**Control Risks** is a specialist risk consultancy that helps create secure, compliant and resilient organisations. We believe that taking risks is essential to success, so we provide the insight and intelligence you need to realise opportunities and grow. From the boardroom to the remotest location, we cut through noise and emotion to give you dependable advice when you need it most.

Control Risks has over 40 years of experience working in Africa and 400 people in country supporting our clients and their operations. We have offices across the region in Nigeria, South Africa, Kenya, Senegal, Mozambique, as well as on-ground representation and long-term projects in Mauritania, Mali, Niger, Chad, Cameroon, Cote D'Ivoire, Angola, Congo (DRC), South Sudan and Ethiopia. With recent project experience in 30 countries on the continent, we have unrivalled on-ground expertise, experience and local presence. We support multinational and regional corporates across every sector and industry in Africa; financial institutions from or operating on the continent; governments and government-related entities; and non-governmental organisations.

**NKC African Economics**, based in South Africa, has specialised in macroeconomic research in Africa since 2003. Insights are provided within the context of comprehensive knowledge of the African continent, its history, and each country’s unique political and economic setting. In 2015 we became part of the Oxford Economics group, to better combine Oxford Economics’ global base and unparalleled technical expertise in modelling with our Africa-specific skills and insight.

**Oxford Economics** is a leader in global forecasting and quantitative analysis. Our worldwide client base comprises more than 1,500 international corporations, financial institutions, government organisations, and universities. Headquartered in Oxford, with offices around the world, Oxford Economics employs 400 people, including 250 economists and analysts. The group’s best-of-class global economic and industry models and analytical tools give us an unmatched ability to forecast external market trends and assess their economic, social and business impact.
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These countries are the top 5 biggest movers across the index from 2018 – 2020. But despite improving on average in 2019, they have declined the most in terms of their overall position due to risks rising and/or rewards falling. This highlights the impact of COVID-19 across the continent, as all of the countries have declined overall despite some improving on average last year.

Source: Control Risks/NKC African Economics /Haver Analytics

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* For reward scores: improved reward score coded green, negative change (reduced reward) coded red.

** For risk scores: reduced risk score coded green, increased risk score coded red.
Foreword

Control Risks’ and NKC African Economics’ Africa experts are pleased to present the fifth edition of the Africa Risk-Reward Index. The index captures the evolution of the investment environment and risk landscape in major African markets.

The index offers a comparative snapshot of market opportunities and risks across the continent. It provides a grounded, longer-term outlook of key trends shaping the investment landscape in major African economies and some suggestions of successful strategies for different contexts.

Our analysis is based on our experts’ view of structural political and economic features of these markets, reinforced by our on-the-ground operational experience, which goes beyond the headline-grabbing news and noise surrounding the topic of investment into Africa.

Risk and reward in 2020

The Africa Risk-Reward Index plots each country’s performance relative to African peers and highlights how some of Africa’s largest economies are outshone by smaller rivals.

Fig. 1  Africa Risk-Reward Index

The position of each country is defined by its risk and reward score. The size of its bubble represents the size of the country’s GDP. The individual scores for each country for risk and reward are shown in the table opposite. Further details on the methodology for calculating each country’s scores are provided in detail in the annex.

Source: Control Risks/NKC African Economics /Haver Analytics
It should be no surprise that the overall improvement seen across the continent in recent years has been reversed by the COVID-19 pandemic. Its huge economic costs have caused a universal fall in reward scores, even if its impact on risk scores is more varied. Ethiopia, which is facing the challenges of COVID-19 and escalating ethnic tensions amid delayed elections, has seen the largest fall in its position. Egypt’s risk score has remained relatively steady, but its reward score has been badly hit by the continent’s second-largest coronavirus caseload and a drop in oil and tourism revenue. Algeria’s risk score has actually improved since the mass protests and landmark elections of 2019, but challenges in its oil-dependent economy have still dragged down its overall score.

This fall in potential rewards is not unique to Africa; 2020 is set to be the worst global recession since the Second World War. However, there are already signs that Africa will be disproportionately hit as risk-adverse investors withdraw from frontier markets. This may prove a mistake. Africa’s recovery is likely to be prolonged and uneven, but it could also be transformative. In some markets, COVID-19 has given new impetus to positive reforms, with a greater focus on regional cooperation and real thought given to how to address longstanding impediments to growth.

