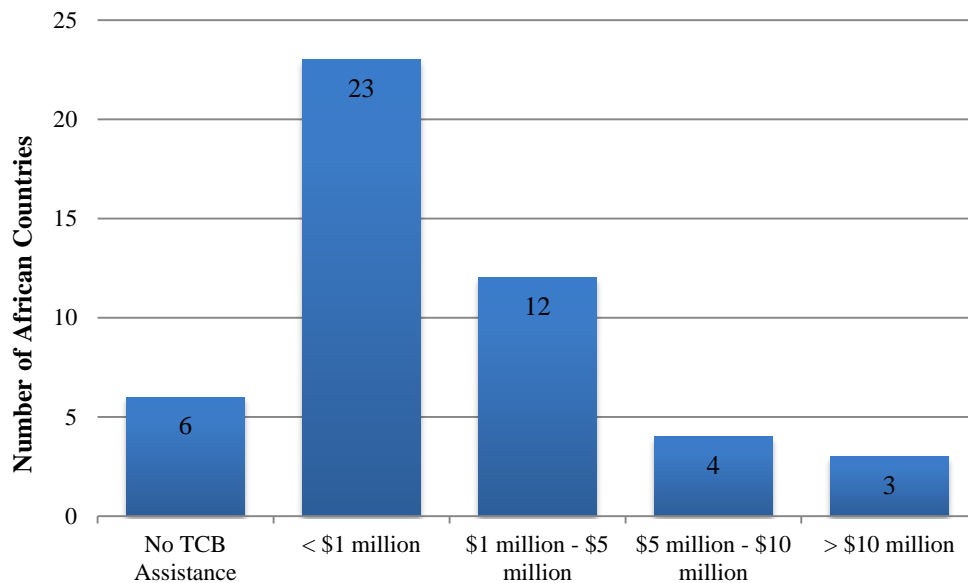
**Outside of MCC compacts, US efforts have been under resourced.** Nearly 20 US government agencies have delivered roughly \$900 million in TCB assistance since 2005, or roughly \$80 million a year. Within this amount, only seven African countries have received at

<sup>27</sup> The US government categorizes TCB assistance into the following categories: (1) World Trade Organization accession and compliance; (2) sanitary and phyto-sanitary measures; (3) technical barriers to trade; (4) intellectual property rights; (5) trade-related procurement; (6) trade facilitation (e.g., customs, trade promotion, enterprise development, and trade integration); (7) trade-related labor; (8) financial sector development; (9) trade-related infrastructure; (10) environmental standards and trade; (11) competition policy, business environment, and governance; (12) trade-related agriculture; (13) trade-related services; and (14) other activities.

<sup>28</sup> These include: Benin, Burkina Faso, Cape Verde, Ghana, Lesotho, Madagascar, Malawi, Mali, Mozambique, Namibia, Senegal, and Tanzania. The MCC also has funded small “threshold” programs in several other countries, including (1) Liberia (tariff harmonization, customs modernization, intellectual property rights); (2) Sao Tome and Principe (customs modernization); and (3) Zambia (customs modernization, sanitary/phyto-sanitary capacity strengthening). While the MCC funded these programs, they were implemented by USAID.

least \$5 million annually (Ethiopia, Ghana, Liberia, Rwanda, South Sudan, Tanzania, and Uganda). Twenty-nine African nations have received very modest or no US TCB assistance during this time.

**Figure 9 – Average Annual US Trade Capacity-Building Assistance, by Size**



Source: USAID Trade Capacity Building database and authors' calculations

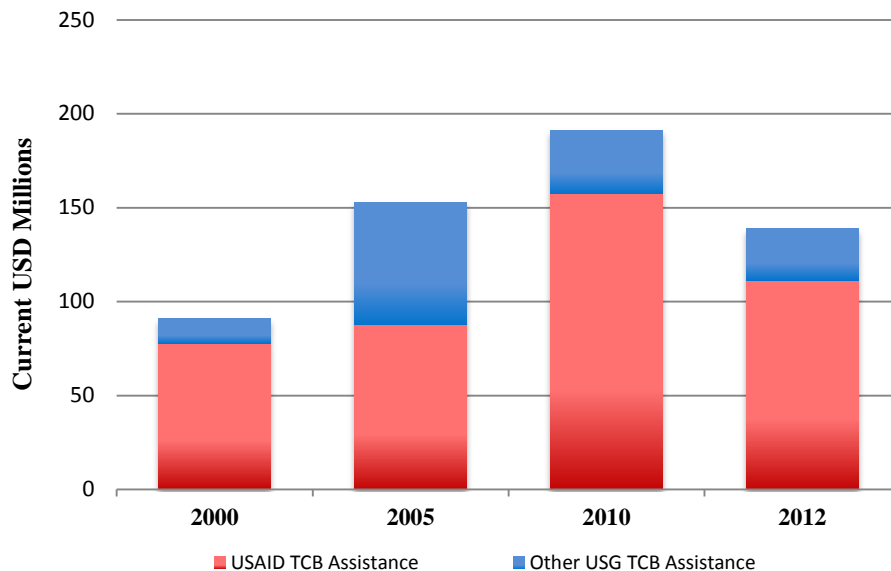
**USAID has provided a smaller, but still significant, share of US TCB assistance.** On average, USAID provided \$2.2 million per recipient annually between 1999 and 2012.<sup>29</sup> However, the duration of USAID's country-level activities has been mixed. In most countries, it was active only sporadically over time, which may have created uncertainty and instability in bilateral engagement and reform effectiveness.<sup>30</sup> Moreover, rigorous evaluation of USAID TCB assistance appears limited, or at least not available publicly.<sup>31</sup> In comparison, MCC assistance is largely subject to evaluation, with results released to the public.

