How good is life in Africa?

Digging deeper than GDP
KPMG Africa Good Life Index

September 2016

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HAPPINESS is a fundamental human goal and universal aspiration.
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1. Executive summary

The KPMG Africa Good Life Index was developed as a result of the contentious issue surrounding the use of gross domestic product (GDP) to differentiate between poor and rich nations.

Quality of life is not only determined by looking at how wealthy a nation is. There are various other factors that influence well-being; such as socio-economic aspects, natural resources and political stability. The KPMG Africa Good Life Index unpacks these factors to determine a country’s quality of life by looking deeper than just GDP.

KPMG identified three pillars - good socio-economic conditions, good environment and good governance - that are essential to understand well-being. Some 22 indicators are aggregated to create the 12 underlying topics of these three pillars. The KPMG Africa Good Life Index is the first of its type for Africa, and was developed with reference to previous well-being research in other parts of the world. This index is not intended to replace GDP, but to be used alongside it, to yield a more balanced view of quality of life.

Overall, the in-depth analysis of each country’s three pillars yielded valuable information for many stakeholders. Southern Africa performs the best while Central Africa performs the worst. Regionally, North Africa is the overall top performer in the socio-economic conditions pillar, especially with regards to the housing and health topics. Four of the top five performers within the good environment pillar are from the Southern African region. Within the good governance pillar there are significant challenges for Central and East Africa.

A country snapshot for each of the top 10 countries makes it possible to identify in which areas a country excels and where topics can be improved. Mauritius ranks first in the KPMG Africa Good Life Index. The top three countries (Mauritius, Botswana and Namibia) are all located in Southern Africa, with Botswana being the only landlocked country in the top 10. In the top 10 Southern Africa holds four spots, North Africa three and West Africa two. Gabon is the only country representing Central Africa while no country in East Africa places within the top 10. An analysis of Nigeria shows why it ranks 27th in the KPMG Africa Good Life Index even though it is one of the largest economies in Africa in terms of GDP.

A comparison between GDP per capita and the well-being index values shows high variance on all levels of GDP, emphasising the necessity to dig deeper than GDP. This KPMG Africa Good Life Index will empower Africa to achieve more than just higher GDP. This index could help governments to change their policies and find alternative ways to allocate resources. A better understanding of people’s well-being is essential to developing better policies and effectively better lives across Africa.
How good is life in Africa

Good socio-economic conditions

Good environment

Good governance

KPMG Africa Good Life Index
The importance of understanding well-being in Africa
Gross domestic product (GDP) and gross national product (GNP) are widely used to indicate the difference between poor and rich countries. However, GDP and GNP do not distinguish between activities that increase a nation’s wealth and deplete the natural resources. While there is a significant correlation between well-being and GDP citizens’ quality of life is not merely a simple function of wealth. A number of things influences a person’s wellness including their surroundings, living conditions, political conditions and environment. It is valuable to take as many of these external influences into account to get a more balanced reflection of the overall quality than life, based on more than GDP.

The United Nations supported a study co-sponsored by 69 countries stating that:

"...happiness is a fundamental human goal and universal aspiration; that GDP by its nature does not reflect the goal; that unsustainable patterns of production and consumption impede sustainable development; and that a more inclusive, equitable and balanced approach is needed to promote sustainability, eradicate poverty, and enhance well-being and profound happiness."

The KPMG Africa Good Life Index does not base quality of life on income only, but includes three wider pillars: good socio-economic conditions, good environment, and good governance. Each of these pillars consists of 12 different topics, which in turn are built up using 22 weighted indicators. This index is built specifically for the African continent and yields a comparison of the countries within Africa.

This index helps gain a better understanding of the differences in quality of life across Africa. The index yields a more balanced perspective of Africa’s quality of life at a country level but could also change the way governments make policies and allocate resources.

The history of wellness measures

Economists have made various attempts at creating an alternative measure to GDP that would better reflect the well-being of a nation beyond economic activity. The Bhutan Gross National Happiness (GNH) index and the Organisation for Economic Co-operation and Development (OECD) Better Life Index are well known examples of initiatives in this field. Wellness measures has gained interest, not only in the field of economics but also been researched by environmentalists, psychologists, religious and political leaders.

By using the Bhutan GNH and the OECD Better Life Index as inspiration, KPMG developed the KPMG Africa Good Life Index to determine how African countries compare in terms of quality of life. Similar topics based on data availability were grouped into three unique pillars. Data for African countries are difficult to obtain, yet 22 indicators were obtained that fit the necessary statistical criteria. A better understanding of people’s well-being is essential to developing better policies and, effectively, better lives.

1 Appendix A contains an in-depth overview of the history of the Bhutan GNH and the OECD Better Life index.
The KPMG Africa Good Life Index
WHAT IS INCLUDED?

The KPMG Africa Good Life Index consists of three pillars with 12 underlying topics that reflect what KPMG has identified as essential to well-being. The three pillars include good socio-economic conditions, good environment and good governance factors. KPMG constructed each topic from different specific indicators from various sources (see appendix B for more information regarding this). The 12 key topics identified by KPMG are:

1. **Good socio-economic conditions**
   - Housing
   - Income
   - Employment
   - Education
   - Health

2. **Good environment**
   - Sustainability
   - Resources

3. **Good governance**
   - Politics
   - Stability
   - Legal
   - Safety
   - Freedom

How is the KPMG Africa Good Life Index calculated?

KPMG extracted data for 22 indicators and aggregated the information to create the 12 underlying topics of the three pillars. Various sources, including the World Bank Group, International Monetary Fund (IMF), World Economic Forum (WEF) and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) were used to obtain the 22 indicators. We collated and normalised data for each country in order to make the data measurable and comparable. We then calculated an average value for the underlying indicators of each topic, leaving 12 data points per country. The data obtained for all indicators was available for a total of 37 (out of 54) African countries.

Some shortcomings may arise when determining people’s happiness in this manner as happiness is a subjective matter. The KPMG Africa Good Life Index does not consist of surveys and is based on existing indicators from reputable sources that we have carefully selected and grouped into different topics. This will generate a lower level of subjectivity to the results. KPMG acknowledges that missing data points could skew the data and clearly indicate whenever this was the case.