Our first article in this edition of the Africa Risk-Reward Index looks at the longer-term impact and imagines a post-pandemic landscape. We should not pretend that this is anything but a crisis for Africa or that the opportunities that emerge will somehow compensate for the human and economic cost. But there are opportunities. From the accelerated development of capital markets to the formalisation of the workforce, there are indications that substantial changes will both serve the continent’s people well and justify a renewed excitement in Africa as an investment destination. And after record capital flight from frontier markets in the first half of this year, there is a huge and profitable role to play for investors who stay or return.

One aspect of Africa’s recovery is likely to be the increasingly digitalisation of its economy. After successive years of record funding, “African tech” has become a buzzword so overused as to be almost meaningless. The challenges of COVID-19 may serve as a needed reset of expectations and approaches. African tech is exciting when it solves African problems, not when it is assumed that high-tech industries can simply bypass these problems. Our second article explores how COVID-19 has brought many of these problems to the fore and how, by addressing them, African tech can not only be successful but also revitalise more traditional industries.

Finally, our third article looks at influence operations. Africa has always struggled to set its own narrative; to get past generalisations that cast the entire continent as beyond redemption or as the next economic powerhouse. But these struggles are becoming more acute as internal and external actors actively push false or divisive narratives for their own objectives. Influence operations and disinformation campaigns in Africa are not a smaller-scale replica of the bots and trolls so frequently reported on in the rest of the world; they are their own: different actors, different tactics, and different risks posed to investors.

Of course, these three articles are themselves generalisations, as is any attempt to identify common themes across disparate countries. There are exceptions to all three and a huge range of other factors that are not mentioned. Any investor looking to minimise risks and maximise rewards should focus not on the headlines but on the specific country, sector and project or transaction context. Nonetheless, the process of identifying opportunities must begin somewhere, and we hope that this edition of the Africa Risk-Reward Index starts those discussions.
Any forecast of a post-pandemic Africa must recognise the distinctive impact of COVID-19 on the continent. This impact is not immediate. At the time of writing, confirmed cases have just passed a million and deaths are approaching 25,000. These numbers are already tragic and continue to increase but remain small in comparison with other parts of the world. The immediate economic impact is also not unusual. African GDP will likely contract by between 6% and 10% this year; severe, and its first recession since 1994, but not out of line with other parts of the world.

The distinctive impact of COVID-19 on Africa comes from the continent’s limited ability to support a long-term response. Many African states have the capacity to respond quickly and efficiently to pandemics. This is built on experience: at least 41 African countries have previously experienced pandemics. Many applied the lessons learnt in their successful initial responses to COVID-19, and swift and strict lockdowns helped to slow the initial spread of the virus. But these same lockdowns are now being eased, even as case numbers rise. Fifteen African countries closed their borders before they had recorded a single case; the majority are now easing restrictions even as, in some cases, case curves accelerate.

These lockdowns are being eased early because governments cannot afford to maintain the reduction in tax revenues or the expenditure on welfare necessitated by disruptive lockdowns. Many African governments simply do not have the fiscal headroom to provide the support measures necessary, and also have fewer alternative means of propping up the economy. Central banks across Africa introduced a range of monetary policy measures, including the provision of billions of US dollars in extra liquidity, but the impact of these does not trickle down in a continent where rates of formal financial inclusion have only recently passed 50%.

This lack of fiscal flexibility is not only having a detrimental impact on Africa’s initial response to the COVID-19 pandemic, but will also greatly affect its longer-term ability to recover. We judge that only five countries can engage in stimulus spending on a meaningful scale: Botswana, Egypt, Mauritius, Morocco and South Africa. The latter four also have diversified, private sector-led economies – allowing for any government spending to have

Varied forecasts

On aggregate, the economic rebound will be slow, partly because many African countries’ fiscal positions will constrain growth. Africa’s real per capita GDP is set to drop to levels last seen in the 1970s. However, that does not imply all countries will struggle. Some countries are in a strong position to rebound quickly, with the likes of Mauritius and Morocco expected to make quick recoveries once international tourists return. From a regional perspective, most of the fastest-growing countries will be in East Africa.