<sup>29</sup> USAID Trade Capacity Building database and authors' calculations. This excludes funds that were disbursed to a sub region without an individual recipient country specified.

<sup>30</sup> USAID-funded programs have been active for 3 years or less (out of 14 total) in 42 percent of examined countries, while 40 percent of the countries received USAID trade-related assistance for at least half of the 14 years included in the USAID Trade Capacity Building database.

<sup>31</sup> The authors were unable to locate any rigorous, publicly available evaluation reports on USAID TCB projects.

**Figure 10 – USAID Trade-Related Funding (Excluding MCC), Select Years**



Source: USAID Trade Capacity Building database and authors' calculations

**Beyond MCC and USAID funding, other US agency-level assistance has been sporadic and largely insignificant in absolute terms.** On average, African countries or regional economic community (REC) secretariats have received support annually from two US government agencies totaling only \$614,000 per agency.<sup>32</sup> In nearly all of these instances, the respective US agencies did not provide trade-related support to the same country more than three times over the examined 14 year period. In fact, individual US agencies often provided funding to a respective country for only a single year.<sup>33</sup> This seemingly sporadic engagement by a multitude of non-core US trade-related agencies raises questions about the coordination and sustained commitment of broader US TCB efforts.

**Decentralized programming both across and within US agencies has produced a lack of strategic focus at the region and country levels.** US assistance efforts continue to lack a formal framework for determining allocations across regions, countries, sectors, or themes. In 2011, the Obama Administration announced \$120 million over four years to continue USAID's African trade hubs in Botswana, Ghana, Kenya, and Senegal. This initiative remains, much like its predecessor African Growth and Competiveness Initiative, a loose amalgamation of regional training, export promotion assistance, and country mission-driven programs. By illustration, each of the regional trade hubs even have different stand-alone website platforms.<sup>34</sup>

<sup>32</sup> USAID Trade Capacity Building database and authors' calculations. Figures exclude the MCC and USAID.

<sup>33</sup> In 44 percent of the instances, these agencies provided TCB funding for only one year to a country. For example, the State Department has provided one year of TCB assistance without returning to the recipient country on 17 different occasions. The Commerce Department has done the same thing on 14 occasions.

<sup>34</sup> See the Southern Africa Trade Hub (<http://www.satradehub.org>), the East Africa Trade Hub (<http://www.competeafrica.org>), and West Africa Trade Hub (<http://www.watradehub.com>).

**Direct US TCB assistance may actually be far less than publicly reported.** In most cases, TCB is a minor component of a larger assistance project.<sup>35</sup> Alternatively, a given project's trade-related component may not be apparent at all. For instance, half of all TCB support in large African non-oil economies is categorized as trade-related agriculture assistance.<sup>36</sup> More than half of the underlying projects do not have a readily apparent trade-related component.<sup>37</sup> In the remainder, the TCB component appears to be a secondary objective.<sup>38</sup> These observations suggest that a significant percentage of projects categorized as US TCB assistance may be only modestly targeted at increasing countries' trade competitiveness.

**US assistance for regional economic community (REC) secretariats has been modest, despite their central role in facilitating regional integration.** RECs play an important facilitative role for harmonizing policies and regulations, reducing non-tariff barriers, liberalizing trade, and developing transport corridors.<sup>39</sup> Although, the effectiveness of the individual African RECs has varied over time, largely due to differences in member governments' political will and capacity. While USAID support for the East African Community (EAC) has been more robust, it has provided only token assistance to other RECs.<sup>40</sup> For example, US support for the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) has totaled only \$32 million since 2000 – or roughly \$1.3 million per year for each respective REC secretariat.<sup>41</sup>

**With the exception of MCC compacts, US TCB assistance has been only partially aligned with African firms' major constraints.** Since 2005, roughly 30 percent of related US programs have focused on enterprise development, financial sector development, and business climate reforms.<sup>42</sup> Outside of a handful of countries, USAID has provided only modest assistance for infrastructure projects.<sup>43</sup> However, trade-related agriculture assistance

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<sup>35</sup> In consideration of the large number of TCB projects, the authors limited projects considered to 2012 for this analysis.

