

The Investor's Rutter in Africa

Twelve Countries, Twelve Investments, Different Trajectories

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September 2026

Executive summary

Africa is often discussed as if it were a single investment proposition. It is not. Countries exposed to similar financing conditions, commodity cycles, climate risks and geopolitical shocks produce very different outcomes, and two investments in the same country can respond very differently to the same shock. This paper applies the Investor's Rutter — Endowments, Enablers, Context and Outcomes, separating condition from trajectory and weather from winds and currents — to twelve countries: Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Togo, the DRC and Uganda.

Each country is paired with a fictional but realistic investment case. The analysis moves from the Rutter judgement through transmission channels, dependencies and mitigants to a residual investment risk and an investor response, under both positive and negative scenarios. Climate vulnerability and four structural forces — technology and AI, climate, geoeconomics and demographics — are treated the same way.

Main findings. The institutional hierarchy is not the investment hierarchy. The same headline indicator can mean different things in different countries. Fiscal space may matter more than the debt ratio. Climate risk follows the same logic: physical exposure, filtered through adaptive capacity, then through the particular transaction. Transaction structure can reverse the apparent ranking of countries. No single variable explains the twelve cases. The Rutter is a sequence of questions, not a score: what is the current, how does it reach the investment, and what in the transaction changes the consequence?

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1. Opening

1.1 Africa and the Investor's Rutter

Africa is often discussed as though it were a single investment proposition. It is not. Like elsewhere, African countries exposed to similar global financing conditions, commodity cycles, climate risks and geopolitical shocks can produce very different economic and investment outcomes. Countries with similar sovereign ratings can present quite different risks to investors. And within the same country, two investments can respond very differently to the same political, economic and climatic shock.

Our Investor's Rutter provides a framework for understanding why. Through this, we ask four basic questions:

- Endowments. What does the country possess—natural resources, geography, demographics, market size and accumulated physical and financial capital?
- Enablers. How effectively do institutions, infrastructure, human capital, governance and state capability convert those Endowments into economic value?
- Context. What political, financial, social, climate and external forces are acting on that conversion process?
- Outcomes. What results are visible in growth, inflation, fiscal and external balances, financial stability and living standards—and how sustainable are they?

The framework distinguishes between condition and trajectory. Condition asks where the country stands today. Trajectory asks where it is heading and why. This distinction is particularly important in Africa. The continent contains some of the world's strongest demographic, mineral, agricultural and renewable-energy Endowments. Yet their conversion into sustainable economic value varies enormously. Conversely, countries with relatively modest physical Endowments can outperform through stronger institutions, policy credibility and state capability. Enablers are key.

We describe this distinction through the use of the terms weather, winds and currents. Their meaning is:

- Weather. What is happening now: an election, fiscal shock, drought, currency movement or inflation spike.
- Winds. Forces that can persist for several years: reform programmes, fiscal consolidation, infrastructure investment, new resource production or tighter global financing.
- Currents. Deeper institutions, state capability, demographics, economic structure and the mechanisms through which Endowments are converted into Outcomes.

Bad weather can obscure an improving current. Good weather can conceal a deteriorating one. Condition describes today; trajectory points towards tomorrow and ultimately helps determine the success or failure of the investment.

1.2 Institutions as the conversion mechanism

The African cases place particular emphasis on the Enablers. Institutions are interpreted broadly. They include fiscal and monetary credibility, administrative capability, regulatory quality, public financial management, SOE governance, financial supervision, rule of law, creditor and property rights, judicial effectiveness and the practical enforceability of contracts.

The differences across our twelve countries are substantial. In the 2025 World Justice Project Rule of Law Index, Rwanda scores 0.63; Senegal and South Africa 0.56; Ghana 0.54; Benin 0.47; Tanzania 0.46; Kenya 0.45; Côte d'Ivoire 0.44; Togo 0.43; Nigeria 0.41; Uganda 0.38; and the DRC 0.34 (World Justice Project, 2025). These are not investment scores. Nor should they become one. They are evidence about one dimension of the conversion mechanism. The underlying framework is particularly relevant to investors because it covers regulatory enforcement, due process in administrative proceedings, protection against expropriation, civil justice and enforcement of civil judgements. The important question is therefore not simply whether institutions are strong or weak. Strong enough to do what—and when tested by what kind of shock?

National institutional indicators are therefore used as evidence about the strength and trajectory of the Enablers. They are proxies, not underwriting conclusions, and do not substitute for transaction-specific legal, regulatory and enforcement diligence.

1.3 Climate vulnerability and adaptive capacity

Climate introduces a similar distinction. Climate change is especially relevant for Africa. A country's degree of exposure and its adaptive capacity can materially shape investment outcomes.