Oil producers have a difficult decade ahead, mainly because these economies are undiversified, lack a dynamic private sector, and are hamstrung by corruption, inefficient governments, poor policymaking and challenging business environments. Furthermore, with macroeconomic imbalances and debt levels having risen sharply, we expect national financial crises to become more frequent. Although difficult to predict, the countries with weak fiscal positions should be monitored closely. This also represents a downside risk to those countries’ growth forecasts.
a significant multiplier effect – though Botswana has made progress in its own diversification agenda in recent years. This does not mean that other factors will not weigh on the recovery of these countries, but they will be able to insulate themselves from further shocks and mitigate potential political risks arising from economic hardship.

In much of the rest of the continent, post-pandemic growth will have to be led by an already weak private sector, diminished further by the failure of companies left unsupported during lockdowns. The role of external support is essential here; private investors play a critical role in helping their portfolio companies access finance and markets, while the debt and trade finance provided by development finance institutions helps offset the lack of local private liquidity. In an uncertain global market in which every country is facing challenges, such support may not be so widely available going forward.

Moreover, wider financial assistance and debt relief packages are unlikely to suffice. The IMF estimated in May that there was a financing gap of USD 44bn between the continent’s needs in 2020 and financing assistance pledged by multilateral organisations and private creditors. As bilateral donors facing their own economic challenges cut development assistance over the coming years, this gap is likely to grow. Meanwhile, Africa still expects to spend USD 40bn on debt repayments this year despite some significant debt relief initiatives. Africa now has more debt in more forms held by more creditors, making it difficult and time-consuming to negotiate debt relief, and any debt restructurings could still count as default events with consequences for future borrowing ability.

Despite this negative picture, there are points of hope. The scale of the crisis will necessitate shifts in economic priorities and policies. Oil-dependent economies such as Algeria and Angola – which have suffered worse than most – may finally translate long-standing talk of diversification into genuine action. The severe disruption of supply chains – which has led to everything from fuel shortages in Uganda to seed shortages in Ghana – and weaker currencies could prompt efforts to develop domestic manufacturing and regional linkages. Cash-strapped governments will have to rely on the private sector to implement these ambitions, using concession models or public-private partnerships to develop supporting infrastructure and easing bureaucratic burdens as they seek to attract investment.

COVID-19 will also provide a strong motivation to develop African capital markets. The pandemic has prompted
capital flight from frontier markets, including a record USD 4bn from Africa in just a few weeks in March. But the past few years have seen some countries – especially those in Anglophone Africa – make significant progress in developing their financial market infrastructures and improving their governance standards. The outflow of foreign capital will prompt efforts to consolidate these improvements through measures such as: using defined-contribution schemes to boost pension funds; using state-owned enterprise listings to boost stock exchange liquidity; and encouraging the participation of local institutional investors in capital investment projects.

Perhaps most importantly, COVID-19 could prompt a wave of economic formalisation. Africa’s informal economy is estimated to account for roughly a third of Africa’s GDP and the vast majority of its employment. Although there is little data as of yet, anecdotal reports suggest that COVID-19 is prompting at least some of this activity to move into the formal sector; traders in Mozambique, for example, are forming associations so they can continue operating despite cross-border travel restrictions. Governments are taking the opportunity to accelerate this trend, making pandemic relief available to those who register. This trend will allow more people and commercial activities to access finance and be integrated into supply chains. It boosts the effectiveness of development programmes by making it easier to capture micro and small enterprises, and makes it easier for companies to access a swath of potential customers.

The economic motivations behind all these changes were strengthened by COVID-19, and there are already indications that African governments are trying to implement them. They provide a compelling reason for investors not to abandon the continent, despite the fact that the coming years are likely to be challenging. Africa’s recovery may be slow and it is likely to be uneven, but it may also be transformative.
The past few years have seen a surge of excitement in African tech. In 2019, equity funding in the sector reached a record USD 2.02bn, split across 250 deals involving 234 tech and digital start-ups. This was a 74% growth from 2018, which was itself a 108% increase from 2017. An October 2019 study by Briter Bridges and AfriLabs found that there were 643 tech hubs across the continent, where Egypt, Kenya, Nigeria and South Africa were particular hotspots. Tech and digital has been the fastest-growing sector in Africa, driven by investments in infrastructure – from subsea cables to local hosting solutions – making internet access faster, cheaper and easier.