The KPMG Africa Good Life Index does not attempt to replace GDP but rather to serve as a reference to be used alongside this indicator. This will hopefully provide a more a holistic view of the world, and in this case, Africa.
Comparing well-being across African borders
The following heat map represents the results of the KPMG Africa Good Life Index. The 17 countries with striped colours have data deficiencies in one or more topics and can therefore not be accurately compared to the rest. Nonetheless, these countries are included to help frame the bigger picture. For the remaining 37 countries, a value between 0 (low) and 1 (high) indicates the respective country’s quality of life from an African perspective. Add sentence: There was no data available for the Western Sahara territory. For this study the same values as Morocco was awarded to Western Sahara.

Any value higher than 0.7 represents a high quality of life in our classification. Only four countries fall into this category: Mauritius, Botswana, Namibia and Tunisia. All counties with an index of below 0.4 fall into the bottom category of having a low quality of life: Angola, Chad, and several countries with missing data points.

The information yields a valuable perspective of the quality of life throughout Africa. An in-depth analysis of each country’s three pillars and how they compare to the country’s overall quality of life, would yield valuable information for many stakeholders. This index could also be used to track a country’s well-being level year-on-year.
We summarise each pillar (good socio-economic conditions, good environment and good governance) separately, providing an interesting perspective from a regional point of view.

**Good socio-economic conditions pillar**

This pillar includes the **housing, income, employment, education and health** topics. Some indicators used in the calculation include improved sanitation facilities, **GDP growth, unemployment rate, quality of education and health & wellness**. The pillar attempts to measure a person’s work experience and their economic and social position in relation to other individuals in other countries. This is based on income, education, occupation and general living conditions, such as housing and health.

### Top performers

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Seychelles</td>
<td>0.85</td>
</tr>
<tr>
<td>2</td>
<td>Mauritius</td>
<td>0.78</td>
</tr>
<tr>
<td>3</td>
<td>Tunisia</td>
<td>0.69</td>
</tr>
<tr>
<td>4</td>
<td>Rwanda</td>
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</tr>
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<td>5</td>
<td>Algeria</td>
<td>0.67</td>
</tr>
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</table>

### Bottom performers

<table>
<thead>
<tr>
<th>Rank</th>
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</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>Chad</td>
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</tr>
<tr>
<td>51</td>
<td>Niger</td>
<td>0.34</td>
</tr>
<tr>
<td>52</td>
<td>Central African Republic</td>
<td>0.28</td>
</tr>
<tr>
<td>53</td>
<td>Sierra Leone</td>
<td>0.23</td>
</tr>
<tr>
<td>54</td>
<td>Somalia</td>
<td>0.12</td>
</tr>
</tbody>
</table>

*2 Appendix D summarises the topics by regions.*
The Seychelles and Mauritius are the only two countries achieving an index rating of more than 0.7. Interestingly, both of these countries are small islands. Tunisia, Rwanda and Algeria also performs well in terms of socio-economic conditions, and all fall into the second highest category.

Rwanda and Seychelles, both in the top five within this pillar, are located in East Africa. Rwanda’s strong performance within this pillar is interesting given that the country does not perform as well in any of the other pillars. Rwanda’s employment topic is the best in Africa, while other topics within this pillar performs on an average level. According to the World Economic Forum’s (WEF) Data on Brain Drains in Africa (released in August 2015), Rwanda ranked as the country most capable in attracting its best talent to return to their home country and contribute to the economy. The rest of East Africa does not reflect this similar performance in this pillar.

Regionally, North Africa is the overall top performer in the socio-economic conditions pillar, especially with regards to the housing and health topics. Since the 1980s, significant efforts have been made in the region to develop and improve the health sector. Infant and maternal mortality has decreased and life expectancy has increased from 42.4 years in 1950 to 68.3 years in 2010 across the region. This is due to investments in medical insurance, vaccination, and access to water and better nutrition.

While North Africa excels in two of the five topics in the good socio-economics pillar, they have the worst regional performance in income and employment. The region’s average unemployment rate is approximately 16%, which is the second highest rate. From the five regions, Southern Africa ranks fifth, having the highest average unemployment rate of the regions. This is mainly due to a growing population size, whereby job growth could not keep up. This bleak employment picture is one of the region’s most destabilising problems and contributes to fuelling social tensions and encouraging migration.

West Africa also performs poorly in two of the five topics, namely housing and education. They have by far the highest illiteracy rate from all the African regions. UNESCO reported in 2015 that almost half of the people in West Africa are illiterate. Indeed, seven of the 10 countries in the world with the highest recorded adult illiteracy rates are in West Africa: Benin, Burkina Faso, Guinea, Mali, Niger, Senegal and Sierra Leone.

Africa’s socio-economic conditions poses various developmental challenges. North Africa performs the best, followed by Southern and East Africa, while Central and West Africa perform the worst within this pillar. Even though North Africa excels in this pillar in relation to the rest of Africa, improvement areas concerning the employment and income topics remain.
Good environment pillar

The good environment pillar consists of the topics resources and sustainability and includes the indicators for water source, air quality and ecosystem sustainability. Every individual is dependent on the environment to some extent. Improving sustainability and creating environmentally friendly living conditions should become a high priority for every African country. The farming sector is also an important sector and one of the largest contributors to GDP in Africa: agriculture is the largest sector (as percentage of GDP) in nearly half of the continent’s economies.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Top performers</th>
<th>Index</th>
<th>Rank</th>
<th>Bottom performers</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BOTSWANA</td>
<td>0.90</td>
<td>50</td>
<td>ERITREA</td>
<td>0.25</td>
</tr>
<tr>
<td>2</td>
<td>MAURITIUS</td>
<td>0.87</td>
<td>51</td>
<td>SOMALIA</td>
<td>0.25</td>
</tr>
<tr>
<td>3</td>
<td>GABON</td>
<td>0.85</td>
<td>52</td>
<td>EQUATORIAL GUINEA</td>
<td>0.23</td>
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<tr>
<td>4</td>
<td>NAMIBIA</td>
<td>0.84</td>
<td>53</td>
<td>DRC</td>
<td>0.18</td>
</tr>
<tr>
<td>5</td>
<td>SOUTH AFRICA</td>
<td>0.79</td>
<td>54</td>
<td>SOUTH SUDAN</td>
<td>0.14</td>
</tr>
</tbody>
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Four of the top five performers within this pillar are from the Southern African region. Despite periodic droughts, Southern Africa is the best performing region overall, followed by North Africa, West Africa, Central Africa and East Africa.