<sup>36</sup> Trade-related agriculture (50 percent), competition policy, business environment, and governance (15 percent), trade-related infrastructure (10 percent), trade promotion (7 percent), environmental standards and trade (5 percent), financial-sector development (3 percent), technical barriers to trade (2 percent), trade-related tourism (2 percent), World Trade Organization accession and compliance (2 percent), enterprise development (1 percent), sanitary and phyto-sanitary measures (1 percent), trade-related labor (1 percent), and intellectual property rights (0.2 percent).

<sup>37</sup> Based upon the authors' judgment, 53 percent of projects in Ethiopia, Ghana, Kenya, Tanzania, Uganda, and Zambia did not have a discernible trade-related component.

<sup>38</sup> For example, USAID's Trade Capacity Building database reports in 2012 that a project in Uganda entitled Global Development Alliance and Partnerships Investment Fund included \$3.3 million of trade-related agriculture. The database describes, "This Public/Private Partnership fund will be used to leverage private sector resources, ideas, and technologies for replicable, sustainable and scalable sector-wide impact. We will target industry leaders for game-changing, strategic partnerships designed to drive agriculture growth and increase incomes."

[http://tcb.eads.usaidallnet.gov/query/do?\\_program=/eads/tcb/activitiesByNumber&act\\_num=10335](http://tcb.eads.usaidallnet.gov/query/do?_program=/eads/tcb/activitiesByNumber&act_num=10335)

<sup>39</sup> Source: USAID (2009), "Regional Economic Integration in Africa: Building on Successes and Lessons Learned."

<sup>40</sup> For further details, see

[http://www.eac.int/rmo/index.php?option=com\\_content&view=article&id=180&Itemid=236](http://www.eac.int/rmo/index.php?option=com_content&view=article&id=180&Itemid=236).

<sup>41</sup> Source: USAID Trade Capacity Building database. Information on US support for other African RECs is not readily available.

<sup>42</sup> Business climate reforms include: customs operations, competition policy, governance, and other business environment issues. The 30 percent figure is calculated as the percentage of total US TCB.

<sup>43</sup> USAID has provided sizable financing for infrastructure projects in Ethiopia, Liberia, and South Sudan. In South Sudan, USAID helped to finance the \$225 million Juba-Nimule road, which has facilitated more timely and cheaper access to the Uganda border and onward to the port of Mombasa in Kenya.

– which focuses on value chains and farmer productivity – could improve alignment rates depending on the focus of underlying activities.<sup>44</sup>

**New US initiatives, such as Power Africa and Trade Africa, could represent a major step forward for targeting African firms’ most binding constraints.** Through Power Africa, the US government will partner with private companies, investors, and African governments over the next five years to: (1) expand electricity generation by 10,000 megawatts and (2) improve supply reliability for commercial and industrial consumers.<sup>45</sup> This effort is focused on six countries: Ethiopia, Ghana, Kenya, Liberia, Nigeria, and Tanzania. Through the Trade Africa initiative, the US government aims to help: (1) double intra-regional trade within the East African Community (EAC); (2) increase EAC exports to the United States by 40 percent; (3) reduce container transport times from regional ports to inland countries by 15 percent; and (4) decrease border crossing times by 30 percent.

## VII. Policy Options

**The US government should pursue a number of policy and programmatic reforms to better incentivize, and support, improvements in African economies’ business environment.** Ultimately, all of these measures should target firms’ most binding competitiveness constraints. This includes indirect costs (e.g., electricity and transport, corruption, and licensing requirements) and regional diseconomies of scale.

1. **The US Congress, working with the Obama Administration, should consider revising the AGOA eligibility requirements to include explicit business environment criteria.** Following an appropriate transitional period, countries would be required to demonstrate “continual progress” by reducing barriers to trading across borders, improving access to credit, and improving contract enforcement (see Appendix III for an indicative approach).<sup>46</sup> Along with the democracy and human rights criteria, these measures would become a central determining factor for country eligibility.
2. **The Obama Administration should establish a centralized policy body, with appropriate budgetary authority, to focus and streamline US TCB programs.** This policymaking body should: (i) establish a guiding framework for determining region- and country-level TCB assistance allocations; and (ii) oversee budgetary submissions for final signoff with the Office of Management and Budget. Allocation decisions should be based upon a clearly delineated methodology that incorporates factors such as: competitiveness constraints analysis, market size, trade and investment potential, political will to implement reforms, and sector diversification opportunities. To improve country-level coordination, the US ambassador should approve all TCB-related activities in the field.
3. **USAID should increase support for regional bodies that are pursuing concerted efforts to support integration and harmonized policies.** Through the Trade Africa