Despite these headline figures, one of the most prominent stories from record-breaking 2019 was not about success but about the struggles of Jumia, an e-commerce platform that became Africa’s first tech unicorn – a company with a valuation of more than USD 1bn. After Jumia launched its IPO in April 2019, its share price fell by August 2019 from USD 49.77 to a low of USD 2.15. The company faced a range of challenges, but one fundamental issue repeatedly raised by market commentators was that it failed to understand the environments in which it was operating. Its headquarters are in Berlin, its developers in Portugal, and it was attempting to replicate Amazon in Africa rather than develop an offering tailored to the continent.

The lesson of Jumia is that excitement around any company or concept must be rooted in an understanding of the context in which it will operate. Digital companies are too often viewed as somehow able to bypass mundane real-life operational challenges, but e-commerce platforms must still deliver the goods purchased on inadequate transportation infrastructure; start-ups must still deal with regulatory uncertainty and burdensome bureaucracy imposed by governments struggling to understand new technologies; and app developers must still account for high data costs and low smartphone penetration.

The most successful tech start-ups are those that have recognised that the industry in Africa is driven not by the Silicon Valley creed of “disruption” but by simple need. They have not attempted to succeed despite business environment challenges but by directly addressing those challenges. African tech’s world-leading development of mobile money, for example, was successful because it addressed an existing problem (a lack of financial inclusion) and did so in a way that was cognisant of restrictions (it does not require a smartphone). Much of the funding for African tech to date has been from foreign sources into foreign-led
companies searching for novel ideas, but investors may be better served looking for more mundane solutions developed by those with a local knowledge of boring but pervasive problems.

COVID-19 is highlighting plenty of problems for tech to solve. Contact tracing apps, health advice and self-assessment tools are being developed to work through apps or platforms such as WhatsApp in countries from South Africa to Nigeria. Central banks in countries such as Mozambique and Ghana have taken steps to encourage digital payments as a means of maintaining social distancing. E-commerce platforms have become more popular as lockdowns limit access to physical retail. And governments searching for solutions are less susceptible to the lobbying efforts of incumbent players seeking to restrict disruptive competition. The pandemic will likely see the headline funding figures reduce, but that is a function of cautious global markets rather than a questioning of the role of tech in Africa.

The most promising of these projects will be those that can use their pandemic-focused solutions to answer longer-term problems. Digital healthcare solutions that manage to reach enough people to be effective in tackling COVID-19 will have longer-term applications in a region where more than a quarter of the population live more than two hours from a hospital. Interesting projects are already being developed to enable remote diagnosis in Nigeria, distribution of medical supplies in Congo (DRC), and the monitoring of pandemic spread in Ghana. New payment systems and micro-insurance systems to pay for these and other healthcare services are also springing up. The African Union is developing a digital platform called PanaBIOS to perform bio-screening and trace contacts across borders; it does not require much imagination to think that similar systems could be adopted to facilitate cross-border trade.

Africa has already seen its share of digital agricultural innovations, with mobile-based platforms available to provide farmers with everything from weather forecasts to market prices. But the disruption of COVID-19 and the threat of food insecurity caused by locust swarms has accelerated the digitalisation of the agricultural sector. At its most basic, this consists of increasing use of online food delivery – including farm-to-consumer – platforms. At its more radical, COVID-19 has prompted governments to think about reshoring and more closely monitoring agricultural supply chains – a process that will create opportunities for those who can
use data to track logistics and storage, identify potential shortages, or connect fragmented small-scale producers.

Lockdown data

Lockdown measures have had a marked impact on data usage across the continent as people move online for both work and entertainment. South Africa’s mobile phone network operator Vodacom recently announced that data traffic on its network has jumped 40% since the country’s nationwide lockdown. In turn, Vodacom rival MTN Group has seen a 30% increase in data traffic during this period. Both companies expect this trend to persist over the medium-term as remote working becomes more ingrained and as first-time users of certain technologies remain connected. Vodacom plans to invest USD 27m over the short term to increase network capacity, while MTN will undertake USD 250m in investments aimed at building network equipment across the group.