The **resources** topic measures how well a country uses its resources at present and the effect of this on future generations. The topic takes into account greenhouse gas emissions, water withdrawals as a percentage of resources as well as the biodiversity and general habitat. West Africa performs the best, followed closely by Southern and Central Africa. Burkina Faso and Senegal are the top West Africa performers, scoring 97 and 96 (out of 100) in this topic, respectively.

North Africa ranks second overall within the good environment pillar, yet it ranks last on the **resources** topic partially due to it being the largest dust-producing region in the world – dust is a natural form of air pollution. Furthermore, only six countries in Africa have CO2 emissions of over 10 million metric tons of carbon, of which four (Egypt, Algeria, Libya and Morocco) are in North Africa.

The **sustainability** topic’s rankings are similar to the overall ranking for this pillar with Southern Africa in the first position and East Africa in the last position. This topic takes **air quality** as well as the percentage of people with **access to quality water sources** into account. For both **air quality** and **water access**, Mauritius, Botswana, South Africa and Namibia are the four Southern African countries in the top 10 for each of these indicators. The Air Pollution Information Network for Africa (APINA) is the key policy framework against regional air pollution within the Southern African Development Community (SADC). In 2008, the Lusaka agreement was adopted by these countries as a regional policy framework on air pollution.

South Sudan, Madagascar and Ethiopia shows the lowest index values in the **sustainability** topic within East Africa. Some 41% of South Sudanese, 49% of Madagascans and 43% of Ethiopians do not have access to improved water sources. Even though there is an Eastern Africa Regional Framework Agreement on Air Pollution (established in 2008) that aims to target air pollution in this region, much more action is required to improve air quality when compared to other African regions.

A sustainable and healthy environment is integral in the overall well-being of individuals. Improved air quality, greater access to quality water sources for the majority of the populations, fewer greenhouse gas emissions, as well as protected indigenous habitats will lead to higher overall quality of life. Each region should prioritise environmentally friendly living conditions by focussing on their shortcomings. North Africa should therefore focus on the **resources** topic, whereas East Africa should focus on improving indicators within the **sustainability** topic.
The majority of countries perform poorly with regards to the good governance pillar, which includes the topics politics, stability, freedom, safety and legal. The indicators include political rights, participation, fragile states, rule of law, personal safety, intentional homicides and personal freedom of choice. Southern Africa is the strongest region within the good governance pillar.
Three of the five top performers in this pillar are islands: Mauritius, Cape Verde and Seychelles. Of the continental countries Botswana, Ghana, Namibia, Tunisia and South Africa also perform within the top heat map category. Concerning the regions, Southern Africa again performs best followed by West Africa and North Africa, while East and Central Africa performs the worst.

Southern Africa is the best performer in four of the five topics (politics, stability, legal, and freedom) under the good governance pillar. However, concerning safety, the region ranks last after every other African region. In fact, two-thirds of Southern African countries rank within the bottom half of the African states on the safety topic. In the KPMG Africa Good Life Index, safety reflects personal safety and intentional homicides. Southern African countries, although performing the best in the good governance pillar, should therefore focus on improving safety in order to improve the general quality of life of their inhabitants.

The bottom performers in this pillar are Central and East Africa. Central Africa ranks last overall in each topic, except safety where it ranks fourth, just above Southern Africa. The worst performing countries within Central Africa is the Central African Republic and Chad. A special summit for the Economic Community of Central Africa (ECCAS) was held in the beginning of 2014 aimed at finding solutions for the political instability in the region. Political instability, however, remains high. For example, the latest election in the Central African Republic held during December 2015 is due to be rerun as a result of irregularities. These unresolved political conflicts have also created a refugee crisis. According to the United Nations High Commissioner for Refugees (UNHCR) approximately 476 000 Central African Republic citizens fled the country in 2015, whereas an additional 477 000 are internally displaced. In Chad, the statistics are similarly daunting, with an estimated 369 540 refugees fleeing the country in 2015.

Even though East Africa ranks fourth amongst the regions in this pillar, it performs relatively well in both safety and freedom, ranking second in each case. Seychelles is the top performer of East Africa on the safety topic, whereas Rwanda and Kenya are the top performers in this region concerning freedom. This topic measures people's freedom to make personal decisions regarding life choices, religion, early marriage, contraception and corruption. Rwanda gets a score of 69.5 (out of 100) and Kenya 59.0 (out of 100). This compares well when considering that Africa's highest scorer, Botswana, achieves an index value of 76.1 (out of 100) and the weakest performer, Chad, receives 25.1 (out of 100).

Good governance is the pillar where Africa needs the most reform. Southern Africa performs the best, followed by West Africa and North Africa. Challenges are significant in Central and East Africa and reforms could lead to a higher overall quality of life for inhabitants. Southern Africa, even though performing the best in this pillar, should focus their attention on rectifying issues around safety. North Africa as well as East Africa have safety under control, with other issues such as politics and legal rights being their main areas for development. Good political circumstances, stability, legal rights, overall freedom and safety are integral to a society as it forms the basis for policy decisions that in turn affect many other areas of well-being.
AFRICA’S TOP PERFORMERS

By looking closer at each country’s data, it is possible to identify in which areas a country excels and where conditions can improve. A country snapshot for each of the top 10 countries (where all the data was available) is included in this section. Additionally, this section includes an analysis of Nigeria: while the country is Africa’s most populous economy, it ranks 27th in the KPMG Africa Good Life Index.