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<sup>44</sup> One-third of total US TCB assistance, outside of MCC compacts, has focused on trade-related agriculture since 2005. This has been largely driven by USAID’s Feed the Future Initiative. For additional details, see the 2013 Feed the Future Progress Report ([http://www.feedthefuture.gov/sites/default/files/resource/files/feed\\_the\\_future\\_progress\\_report\\_2013.pdf](http://www.feedthefuture.gov/sites/default/files/resource/files/feed_the_future_progress_report_2013.pdf)).

<sup>45</sup> Power Africa also aims to provide new access for up to 20 million households in the six focus countries.

<sup>46</sup> For example, the US government could track country progress for a period of three years before implementing the new eligibility requirement. This would provide African governments with time to consider targeted reforms and investments to address related trade competitiveness constraints.



Initiative, the Obama Administration has reprogrammed existing budgetary resources to take the first step with the East African Community. Resources outside of USAID's development assistance account should be redirected to support similar programs with the Economic Community of West African States (ECOWAS) and Southern African Development Community (SADC). Additional efforts with the Intergovernmental Authority on Development (IGAD)<sup>47</sup> and the Economic Community of Central African States (ECCAS)<sup>48</sup> could be considered at a future date.

4. **The US Congress should protect and expand funding for the MCC, which has been the US government's leading TCB assistance vehicle.** Without MCC compacts, US support for trade and investment capacity would be very modest. Moreover, the MCC has established processes (i.e. international competitive bidding), capacity, and a growing track record in addressing certain constraints to economic growth and trade competitiveness, such as transport infrastructure.
5. **The US government should increase support, through multilateral and other bilateral vehicles, for electricity and transport infrastructure.** The Power Africa Initiative, if successful, will help to address firms' power constraints in the six focus countries. Future MCC compacts will also likely deliver sizable electricity and transport investments in a limited set of countries. However, these issues will remain a binding challenge in many other economies. Therefore, the US government should increase support through other vehicles such as the Overseas Private Investment Corporation, USAID, the African Development Bank, and the World Bank. The House of Representatives' Electrify Africa Act, and the forthcoming Senate version, presents an opportunity to promote these vehicles.

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<sup>47</sup> IGAD country membership includes: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, South Sudan, and Uganda.

<sup>48</sup> ECCAS country membership includes: Angola, Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Republic of Congo, Equatorial Guinea, Gabon, and Sao Tome and Principe.

## Appendix I

### AGOA Country Eligibility

Country	Eligibility Date	Background Notes
Angola	30-Dec-03	-
Benin	2-Oct-00	-
Botswana	2-Oct-00	-
Burkina Faso	10-Dec-04	-
Burundi	1-Jan-06	-
Cameroon	2-Oct-00	-
Cape Verde	2-Oct-00	-
Central African Republic	<i>Ineligible</i>	Eligibility was revoked in 2004.
Chad	2-Oct-00	-
Comoros	30-Jun-08	-
Congo, DRC	<i>Ineligible</i>	Eligibility was instated in 2003, but revoked in 2011.
Congo, Rep.	2-Oct-00	-
Côte d'Ivoire	25-Oct-11	Eligibility was revoked in 2005, but reinstated in 2011.
Djibouti	2-Oct-00	-
Equatorial Guinea	<i>Ineligible</i>	Equatorial Guinea has never been AGOA-eligible.
Eritrea	<i>Ineligible</i>	Eligibility was revoked in 2004.
Ethiopia	2-Oct-00	-
Gabon	2-Oct-00	-
Gambia	31-Dec-02	-
Ghana	2-Oct-00	-
Guinea	10/25/11	Eligibility was revoked in 2009, but reinstated in 2011.
Guinea-Bissau	<i>Ineligible</i>	Eligibility was revoked due to a military coup in 2012.
Kenya	2-Oct-00	-
Lesotho	2-Oct-00	-
Liberia	29-Dec-06	-
Madagascar	<i>Ineligible</i>	Eligibility was revoked in 2009.
Malawi	2-Oct-00	-
Mali	<i>Ineligible</i>	Eligibility was revoked due to a military coup in 2012.
Mauritania	23-Dec-09	Eligibility was revoked in 2006, but restored in 2009.
Mauritius	2-Oct-00	-
Mozambique	2-Oct-00	-
Namibia	2-Oct-00	-
Niger	25-Oct-11	Eligibility was revoked in 2009, but restored in 2011.
Nigeria	2-Oct-00	-
Rwanda	2-Oct-00	-
Sao Tome and Principe	2-Oct-00	-
Senegal	2-Oct-00	-
Seychelles	2-Oct-00	-
Sierra Leone	23-Oct-02	-
Somalia	<i>Ineligible</i>	Somalia has never been AGOA-eligible.
South Africa	2-Oct-00	-
South Sudan	20-Dec-12	-
Sudan	<i>Ineligible</i>	Sudan has never been AGOA-eligible.
Swaziland	17-Jan-01	-
Tanzania	2-Oct-00	-
Togo	17-Apr-08	-
Uganda	2-Oct-00	-
Zambia	2-Oct-00	-
Zimbabwe	<i>Ineligible</i>	Zimbabwe has never been AGOA-eligible.