In East Africa, Kenya’s largest telecoms operator, Safaricom, has reportedly seen a 70% surge in data usage following the implementation of that country’s lockdown. Safaricom hosts the highly successful M-Pesa financial services platform, and in one form or another, services nearly the entire Kenyan population of just over 50 million. Looking ahead, a structural transition towards increased data usage could encourage citizens to put more pressure on national regulators to bring down data prices. A recent report cable.co.uk finds that South Africa ranks at 148 out of 228 countries on mobile data prices (Kenya ranks 41). These data costs are among the highest in Africa and considerably higher than in the UK or France.

The pandemic will also create new long-term challenges in which digital solutions can play a role. COVID-19 has seen a dramatic expansion of welfare provisions across Africa – 245 programmes across the continent, from tax relief to cash transfers – and is likely to prompt millions of informal workers to formalise. These trends may reverse after the pandemic, but only partially. Newly formalised workers will need basic financial services and legal services, and there is already a vibrant ecosystem of start-ups using online or mobile platforms to provide these. Governments will need help collecting, understanding, and making effective use of a bulk of new data.

In recent months Jumia has seen a resurgence of its share price; not back to its previous highs, but enough for its market capitalisation to break USD 1.5bn. This has been driven, in part, by the pandemic-related boom in e-commerce sales. But it is also because the company has built out its payment system and logistics departments into separate services; taking the solutions it developed to its own challenges and offering them to others. It has, eventually, learnt to focus on the context rather than the concept. It may well be that this ends up less a warning about over-excitement in African tech than a lesson in how to succeed.

The key questions

We expect interest in tech enabled ventures in agriculture, food, education, health and retail to grow in Africa. Our article points to questions that need careful consideration when investing in or lending to companies in this space. Indeed, the recent examples we highlight suggest that the central question about a company’s commercial potential is: does it fulfil a clear consumer need or address an important logistical challenge?

Beyond this, though, tech and digital companies in Africa can necessitate a broader range of diligence questions than were perhaps applied to more traditional incumbents. Investors in Africa and further afield are well versed in attempting to understand management teams’ capabilities and profiles, and whether a company has political exposure or financial crime vulnerabilities to it, though the diligence lens has to be refocused for tech.

We think these questions, whilst not exhaustive, are a good place to start. How are regulators thinking about the sector and will they limit a company’s potential? Are there cultural or political sensitivities that a company’s new business model will cross? How does a company manage, secure and commercialise its data and intellectual property?
Hostile Narratives: Reputation and African geopolitics in the age of influence operations

Stories of influence operations are ubiquitous in international media. The standard culprit in such stories is Russia, the standard victim is the West, and the standard method is armies of bots deployed to spread fake news on social media. The objective is to manipulate the public debate in order to put pressure on a government, influence election outcomes, or some other strategic goal. When Africa is mentioned, its role in the global information war is often downplayed. Africa is a place where, in the words of one newspaper report, external players “test disinformation tactics” for use elsewhere.

Africa is not simply a training ground for influence operations, but a battlefield in its own right. Since January 2019, Facebook has announced the identification and removal of networks of coordinated inauthentic behaviour originating from external actors – Iran, Israel, Russia, the UAE and Saudi Arabia – targeting at least 23 African countries. This is only a partial picture from one social media platform. Other reports suggest that Russian actors have fought to interfere in at least 20 African elections, and that actors from both Middle Eastern and Western countries have attempted to influence domestic narratives around issues such as conflict in Libya.

Within Africa, there is evidence that social media has been used by political actors to manipulate public opinion in Angola, Egypt, Eritrea, Ethiopia, Kenya, Mauritania, Nigeria, Rwanda, South Africa, Sudan, Tunisia and Zimbabwe. Most of these operations target domestic audiences, but Egyptian actors, for example, are known to have targeted other countries with influence operations. French officials reportedly believed that Rwanda’s government was behind a #BoycottFrance campaign on social media that emerged in the Democratic Republic of Congo (DRC) in 2018.