The following map lists the top 10 countries according to the KPMG Africa Good Life Index:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Top performers</th>
<th>Index</th>
<th>Rank</th>
<th>Bottom performers</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MAURITIUS</td>
<td>0.86</td>
<td>6</td>
<td>SOUTH AFRICA</td>
<td>0.64</td>
</tr>
<tr>
<td>2</td>
<td>BOTSWANA</td>
<td>0.76</td>
<td>7</td>
<td>SENEGAL</td>
<td>0.64</td>
</tr>
<tr>
<td>3</td>
<td>NAMIBIA</td>
<td>0.73</td>
<td>8</td>
<td>ALGERIA</td>
<td>0.62</td>
</tr>
<tr>
<td>4</td>
<td>TUNISIA</td>
<td>0.71</td>
<td>9</td>
<td>GABON</td>
<td>0.61</td>
</tr>
<tr>
<td>5</td>
<td>GHANA</td>
<td>0.67</td>
<td>10</td>
<td>MOROCCO</td>
<td>0.60</td>
</tr>
</tbody>
</table>

3 The (small) country’s that were excluded from the top 10 due to a lack of data points are: Seychelles, Cabo Verde, and Sao Tome and Principe

4 The African regional classifications can be seen in Appendix C
Mauritius ranks first in the KPMG Africa Good Life Index ahead of Botswana

The picture on the right represents the index values for each of the 12 topics, according to the heat map colour categories:

For nine of the 12 topics, Mauritius ranks in the highest heat map category (0.7 – 1.0) with two topics in the second highest category. This leaves only one topic, **income**, as a developmental area. It is clear why Mauritius is ranked first in the KPMG Africa Good Life Index as it prospers in each of the three pillars.

All the topics in the good governance pillar, namely **politics**, **stability**, **legal**, **safety** and **freedom**, show exceptional performance. Mauritius has a strong, multiparty parliamentary democracy with sound economic policies. This strong political basis helps govern its economy in a way that utilises resources sustainably and mitigates risks of negative global economic conditions.

In the last decade, Mauritius achieved a higher life expectancy, lower infant mortality rate, and has improved its infrastructure. The sugar industry, tourism, textiles and financial services drive the economy and expansion is taking place in fishing, information and communication technology (ICT) as well as property development. Due to its flourishing economy, Mauritius attracts many offshore investments. The textile sector utilises the advantages of the Africa Growth and Opportunity Act (AGOA) that allows duty-free trade to the US.

**Income** is the only topic of concern for the island. This topic consists of the indicators **GDP at constant prices (% growth)** and **household final consumption expenditure**, with the latter growing by a below-average figure of 2.63% during 2013-15. This is lower than the healthier average GDP growth of 3.39% during the same period. Despite this developmental area, Mauritius is still the top performing economy in the good socio-economic conditions pillar.

Overall, Mauritius should continue performing well in the long term based on the KPMG Africa Good Life Index criteria. The island nation should utilise its overall strengths to stimulate innovation and create new opportunities for employment creation such as diversifying exports toward emerging market economies. This will naturally lead to an even higher quality of life.
Botswana ranks second, behind Mauritius and ahead of Namibia.

The index values, according to the heat map colour categories, are as follows:

- **Housing**: 0.71
- **Income**: 0.54
- **Employment**: 0.67
- **Education**: 0.79
- **Health**: 0.53
- **Sustainability**: 0.71
- **Resources**: 0.54
- **Politics**: 0.74
- **Stability**: 1.00
- **Legal**: 0.66
- **Safety**: 1.00
- **Freedom**: 1.00
- **Average**: 0.76

Botswana performs well in eight of the 12 topics. All topics within the good environment pillar are excellent and topics under good governance are in the highest heat map colour category except for safety, which is in the second highest category. However, in the good socio-economic conditions pillar, income and health require some improvement.

The performance of the income topic is low due to bad performance in household final consumption expenditure. However, the country performs well in GDP growth, with an average growth rate of 4.24% over the past three years. The poor performance in the health topic can be partially explained by the fact that the prevalence of HIV in Botswana is very high. The Joint United Nations Programme on HIV/AIDS (UNAIDS) reports that an estimated 350,000 people was living with AIDS in the country during 2015. Botswana performs well in the employment topic. Even though the agriculture sector is small, a significant amount of inhabitants are subsistence farmers and thus it is important.

In 2016, Botswana experienced a fourth consecutive year of drought, which had a negative influence on the quality of life of its inhabitants. Sustainability and resources both rank highly, contributing to Botswana’s strong performance within the good environment pillar. The Botswana economy is heavily dependent on diamond mining which accounts for almost 85% of exports and 30% of government revenue. The strong reliance on a single sector leads to the economy being highly correlated with global economic trends.

Botswana performs well in the good governance pillar. Regarding politics, it has a mature democracy, with free and fair election processes and a solid constitution providing all the fundamental rights and freedoms. This contributes to the general well-being of the Batswana people. The sovereign also has the highest credit rating on the continent. The government announced a stimulus plan in October 2015 to boost the economy through agriculture, construction, manufacturing and tourism.

Overall, Botswana performs exceptionally well in the KPMG Africa Good Life Index. It ranks in first position of continental Africa and is also the only landlocked country in the top ten. The Batswana must leverage their good governance and good environment in order to improve upon the developmental areas. Policy should focus on improving health, as the prevalence of AIDS is one of the main issues lowering life standards for the Batswana.
Namibia ranks third overall in the KPMG Africa Good Life Index behind Botswana and ahead of Tunisia. The picture on the right represents the index values for Namibia for each of the 12 topics, according to the heat map key colour categories:

Namibia’s strongest attributes are on the topics of politics, legal, freedom, sustainability and resources. The latter two are quite important for a resource-dependent economy – mining and quarrying account for more than 10% of GDP and more than 50% of export revenues. The country’s mineral wealth is well managed from a political and legal perspective and Namibia has been able to avoid the so-called ‘resource curse’ seen in many other African states.

Freedom House’s Freedom in the World 2016 report praises the country for its freedom of speech, media, religion, movement, assembly and association. Namibia’s political parties all value the premise of these freedoms and the country is seen as having a significantly more mature democracy than some of its geographic neighbours. This reflects in the high ranking seen in all the topics in the good governance pillar.

The desert country performs poorly in the topic of housing, while its other three lowest-ranked topics – stability, education and income – are all above the African average. Only 34% of the country’s households have access to improved sanitation – the African average is above 40%. A country-wide shortage (and associated high cost) of residential property increases the size of households in especially rural areas where families are unable to obtain sufficient housing. A mass housing project aimed at delivering 185 000 houses by 2030 was idle between May 2015 and February 2016 due to financial and management challenges.