## Appendix II

### Country Classifications

Country	Oil Exporter	Major Non-Oil Economy	Fragile State	Other	AGOA Eligible
Angola	X		X		X
Benin				X	X
Botswana				X	X
Burkina Faso				X	X
Burundi			X		X
Cameroon	X				X
Cape Verde				X	X
Central African Republic			X		
Chad	X		X		X
Comoros			X		X
Congo, Dem. Rep.			X		
Congo, Rep.	X		X		X
Côte d'Ivoire			X		X
Djibouti				X	X
Equatorial Guinea	X				
Eritrea			X		
Ethiopia		X			X
Gabon	X				X
Gambia, The				X	X
Ghana		X			X
Guinea			X		X
Guinea-Bissau			X		
Kenya		X			X
Lesotho				X	X
Liberia			X		X
Madagascar				X	
Malawi				X	X
Mali				X	
Mauritania				X	X
Mauritius				X	X
Mozambique				X	X
Namibia				X	X
Niger				X	X
Nigeria	X				X
Rwanda				X	X
Sao Tome and Principe				X	X
Senegal				X	X
Seychelles				X	X
Sierra Leone			X		X
Somalia			X		
South Africa					X
South Sudan			X		X
Sudan			X		
Swaziland				X	X
Tanzania		X			X
Togo			X		X
Uganda		X			X
Zambia		X			X
Zimbabwe			X		
Total Count	7	6	18	20	39

## Appendix III

### Business Environment Eligibility Criterion: Indicative Options

#### Overview

Most African economies' ability to trade with the United States, and the rest of the world, is significantly constrained by a range of competitiveness factors. Examples include: (1) inadequate infrastructure (power, roads, and ports); (2) lack of access to finance; (3) burdensome regulatory requirements; and (4) corruption and bribes. The US government should consider utilizing all available policy tools to help address these factors and thereby support increased economic activity and cross-border trade and investment. To date, efforts have been largely limited to trade capacity-building (TCB) assistance.<sup>49</sup> The US government should consider further approaches to incentivize and reinforce additional African government action. One of the most powerful incentives is gaining, and/or maintaining, preferential access to the \$16 trillion US economy. This appendix explores a number of the guiding principles and tradeoffs associated with adding a business environment criterion to the AGOA eligibility process. Moreover, it lays out a range of indicative methodological approaches for consideration.

#### Guiding Principles

An eligibility criterion based upon business environment factors must balance a number of competing objectives. First, the eligibility criterion must be perceived as real, with annual determinations being made transparently and on the merits (e.g., politically independent). The methodology should be made public and use publicly available third-party data. Second, the underlying indicators should be responsive to government reforms and related capital investments on a timely basis. Undue time lags between effort and observed impact will lead to policy, political, and communication challenges – particularly with African countries and the general public. Third, the methodology should not lead to excessive volatility in countries' eligibility status. This would create significant uncertainty for local businesses and foreign investors, who may base their short- and long-term investment and operational decisions upon duty-free access to the US market. However, some reasonable degree of eligibility responsiveness will be necessary.

#### Prospective Indicators and Data

The proposed business environment eligibility criterion should mirror, to the extent possible, African economies' most binding competitiveness constraints. We utilize the World Bank's Doing Business indicator data, which are collected annually and have comprehensive country coverage, for all illustrative eligibility options.<sup>50</sup> Doing Business includes three elements that closely track African economies' competitiveness challenges: (1) the time and cost required to trade across borders<sup>51</sup>; (2) the time and cost required to enforce a contract<sup>52</sup>; and (3) the

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, and lacking a regional- or country-level strategic focus.

<sup>50</sup> Doing Business covers every country in Sub-Saharan Africa except Somalia.