That last example illustrates the fallacy of the common assumption that that such campaigns affect governments alone and companies remain immune to them. External targeting of Africa is driven by the increasingly competitive geopolitics around the continent, but – as discussed in last year’s edition of the Africa Risk-Reward Index – this competition is aimed in large part at securing commercial opportunities. Investors from a country considered a rival could easily find themselves directly targeted by campaigns designed to damage their reputation.

Domestically, many election campaigns have already seen allegations of opposition parties colluding with foreign commercial interests and foreign companies being scapegoated for economic woes. In Zambia’s 2016 general election, opposition leader Hakainde Hichilema and “a conglomeration of mining businessmen” were accused by government supporters of working together to “advance their capitalist […] interests before those of the nation”. If such claims were supported by a sophisticated influence operation, saturating social media with disinformation that was then picked up by local media, the already challenging business environment for mine operators would have become substantially more difficult.

There are other risks. The tactics of influence operations – in particular, the exploitation of social media narratives to trigger user interaction and dialogue – can easily be turned towards activism or cybercrime, as shown in July when Facebook uncovered and shut down a network of Libya-themed pages that were used to distribute malware and then publish confidential documents. Militant groups such as Somalia’s Al-Shabab have relatively sophisticated and wide-reaching influence operations, which they use to recruit new members and divide communities. Malicious actors also often piggyback off genuine movements; for example, numerous studies have identified bots and cyborgs active in pushing out disinformation on controversial topics during South Africa’s #RhodesMustFall and #FeesMustFall protests in 2018. This can exacerbate divisions in already tense environments, increasing the risk of violence.

However, influence operations in Africa are not solely about social media. In Madagascar’s 2018 presidential elections, the majority of documented activity by Russian actors was offline – understandable, given that only 8.4% of the population used social media. Conferences were organised, a newspaper printed, offline ads bought, focus groups conducted, petitions organised and people paid to turn up at rallies. Much of this messaging was used to promote anti-Western – and in particular anti-French – narratives. Anti-French sentiment in Madagascar has periodically motivated attacks on French-owned businesses and fed into political instability.

All of these risks are likely to increase over the coming years. Geopolitical competition around Africa will continue, and influence operations will remain a tactic used by all sides. The rapid growth of social media use in Africa will make
cheaper online-only campaigns more effective. More authoritarian governments within Africa are already exploring ways to reassert control over a narrative that the internet has made more polycentric; while many have looked to do this through regulation, at least five African governments also maintain cyber troop teams tasked with manipulating public opinion online and others have hired agencies for similar activities.

Perhaps the most significant change will be that Africa actors will vastly improve their own capabilities. The past few years have seen a trend of external actors developing parts of their operations through individuals in Africa and establishing links with local actors to target foreign countries or other African countries. Although unlikely to lead to a full outsourcing of such operations away from threat actors’ home territory, the tactic makes it harder to identify the ultimate perpetrator and increases appearances of authenticity. Moreover, it creates a workforce experienced in carrying out influence operations and willing to work for the highest bidder. The same dynamics led to the growth of many of the world’s cybercriminal ecosystems and could see some African countries emerge as a hub for spreading disinformation. For example, the infamous “419 scams” in Nigeria demonstrates how a digitally literate population has few formal employment opportunities.

Africa retains guards against influence operations. Radio is the predominant medium of media consumption across the continent, with many countries having a multitude of small local-language stations. Social media users, even including the seemingly pervasive WhatsApp, are estimated to constitute just 16% of the population. All of these factors arguably make it more difficult and more expensive than elsewhere for a single actor to effectively promote a specific narrative. Indeed, most of the influence operations around African elections to date have done little but express support for incumbent parties already likely to win. Nevertheless, their role is likely to increase and change. Just as an understanding of the political and business landscape can help investors avoid pitfalls and maximise chances of success, an understanding of the information landscape – what the narrative is, who is seeking to influence it and how this may intersect with your investment – will become increasingly important.
Annex

Methodology

The Africa Risk-Reward Index is defined by the combination of risk and reward scores, integrating economic and political risk analysis by Control Risks and NKC African Economics, the Africa-focused subsidiary of Oxford Economics.