Overall, Namibia performs well in the KPMG Africa Good Life Index alongside several Southern African peers. There is little reason to believe that the political and economic policy stability seen in the country over the past two decades will weaken in coming years. The only real threat to the country’s status quo is pressures from the populace due to a continued shortage of affordable housing and challenges in formal employment creation. Improving this would be beneficial for the Namibian population and could yield an even greater overall ranking in the KPMG Africa Good Life Index.
TUNISIA.

Tunisia ranks fourth in the KPMG Africa Good Life Index behind Namibia and ahead of Ghana.

The picture on the right represents the index values for each of the 12 topics, according to the heat map key colour categories:

- 0.94 ➔ HOUSING
- 0.57 ➔ INCOME
- 0.32 ➔ EMPLOYMENT
- 0.72 ➔ EDUCATION
- 0.89 ➔ HEALTH
- 0.74 ➔ SUSTAINABILITY
- 0.56 ➔ RESOURCES
- 0.87 ➔ POLITICS
- 0.56 ➔ STABILITY
- 0.62 ➔ LEGAL
- 0.86 ➔ SAFETY
- 0.68 ➔ FREEDOM
- 0.71 ➔ AVERAGE

Tunisia performs exceptionally well in six of the 12 topics of the KPMG Africa Good Life Index, namely housing, education, health, sustainability, politics and safety. It also ranks in the second category for legal and freedom. The country ranks amongst the highest for housing due to their low age dependency ratio (second-best on the continent after Mauritius) as well as the good quality of their sanitation facilities (best in Africa).

Since the country gained independence in 1956, the country made significant progress and performed very well in education. This is evident from their low illiteracy rate as well as their high quality of education. The country’s illiteracy rate was only 18% in 2015 while the continent average for this year was 33%.

The topics of legal and freedom also perform relatively well. Admittedly, according to the World Bank, Tunisia is struggling to transition to a stable democracy and the establishment of the rule of law. They must still develop a strong legal framework and systematic practices in order to curb corruption. However, even though Tunisia face these difficulties they still perform better than most other African nations within the good governance pillar.

Tunisia performs poorly in the employment topic and average with regards to income. Tunisia’s labour market underperforms in regional terms, especially in relation to labour costs. Inflexible labour laws, high minimum wage requirements, low productivity, high tax and social security contributions make it one of the most costly countries in the North African region to employ workers in. The country’s labour market efficiency as well as the unemployment rate of 14.54% (early in 2016) are core developmental areas.

Overall, Tunisia performs very well in the KPMG Africa Good Life Index, especially in relation to its neighbours. It ranks first in the North African region and is close in line with the top African countries; namely Mauritius, Botswana and Namibia.
Ghana ranks fifth in the KPMG Africa Good Life Index behind Tunisia and ahead of South Africa.

The picture on the right represents the index values for each of the 12 topics, according to the heat map key colours:

Ghana and Senegal are the only countries representing West Africa in the top 10 of the KPMG Africa Good Life Index. Of these two, Ghana is the top performer. Ghana’s strongest topics are education, health, resources, politics, legal and safety. It performs well in the good governance and good environment pillar, but shows some areas in need of development within the good socio-economics pillar.

Ghana’s overall performance in the good governance pillar is strong. The Ghanaian Parliament is a vibrant avenue for debate and dynamic legislative activity. The personal freedom and choice indicator (which falls under the freedom topic) performs well in comparison to other African countries. Ghana is known to be amongst the top African countries regarding freedom of press and freedom of speech.

However, the socio-economic conditions pillar presents many areas of concern. These mainly include the level of GDP growth in the country as well as general living conditions. According to the World Bank, citizens’ main concerns are dissatisfaction with the rate of improvement in living standards as well as increases in taxes and the price of utilities and fuel. This explains the low ranking of the housing and income topics. Ghana ranks 48th overall on improved sanitation facilities.

The labour costs in Ghana are relatively low, making it an attractive place for business. However, there have been various protest actions within the country where public workers protested against the hikes in fuel and utility prices. Even though the unemployment rate in the country is relatively low (6.4% in 2016), the wages earned from employment are not adequate to alleviate poverty.

Generally, Ghana performs well in relation to its neighbouring countries. The country performs well within the good environment and good governance pillar but should focus on improving their socio-economic conditions. If Ghana can improve the income and housing topics, the country will be in line with the other top economies in Africa.
South Africa ranks sixth in the KPMG Africa Good Life Index behind Ghana and ahead of Senegal.

The index values by topic according to the heat map colour categories, follows:

South Africa’s strongest attributes are in the areas of housing, education, sustainability, resources, politics, legal and freedom. The good environment pillar is the strongest followed by the good governance pillar that is drawn down only by the safety topic. Concerning socio-economic conditions, there is room for improvement.

The country scores amongst the highest on the continent for personal freedom based on having arguably the world’s best constitution. At the same time, rule of law, political participation and political rights are highly praised. The Heritage Foundation’s Index of Economic Freedom 2016 commented that rule of law in the country is supported by relatively well-protected property rights and generally secure contracts.

In stark contrast, South Africa ranks last on the continent in safety. The country’s crime situation is a prominent area of concern for citizens as well as foreign investors. Confidence in local law enforcement is strained while the private security sector is growing annually.

Africa’s third-largest economy is also performing poorly on the health topic. The country ranks second last in Africa for health and wellness after Egypt and 40th for life expectancy out of 54. The prevalence of HIV affects this topic negatively with an estimated 7 000 000 out of 55 000 000 people living with HIV in 2015. Life expectancy is only 57 years. While this is better than last-placed Swaziland (48 years), it is notably lower than best-placed Algeria (almost 75 years).

Other areas that require attention are the topics of income and employment. In 2016Q2, the official unemployment rate in South Africa was 26.6%. Another dilemma for the country is that earnings, especially in low-skilled jobs, are not sufficient to reduce poverty. This leads to an ongoing minimum wage debate and active participation of unions in the labour market.

Overall, South Africa is performing well for a country with such a divisive past and lingering challenges with poverty and inequality. The National Development Plan (NDP) aims to rectify these challenges, though progress has been lacklustre in lieu of slow economic growth. By focussing on the developmental areas of health, safety, income and employment South Africa will go a long way in increasing the general quality of life of its people and manage to rank higher among its Southern African peers in the KPMG Africa Good Life Index.
Senegal ranks seventh in the KPMG Africa Good Life Index behind South Africa and ahead of Algeria.