<sup>51</sup> This includes the *time* necessary to comply with all procedures required to export goods. If a procedure can be accelerated for an additional cost, the fastest legal procedure is chosen. The *cost* is associated with all procedures required to export goods, which includes documents, administrative fees for customs clearance and technical control, customs broker fees, terminal handling charges, and inland transport.

time and cost to start a new business.<sup>53</sup> Collectively, this would provide coverage of physical infrastructure quality, ease of movement (e.g., roadblocks and bureaucratic procedures), legal protections and efficiency, and some forms of business regulatory and licensing requirements. Several other Doing Business topics, such as getting credit and electricity, are related to binding constraints in Sub-Saharan Africa. However, the measurement methodology is not ideally suited to AGOA eligibility criterion needs.<sup>54</sup>

### Correlation Analysis: Prospective Business Environment Sub-Indicators

Sub-Indicator	Time to Start Business	Cost to Start Business	Time to Export	Cost to Export	Time to Enforce Contract	Cost to Enforce Contract
Time to Start Business	1					
Cost to Start Business	0.3046	1				
Time to Export	0.1531	0.2561	1			
Cost to Export	0.0183	0.1300	0.6869	1		
Time to Enforce Contract	0.3065	0.0130	-0.2053	-0.1717	1	
Cost to Enforce Contract	0.0047	0.3803	0.1923	0.1909	-0.1280	1

### Indicator Performance Calculations

Countries would be required to make “continual progress” toward improving their business and trading environment. An initial transition period, such as three years, would permit African governments to consider and implement targeted reforms and investments. After this period, the US government would begin including business environment progress as a core eligibility criterion. Performance would be measured as a three-year moving average, which would gauge medium-term trends while also smoothing out year-to-year volatility. African economies that meet an international benchmark would be exempt from this provision. For illustrative purposes, we specify this as the median indicator value for all developing countries.<sup>55</sup> The annual determination would be based upon a multi-stage decision-making process:

- Step 1 Is the country’s three-year moving average score for the sub-indicator better than the median score for all developing countries? If so, then the country passes on the specific sub-indicator. If not, then proceed to Step 2 below.

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<sup>52</sup> This includes the *time* required to resolve a contractual dispute, counted from the moment the plaintiff files the lawsuit in court until final payment. This includes both the days when actions take place and the waiting periods between. The *cost* measure includes court fees and attorney fees, where the use of attorneys is mandatory or common, expressed as a percentage of the contract’s value.

<sup>53</sup> The *time* measure includes the total number of days required to register a firm, which captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. *Cost* is recorded as a percentage of the economy’s income per capita and includes all official fees and fees for legal or professional services if such services are required by law.

<sup>54</sup> The topic of “getting electricity” measures the time, number of procedures, and cost required to obtain an electricity connection for a newly constructed warehouse. However, this methodology does not capture ongoing business challenges, such as per unit electricity costs and reliability (e.g., blackouts). The “getting credit” topic measures legal rights and the coverage of public and private credit registries. As with electricity, it does not reflect actual day-to-day (*de jure*) constraints – such as ability to access capital loans or business credit lines.

<sup>55</sup> This broadly tracks the MCC’s country eligibility methodology. For this calculation, we include lower income and lower-middle income countries.

Step 2 Did the country's three-year moving average score improve compared with the previous time period? If so, then the country passes. If not, then the country fails on the sub-indicator.

Step 3 Repeat this process for all six sub-indicators.<sup>56</sup>

## Indicative Decision Rule Options

There are several potential decision rules for translating sub-indicator performance into broader AGOA eligibility considerations. Several possibilities are as follows:

- *Minimum Threshold Approach:* A respective country must pass at least two of the three business environment categories (e.g., trading across borders, contract enforcement, and starting a business). To pass a category, the country must pass at least one of the related sub-indicators (either time or cost considerations).
- *Medium Threshold Approach:* A respective country must pass all three business environment categories. To pass a category, the country must pass at least one of the indicators in the category.
- *Maximum Threshold Approach:* A respective country must pass all three business environment categories. To pass a category, the country must pass both of the sub-indicators (time and cost considerations) in the category.

When an AGOA-eligible country fails to pass the business environment criterion in a given year, US government officials should examine whether the change reflects a material policy shift as opposed to immaterial data noise. If so, then the country should become ineligible for AGOA preferences. If not, then US officials should consider continuing the respective country's AGOA preferences. The MCC includes a similar qualitative step during its annual eligibility process, thereby permitting a more nuanced interpretation of a country's indicator performance.

## Historical Simulation Results

Utilizing historical Doing Business data, we simulate countries' performance on the indicative AGOA business environment criterion over the last five years. Reflecting upon the previously mentioned guiding principles, we report: (1) the number of countries that passed the criterion under each of the illustrative approaches; (2) which countries failed to meet the eligibility criterion (in each year); and (3) year-to-year volatility in country eligibility.