Risk scores

The risk scores for each country stem from the Economic and Political Risk Evaluator (EPRE), a joint subscription platform of Control Risks and Oxford Economics, the majority shareholder of NKC African Economics. Control Risks and Oxford Economics analysts rate a series of political and economic risk factors on a scale from 1 to 10, with 10 representing the highest level of risk. Each political and economic rating is assigned a default weight, based on its significance in the country context and its potential impact on business. The individual political and economic risk variables are then combined – multiplying rating by weighting – into the overall risk rating of a country.

Reward scores

The reward scores incorporate medium-term economic growth forecasts, economic size, economic structure and demographics. The economic growth outlook has the biggest weight in the reward score, as investment opportunities multiply where economic growth is strong. But the absolute size of the economy makes a difference, too: 0.3% GDP growth in South Africa in 2016, for example, represented extra value added of USD 830m, while 5.9% growth in Rwanda translated into just over USD 500m in new value added. So our score also incorporates a weight for economy size.

The economic structure indicator derives from the “economic structure risk” component of NKC African Economics’ country risk assessment model, which takes into account debt metrics, the current account, financial structure (including banking sector stability) and investment. Demographics are incorporated through the formulation of a demographic dividend, which incorporates population size, urbanisation and dependency ratios.
About us

**Control Risks**

Control Risks exists to make our clients succeed. We are a specialist global risk consultancy that helps to create secure, compliant and resilient organisations in an age of ever-changing risk.

Working across disciplines, technologies and geographies, everything we do is based on our belief that taking risks is essential to our clients’ success.

We provide you with the insight to focus resources and ensure you are prepared to resolve the issues and crises that occur in any ambitious global organisation.

We go beyond problem-solving and give you the insight and intelligence you need to realise opportunities and grow. From the boardroom to the remotest location, we have developed an unparalleled ability to bring order to chaos and reassurance to anxiety.

[www.controlrisks.com](http://www.controlrisks.com)

**NKC African Economics**

NKC African Economics, based in South Africa, is a majority-owned subsidiary of Oxford Economics that specialises in political and macroeconomic research in Africa. NKC scans the political and macroeconomic conditions of 30 African countries and is able to measure country risk in detail to caution against pitfalls and guide investors towards opportunities.

NKC has a strong reputation for independence and quality with a team of 31 staff, including 21 analysts. The analysis team includes economists, econometricians, political analysts and a financial economist.

Apart from the country risk service, NKC provides bespoke ad-hoc research on any topic that requires analysis of the political or macroeconomic environment of Africa, or any African country.

[www.africaneconomics.com](http://www.africaneconomics.com)

**Control Risks and Oxford Economics**

Control Risks and Oxford Economics have partnered to provide an innovative political and economic risk forecasting service that takes a holistic view of risk in a complex, rapidly changing, globalised world.

Control Risks and Oxford Economics combine extensive geopolitical, operational and security expertise with rigorous economic forecasts and models on 200 countries and 100 industries.

Together, we offer full-spectrum consulting that enables your organisation to navigate the world of political and economic risk. Covering all aspects of the investment journey, including security and integrity risk, our joint consultancy practice can overlay geopolitical and economic scenarios to bring new insights and direction.

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**Fig.6** About us

**Risk assessment**
- Measure the full risk impact, including its severity, speed and timing.
- Assess the spillover effects on countries, markets and risk categories.

**Scenarios and stress-testing**
- Use scenario analysis to gauge vulnerability to future risks and assign probabilities.
- Forecast the impact of alternative economic and political events on strategies and investments.

**Benchmarking and modelling**
- Identify the range of traditional and non-traditional risks that can affect your business.
- Determine the risk linkages, such as between economic, political, and financial events.

**Scanning the horizon**
- Spot emerging risks and forecast new ones through early-warning systems.
- Compare the range of changes in the global risk landscape.

Source: Control Risks and Oxford Economics
Contact us

Post-pandemic Africa will continue to offer opportunities to investors, but these may be harder to find and may carry new risks. Investors need to reassess these opportunities and risks in the context of how countries or sectors are likely to recover and what the new post-pandemic landscape will look like.

For more than 40 years, Control Risks has been helping clients prepare and assess their investment risks and opportunities in Africa. To learn more about how Control Risks can support your organisation when looking to grow, or invest in Africa, please contact us at:

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