The picture on the right represents the index values for each of the 12 topics, according to the heat map key colour categories:

Senegal performs extremely well on a few topics, namely health, resources, politics, legal and safety. Performance on all other topics is average, with only housing and stability below the mean. No topic, however, is ranked in the lowest heat map category. On average, the good environment pillar has the highest score whereas the good socio-economic conditions pillar has the lowest score.

Senegal scores amongst the top 10 on the continent for the politics topic. The country has well-developed democratic institutions and relative political and press freedom. In the past, the country had many violent changes of government and harsh autocratic rulers. However, they have successfully avoided this since they have gained independence in 1960. Freedom and stability are areas of improvement in the good governance pillar. Stability is determined by looking at the Fragile States Index. A primary challenge, specifically to the country’s political stability, is the poverty of a large proportion of the population.

The housing, income, employment and education topics in Senegal is a cause for concern under the good socio-economic conditions pillar. Unemployment, while low in comparison with the rest of Sub-Saharan Africa at around 9%, can still create feelings of exclusion and dissatisfaction and lead to a desire for change. In Senegal, labour freedom is the main reason for the poor performance of the employment topic. Sanitation facilities as well as a high age dependency ratio lead to the low housing topic ranking.

Under the good environment pillar, governance of sustainability requires attention. Senegal is ranked 27th (out of 54) for air quality and 23rd for improved water sources. The country’s water supply is administered by a public private partnership (PPP).

Overall, Senegal performs well in relation to its African peers. However, there are many developmental areas on which the country can focus before levelling the playing field with the rest of the highest ranked countries. Senegal needs to improve on topics in each of the three pillars of the KPMG Africa Good Life Index for the average person to have a higher quality of life. The good socio-economic conditions pillar requires the most attention, especially around the housing, income, employment and education topics.
ALGERIA.

Algeria ranks eighth in the KPMG Africa Good Life Index behind Senegal and ahead of Gabon.

The picture on the right represents the index values for each of the 12 topics, according to the heat map key colour categories:

- Algeria does very well on the topics of housing, health, sustainability and safety but fall short on the employment and politics topics. Furthermore, labour market conditions are not up to the standard of the rest of Africa. Of the three pillars, Algeria performs the worst in the good governance pillar.

Concerning socio-economic conditions, Algeria performs well on the housing and health topics. Housing is ranked sixth overall in improved sanitation facilities and fifth overall in age dependency ratio indicators. The country has the highest life expectancy at birth in Africa, and also performs well in the overall level of health and wellness. Algerians’ life expectancy is approximately 75 years, compared to the African average of 61 years. The country’s life expectancy has steadily increased over the last 50 years since its independence in 1962.

Algeria has a large and growing youth population. While the country improved the level of higher education, job opportunities still remain limited. The youth unemployment rate is as high as 70% in some areas. The growing population puts pressure on the government and their delivery of public services. The socio-economic developmental areas include income and employment.

Another challenge for Algeria is political instability due to radicalism and political leadership issues. The country realises that economic reform is necessary for future growth, however the political consequences thereof remain unclear. The growing population and high unemployment rate often leads to violent protests in the country. This explains the weak performance in the stability and politics topics. The legal topic is ranked low due to the country’s 32nd (out of 54) position on the rule of law indicator.

Algeria performs well overall and is ranked second out of the three North African countries included in the top 10. By focussing on their strengths (safety, health, sustainability and housing) and addressing their developmental challenges such as political unrest, uprisings and employment opportunities, they can easily increase the quality of life of the average Algerian and potentially top the North Africa category in the KPMG Africa Good Life Index.
Gabon ranks ninth in the KPMG Africa Good Life Index behind Algeria and ahead of Morocco.

The index values for the 12 topics, according to the heat map key colour categories follows:

Gabon excels in the good environment pillar with the sustainability and resources topics ranked in the highest category. Safety is also ranked in the highest category, yet other topics in the good governance pillar, such as politics and freedom, need improvement. With regards to socio-economic well-being, Gabon performs well in education and health but needs to focus on improving the housing topic as well as income and employment.

Gabon is rich in natural resources and 85% of the country is covered with forests. Sustainability and resources rank high as air quality, water quality and ecosystem sustainability in the country is managed well. The good environment is the strongest factor contributing to a high quality of life in Gabon compared to many other African countries.

In stark contrast to this, the politics topic receives a dismal ranking. Gabon faces transparency and efficiency problems in the country’s government, and both participation and political rights have very low index values. Factionalism in political parties has increased and these divisions further contribute to short term political risks. The situation also has negative consequences for the policy-making process.

Some socio-economic conditions, such as housing, hinder the overall quality of life for the Gabonese people. The improved sanitation facilities indicator, which measures access to adequate facilities as a percentage of the population, has a low score. (For an ablution facility to be at least adequate, it should be correctly constructed and properly maintained.) Income and employment are also areas where improvement is necessary. Restrictive labour regulations, high employment costs and large-scale unionisation defines the country’s labour market. All key sectors in Gabon have had an increasing number of strikes in the past five years. Social unrest worsened in early 2015 when major unions, representing around 60% of the formal sector, announced an indefinite strike which lasted for more than three months.

Overall, Gabon’s strengths lie in its sustainability and resources. Conversely, the country could focus on improving certain areas such as politics, freedom and housing. It would also be valuable to reassess some restrictive labour market conditions. Nonetheless, Gabon is the only Central Africa country ranked in the top 10 of the KPMG Africa Good Life Index.
Morocco ranks 10th in the KPMG Africa Good Life Index behind Gabon and ahead of Rwanda.

Morocco performs well in the housing, health, sustainability and safety topics while the topics employment and politics show the worst performance. The picture on the right represents the index values for Morocco, according to the heat map key colour categories.

It is imperative that Morocco improves its performance around employment, which is low due to poor labour freedom and labour market efficiency even though the country does not have an unemployment problem. High minimum wages and labour taxes as well as low worker productivity are the main points of concern. This has caused the country to be one of the most expensive labour markets in the Middle East & North Africa (MENA) region.

Even though the good governance pillar is the weakest of the three pillars, the safety topic ranks in the highest category. This includes the indicators personal safety and intentional homicides. The majority of crime in Morocco rarely affects businesses and is almost never expressed in a violent nature. Businesses across the continent are exposed to cybercrime and Morocco’s security measures against this is underdeveloped.