- *Minimum Threshold Results:* Under this approach, 46 countries would have passed the business environment eligibility criterion in 2013. Only 3 countries would have failed to meet the threshold (Mali, Somalia, and Zambia). Since 2009, 7 African countries would have failed the business environment criterion: Angola (2009), Central African Republic (2012), Chad (2009, 2012), Mali (2013), Somalia (all years), Zambia (2013),

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<sup>56</sup> These include: (1) time required to trade across borders; (2) cost required to trade across borders; (3) time required to enforce a contract; (4) cost required to enforce a contract; (5) time required to start a new business; and (6) cost required to start a new business.

and Zimbabwe (2009). Only 2 countries' AGOA eligibility status would have changed more than once during the last five years.<sup>57</sup>

- *Medium Threshold Results:* Under the medium threshold approach, 28 countries (out of 49) would have passed the business environment eligibility criterion in 2013. Over the last five years, 16 African countries would have consistently passed the business environment criterion: Cape Verde, Comoros, Gabon, the Gambia, Ghana, Guinea-Bissau, Mauritius, Namibia, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, Tanzania, and Uganda. In contrast, 11 countries would have regularly failed the criterion: Angola, Burundi, Cameroon, Central African Republic, Chad, Madagascar, Somalia, South Sudan, Togo, Zambia, and Zimbabwe. As with the minimum threshold approach, only 2 countries' AGOA eligibility would have changed more than once during the examined period.<sup>58</sup>
- *Maximum Threshold Results:* With the maximum threshold approach, only 4 countries (Cape Verde, Ghana, Mauritius, and Senegal) would have passed the business environment eligibility criterion in 2013. Over time, 3 other African countries would have been eligible at different points: Ethiopia (2012), Mozambique (2009, 2010), and Tanzania (2010, 2011).

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<sup>57</sup> These include Central African Republic and Chad. Both countries' status was driven by their failure to pass the "time to export" sub-indicator in 2012. Prior to 2012, they were passing this sub-indicator due to improvements in their three-year moving average; but they failed to display further improvements in 2012.

<sup>58</sup> Djibouti failed to pass the indicative criterion in 2012 due to problems with the "starting a business" category. It was passing the category previously due to improved performance on the "cost to start a business" sub-indicator, but failed to exhibit improvements in 2012 and 2013. Then, Djibouti had a substantial improvement in the "time to start a business" sub-indicator in 2013, which brought it below the developing country median threshold. Guinea's eligibility status would have changed due to its reversal on the "cost to start a business" sub-indicator in 2009 and 2010. Then, it passed again in 2011 due to improved performance on this sub-indicator.

## Business Environment Eligibility Criterion: Historical Simulations

Country	Minimum Threshold Approach					Medium Threshold Approach					Maximum Threshold Approach				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Angola		✓	✓	✓	✓										
Benin	✓	✓	✓	✓	✓			✓	✓	✓					
Botswana	✓	✓	✓	✓	✓	✓	✓	✓	✓						
Burkina Faso	✓	✓	✓	✓	✓	✓	✓	✓							
Burundi	✓	✓	✓	✓	✓										
Cameroon	✓	✓	✓	✓	✓										
Cape Verde	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Central African Republic	✓	✓	✓		✓										
Chad		✓	✓		✓										
Comoros	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Congo, Dem. Rep.	✓	✓	✓	✓	✓	✓	✓	✓							
Congo, Rep.	✓	✓	✓	✓	✓					✓					
Cote d'Ivoire	✓	✓	✓	✓	✓					✓					
Djibouti	✓	✓	✓	✓	✓	✓	✓	✓		✓					
Equatorial Guinea	✓	✓	✓	✓	✓			✓	✓	✓					
Eritrea	✓	✓	✓	✓	✓	✓	✓								
Ethiopia	✓	✓	✓	✓	✓		✓	✓	✓	✓				✓	
Gabon	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Gambia, The	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Ghana	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Guinea	✓	✓	✓	✓	✓	✓		✓	✓	✓					
Guinea-Bissau	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Kenya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Lesotho	✓	✓	✓	✓	✓		✓	✓	✓	✓					
Liberia	✓	✓	✓	✓	✓				✓	✓					
Madagascar	✓	✓	✓	✓	✓										
Malawi	✓	✓	✓	✓	✓	✓	✓	✓							
Mali	✓	✓	✓	✓	✓	✓	✓	✓	✓						
Mauritania	✓	✓	✓	✓	✓					✓					
Mauritius	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Mozambique	✓	✓	✓	✓	✓	✓	✓				✓	✓			
Namibia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Niger	✓	✓	✓	✓	✓					✓					
Nigeria	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Rwanda	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Sao Tome and Principe	✓	✓	✓	✓	✓					✓					
Senegal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					✓
Seychelles	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Sierra Leone	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Somalia															
South Africa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
South Sudan					✓										
Sudan	✓	✓	✓	✓	✓	✓	✓	✓							
Swaziland	✓	✓	✓	✓	✓				✓	✓					
Tanzania	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		
Togo	✓	✓	✓	✓	✓										
Uganda	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Zambia	✓	✓	✓	✓	✓										
Zimbabwe		✓	✓	✓	✓										
<b>Country Count</b>	<b>44</b>	<b>47</b>	<b>47</b>	<b>45</b>	<b>46</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>28</b>	<b>28</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>