Conversely, Morocco ranks 34th (out of 54) in the politics topic. Both participation and political rights have an extremely low index value. The turnout for elections are usually low (45% in the 2011 poll) and although elections are fair and transparent, many ballots are spoiled with protest slogans. Anti-election campaigns continue to call for boycotts.

Morocco is highly dependent on agriculture for employment, resulting in the good environment pillar being very important. The indicators air quality and water quality, forming the basis of the sustainability topic, have excellent index values, while ecosystem sustainability under resources are mediocre. The 2014/15 agriculture season made a strong contribution to economic growth, but drought is negatively affecting current production.

Morocco performs well overall with an average ranking of 0.60 which classifies it in the second highest quintile of countries. There are some developmental challenges of which employment and politics should be the main focus. The country should aim to improve these areas in order to maintain its position within the top 10 countries of the KPMG Africa Good Life Index.
Nigeria - Africa’s most populous economy - does not rank within the top 10 in the KPMG Africa Good Life Index.

Instead, it is placed 27th out of 54 countries. The picture on the right indicates the index values for each of the 12 topics, according to the heat map colour categories:

The only areas in which Nigeria excel compared to its African peers are employment and resources. The country also does relatively well on the income topic. For all the other topics, Nigeria’s performance is either average, below average or inadequate. The country performs worse than the average African country in seven of the 12 topics. Their greatest developmental areas are around housing, health, stability, safety and freedom.

With a population of approximately 182 million people (in 2015), Nigeria is the most populous country in Africa and accounts for almost half of the population of West Africa. Despite the large population, the country has a relatively low unemployment rate and have sufficient labour market freedom – leading to the excellent performance in the employment topic. Nigeria ranks fourth and seventh (out of 54) in employment and income respectively. However, underemployment amongst the Nigerian youth is an increasing challenge that creates frustration among the population.

Despite this great performance in employment and income, other socio-economic challenges arise due to Nigeria’s massive population size. Housing is inadequate and Nigeria ranks 40th (out of 54) with regards to the age dependency ratio. Nigeria holds approximately 10% of the world’s burden of disease, highlighting the country’s poor health conditions. The country has a high incidence of communicable diseases as well as a rising incidence of cancer, diabetes and hypertension. Their primary healthcare services are inadequate, specifically in rural areas.

The education standards in Nigeria are poor. Deficiencies in secondary and tertiary education, due to spatial and gender disparities, result in many students being unprepared for additional education or the demands of the job market. This eventually translates into a shortage of qualified workers and a general skills shortage outside of the major cities.
Nigeria ranks 10th (out of 54) in the **resources** topic under the good environment pillar, which is the country’s strongest pillar. In terms of **air quality**, Nigeria ranks 30th (out of 54), and 68.5% of its population has access to **improved water sources** with a ranking of 36th in Africa. This leads to a below-average performance in **sustainability**. This decent overall performance in the good environment pillar bodes well for Nigeria as its economy is largely dependent on the environment. Nigeria is Africa’s largest oil exporter and also holds the largest natural gas reserves on the continent.

The **good governance pillar** is by far Nigeria’s worst area of performance. Overall, West Africa performs rather well within this pillar, so Nigeria is an outlier in this regard. Out of the 54 African countries, Nigeria ranks 47th in **stability**, 50th in **safety**, and 46th in **freedom**. This is a great cause for concern and calls for adequate attention. If Nigeria does not improve the indicators in the good governance pillar, the overall quality of life of the Nigerian people will remain low despite the size of the country’s economy. There has admittedly been some improvement in the past few years: the international Election Monitors considered the 2015 election fair and relatively peaceful compared to the 2011 post-election killings and destructions. However, Nigeria still has a long way to go to improve their 43rd ranking within the good governance pillar.

Overall, Nigeria ranks midway on the KPMG Africa Good Life Index despite being Africa’s largest economy in terms of GDP. The good governance pillar should perhaps receive the most attention in order to improve the overall quality of life of the country’s citizens. Nigeria should leverage its high GDP output and continue to focus on their strengths (the **employment** and **income** topics) in order to improve other socio-economic conditions in the country. This will help the country to claim a higher spot on the KPMG Africa Good Life Index.
What is the point?
WELL-BEING AND A BETTER QUALITY OF LIFE IS AN INTEGRAL GOAL FOR EACH HUMAN BEING.

This topic has been the centre in a research topic in the field of economics, philosophy, environmental studies, psychology, religion and politics. The KPMG Africa Good Life Index is a unique indicator that includes three pillars to calculate the overall well-being of countries in Africa. Each of these pillars consist of 12 topics which in turn are built up using 22 weighted indicators. This unique index helps one gain a better understanding of the differences in quality of life across Africa and yields a more balanced view of Africa's quality of life at a country and regional level that is not only based on GDP.

Even though there is a correlation between well-being and GDP, Africa's overall quality of life is not simply a function of wealth. The three pillars of the KPMG Africa Good Life Index and their underlying topics indicate various influences on a person's quality of life. This includes, but is not limited to, their socio-economic surroundings, political freedom and surrounding environment. It is important to consider various external influences to get a more balanced reflection of the overall quality than life, based on more than only GDP.

A comparison between GDP per capita and the overall KPMG Africa Good Life Index values confirms this standpoint:
KPMG AFRICA GOOD LIFE INDEX COMPARED TO GDP PER CAPITA.

It is clear that, even though a slight upward trend is visible, there is a great variance in well-being on all levels of GDP per capita. Rwanda and Eritrea are a good example of this at a low level of GDP per capita. These two countries have a similar GDP per capita yet Rwanda has a much higher KPMG Africa Good Life Index value and ranks 11th overall, whereas Eritrea ranks 47th (out of 54). This reflects the fact that Rwanda outperforms Eritrea in 11 of the 12 topics. Even though these two East African economies have similar GDP per capita figures, the Rwandans enjoy a much higher quality of life.

At higher levels of GDP per capita, Botswana and Libya as well as Mauritius and Equatorial Guinea, show similarly large disparities. The difference between the index values are 0.32 and 0.43 respectively, although they have similar sizes of GDP per capita. This confirms that countries at similar levels of GDP could experience significantly different levels of well-being and this confirms why it is necessary to dig deeper than GDP.
Similarly, one can also distinguish between countries with similar levels of well-being and different sizes of GDP per capita. Here, Mozambique and Equatorial Guinea serve as a good example at a level of low quality of life. These two countries both have a well-being index of 0.44, but their GDP per capita differed with a significant USD 9169 during 2015, as indicated in the accompanied graph. This difference is almost twice the size of South Africa’s GDP per capita and proves that looking at GDP alone as an indicator of well-being in a country is not sufficient. At a higher level of well-being, the comparison between Gabon and Rwanda is also a good example. These countries have similar index values (at 0.61 and 0.60) but their GDP per capita differed with USD 6797 during 2015, again emphasising the importance of the KPMG Africa Good Life Index for a more holistic view on life in Africa.

At KPMG, we are in the business of serving people and we understand that the well-being of people is important. This KPMG Africa Good Life Index will empower Africa to strive towards more than just higher income and higher GDP. This could form a basis for governments to adapt their policies and change the way they allocate resources. A better understanding of people’s well-being is essential to developing better policies and effectively better lives. By shifting the focus to improved personal well-being, a sustainable environment and a stable political environment, we can achieve a higher overall quality of life for Africans.
Appendix A:

BACKGROUND ON WELL-BEING INDICATORS.

**Bhutan Gross National Happiness**

In 1972, the Kingdom of Bhutan introduced the GNH measurement at an international conference. The concept gained international interest and various international conferences on GNH has been held, the last in 2015 with over 800 participants. Many economists, environmentalists, psychologists, religious and political leaders have researched this topic as discussions of global social, financial and environmental crises continue.

The Bhutan GNH is based on four pillars and nine domains within these pillars:

**Bhutan Gross National Happiness Index**

<table>
<thead>
<tr>
<th>Pillars</th>
<th>Domains</th>
</tr>
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<tbody>
<tr>
<td>Sustainable development</td>
<td>Living standards</td>
</tr>
<tr>
<td>Preservation and promotion of cultural values</td>
<td>Education</td>
</tr>
<tr>
<td>Conservation of the natural environment</td>
<td>Health</td>
</tr>
<tr>
<td>establishment of good governance</td>
<td>Environment</td>
</tr>
<tr>
<td></td>
<td>Community Vitality</td>
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<tr>
<td></td>
<td>Time-use</td>
</tr>
<tr>
<td></td>
<td>Psychological well-being</td>
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<tr>
<td></td>
<td>Good governance</td>
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<tr>
<td></td>
<td>Cultural resilience and promotion</td>
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</table>

**OECD Better Life Index**

In 1961, the OECD developed an index that allows users to compare well-being across the organisation’s 35 member states. This index is based on 11 topics identified by the OECD as imperative to understand material living conditions and quality of life of people in a country. What the OECD attempts to do with this index is to show that there is more to life than GDP and that even the richest nations have room to improve the well-being of their citizens. The key topics identified by the OECD as essential to understand wellbeing are:

Each of these 11 topics were chosen with care on the basis of statistical criteria, such as relevance and data quality. One to four specific indicators make up the respective topics. Within each topic, the indicators are averaged with equal weights.

<table>
<thead>
<tr>
<th>Pillars</th>
<th>Topics</th>
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<tbody>
<tr>
<td>Material living conditions</td>
<td>Housing</td>
</tr>
<tr>
<td></td>
<td>Income</td>
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<tr>
<td></td>
<td>Jobs</td>
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<td></td>
<td>Community</td>
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<td></td>
<td>Education</td>
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<td></td>
<td>Environment</td>
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<td></td>
<td>Civic Engagement</td>
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<td>Health</td>
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<td>Life Satisfaction</td>
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<td></td>
<td>Safety</td>
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<td></td>
<td>Work-Life Balance</td>
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<td>Quality of life</td>
<td>Time-use</td>
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<td>Psychological well-being</td>
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<td>Good governance</td>
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<td>Cultural resilience and promotion</td>
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Appendix B:

**KPMG AFRICA GOOD LIFE INDEX.**

<table>
<thead>
<tr>
<th>Pillars</th>
<th>Topics</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| Good socio-economic conditions          | Housing                 | - Improved sanitation facilities  
                                          | - Age dependency ratio                                                      |
|                                        | Income                  | - GDP, constant prices  
                                          | - Household final consumption expenditure                                 |
|                                        | Employment              | - Labour market efficiency  
                                          | - Labour Freedom  
                                          | - Unemployment rate                                                        |
|                                        | Education               | - Illiteracy rate  
                                          | - Quality of Education  
                                          | - Mean years of schooling                                                    |
|                                        | Health                  | - Life expectancy at birth  
                                          | - Health and Wellness                                                      |
| Good environment                        | Sustainability          | - Air quality  
                                          | - Improved water source                                                    |
|                                        | Resources               | - Ecosystem sustainability                                                 |
| Good governance                         | Politics                | - Participation  
                                          | - Political rights                                                         |
|                                        | Stability               | - Fragile States Index                                                     |
|                                        | Legal                   | - Rule of Law                                                              |
|                                        | Safety                  | - Personal Safety  
                                          | - Intentional homicides                                                     |
|                                        | Freedom                 | - Personal Freedom and Choice                                               |

Appendix C:

**AFRICAN REGIONAL CLASSIFICATION.**
Appendix D:

TOPICS BY REGION.

Good socio-economic conditions

- Housing
- Income
- Employment
- Education
- Health

North Africa  
- West Africa  
- Central Africa  
- East Africa  
- Southern Africa

Good environment

- Sustainability
- Resources

North Africa  
- West Africa  
- Central Africa  
- East Africa  
- Southern Africa

Good governance

- Politics
- Stability
- Legal
- Safety
- Freedom

North Africa  
- West Africa  
- Central Africa  
- East Africa  
- Southern Africa
Research

Data

- Freedom House, 2016. Freedom in the World - Political rights
- Fund for Peace, 2016. Fragile States Index.
- UNESCO, 2013. Mean years of schooling.
- World Bank, 2014. World Development Indicators – Age dependency ratio.
- Yale University, 2016. Environmental Performance Index – Air quality.