✓ Indicates that the country passed the business environment eligibility criterion in the given year.



## Descriptive Statistics: Simulated Country Performance, 2009–2013<sup>59</sup>

		2009	2010	2011	2012	2013	
<b>Time to Start a Business (Days)</b>	Developing Country Median (Days)	33	30	28	25	22	
	Sub-Saharan Countries						
	Passing	Avg Time (Days)	20	18	16	13	12
		# of Countries	21	23	24	21	23
	<i>Passing (25% or more below threshold)</i>	Avg Time (Days)	16	15	12	12	10
		# of Countries	13	16	16	17	17
	Passing b/c improvement	Avg Time (Days)	72	76	71	55	48
		# of Countries	13	11	11	13	12
	Failing	Avg Time (Days)	76	73	68	59	56
		# of Countries	13	13	12	14	13
<b>Cost to Start a Business (% of Income per Capita)</b>	Developing Country Median (Cost)	68	68	68	68	68	
	Sub-Saharan Countries						
	Passing	Avg Cost	31	30	27	27	30
		# of Countries	18	20	21	23	28
	<i>Passing (25% or more below threshold)</i>	Avg Cost	26	24	22	24	24
		# of Countries	16	17	18	21	24
	Passing b/c improvement	Avg Cost	207	190	159	147	140
		# of Countries	24	22	25	22	17
	Failing	Avg Cost	232	143	216	145	194
		# of Countries	5	5	1	2	3
<b>Time to Export (Days)</b>	Developing Country Median (Days)	28	27	26	25	25	
	Sub-Saharan Countries						
	Passing	Avg Time (Days)	22	21	21	21	20
		# of Countries	21	20	21	21	21
	<i>Passing (25% or more below threshold)</i>	Avg Time (Days)	18	17	16	16	15
		# of Countries	7	8	7	7	6
	Passing b/c improvement	Avg Time (Days)	42	42	39	34	40
		# of Countries	15	19	19	14	13
	Failing	Avg Time (Days)	46	40	45	47	39
		# of Countries	11	8	7	12	14
<b>Cost to Export (US\$ per Container)</b>	Developing Country Median (Cost)	1232	1278	1306	1334	1354	
	Sub-Saharan Countries						
	Passing	Avg Cost	982	1051	1040	1053	1049
		# of Countries	16	18	17	18	18
	<i>Passing (25% or more below threshold)</i>	Avg Cost	813	835	837	833	829
		# of Countries	7	7	7	7	7
	Passing b/c improvement	Avg Cost	3175	2530	2117	2147	3080
		# of Countries	1	2	5	7	5
	Failing	Avg Cost	2171	2396	2477	2604	2548
		# of Countries	30	27	25	22	25
<b>Time to Enforce Contract (Days)</b>	Developing Country Median (Days)	573	570	563	564	572	
	Sub-Saharan Countries						
	Passing	Avg Time (Days)	458	450	453	443	443
		# of Countries	21	20	21	22	22
	<i>Passing (25% or more below threshold)</i>	Avg Time (Days)	365	360	324	303	336
		# of Countries	6	6	4	5	7
	Passing b/c improvement	Avg Time (Days)	759	712	673	804	812
		# of Countries	6	6	5	7	7
	Failing	Avg Time (Days)	919	913	924	898	885
		# of Countries	20	21	21	19	19
<b>Cost to Enforce Contract (% of Claim)</b>	Developing Country Median (Cost)	34	35	35	35	35	
	Sub-Saharan Countries						
	Passing	Avg Cost	24	23	23	24	25
		# of Countries	17	16	16	18	18
	<i>Passing (25% or more below threshold)</i>	Avg Cost	19	19	19	19	20
		# of Countries	11	11	11	11	11
	Passing b/c improvement	Avg Cost	106	110	96	109	149
		# of Countries	2	3	2	3	1
	Failing	Avg Cost	62	59	63	61	63
		# of Countries	28	28	29	27	29

<sup>59</sup> Compares the rolling three-year median for developing countries with the rolling three-year average for different categories of African economies.