Physical exposure matters: drought, flooding, heat, water stress, coastal erosion and changing rainfall patterns can affect agriculture, infrastructure, power generation, fiscal expenditure and economic growth.

But physical vulnerability and adaptive capacity are different. A country with high exposure but strong infrastructure, fiscal resources, administrative capability, insurance markets and access to climate finance may absorb a shock better than a country facing a smaller physical hazard with much weaker Enablers. And even that is not the end of the analysis. A drought may be central to an agricultural investment but almost irrelevant to a software company. Flooding can be critical for transport infrastructure, while adaptation itself can create opportunities in irrigation, resilient agriculture, distributed power or water systems.

Physical climate exposure → national adaptive capacity → investment-specific transmission.

Climate vulnerability is not automatically climate investment risk. For underwriting purposes, the sequence is:

*Physical hazard → asset or borrower sensitivity → cash-flow transmission
→ adaptive capacity and transaction mitigants → residual investment risk.*

The relevant question is not simply whether the country is climate-vulnerable, but which hazard can impair this investment, through what mechanism, and what can realistically interrupt that transmission.

1.4 Four transformative forces reshaping country risk

The Rutter evaluates a dynamic world. Four transformative, structural forces are poised to affect both countries and the investments within them: AI and technological change; climate change; geopolitical and geoeconomic forces; and demographics. They matter because they can alter both condition and trajectory.

These forces do not sit neatly within one part of the Rutter. They can change Endowments: demographics alter labour supply and market size; climate changes the economic value of land, water and energy resources; technology creates new forms of productive capital. They can strengthen or weaken Enablers: digitalisation can improve state capability, productivity and financial inclusion, while weak institutions can slow diffusion or magnify disruption. They form part of Context through climate shocks, trade restrictions, supply-chain realignment and geopolitical fragmentation. Ultimately, they appear in Outcomes - productivity, employment, fiscal revenues, external balances, investment and growth.

More importantly, they can change trajectory. Some are Winds today but may become Currents. The investor's question is therefore not simply whether a country is exposed to these forces. It is whether they strengthen or weaken the conversion of Endowments into Outcomes - and how that change reaches the particular investment.

1.5 Investment Cases

The paper introduces twelve, fictional investment cases to illustrate this final step. These are not descriptions of actual transactions. Each case is fictional but combines characteristics commonly encountered in African and other emerging-market investments as multi-colored stones in a mosaic. Transaction size, sector characteristics, counterparties, contractual arrangements and mitigants have been altered and combined so that no individual transaction is identifiable. The twelve countries are Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Togo, the Democratic Republic of the Congo and Uganda. They are selected for analytical contrast, not as an implied country ranking.

1.6 From the Rutter to Investment Judgement

As noted earlier, the Rutter is not intended to produce a mechanical score. It provides a disciplined route from country analysis to an investment decision. The sequence used in the cases is:

Rutter judgement → *transmission channels* → *investment dependencies* → *mitigants*
→ *residual investment risk* → *investor response*.

The *first* step identifies condition and trajectory across Endowments, Enablers, Context and Outcomes. The *second* asks how those country characteristics can reach the investment. The *third* identifies the specific dependencies that must hold - for example crop supply, tariff adjustment, offtaker payment, FX availability, contract enforcement or physical access. The *fourth* asks which of those channels can credibly be interrupted by structure, adaptation or other mitigants. What remains is residual investment risk, which then informs whether the investor should proceed, resize, delay or abandon the transaction.

Residual investment-risk categories in this paper are qualitative judgements of the transaction after considering structure, risks and mitigants. They are not derived mechanically from country indicators and should not be interpreted as country scores. The cases differ in instrument, tenor, commercial maturity and assumed protections; their residual-risk labels are conditional transaction judgements, not a standardised comparison of countries or expected losses.

1.7 Comparative synthesis

The first table summarises country conditions alongside the illustrative investment and its principal residual risks. The second sets out the Rutter conclusion and the structural forces most likely to shape

trajectory. The cases that follow explain the assumptions and transmission channels behind these judgements.



Countries and illustrative investments

Country and illustrative investment	Institutions / Enablers	Macro trajectory	Climate vulnerability / adaptive capacity	Residual investment risk after assumed mitigants
Benin — cashew processing; seven-year USD loan	Improving policy execution; moderate legal depth	Strong growth; improving fiscal trajectory	High / moderate-low	Moderate — principally crop-supply and quality volatility, seasonal liquidity and market-access/enforcement risk.
Côte d'Ivoire — urban water; fifteen-year project loan	Strong policy institutions; legal framework still developing	Strong growth; low inflation; improved debt metrics	High / moderate	Moderate — principally tariff adjustment, public-payment timing and long-tenor water/operating resilience.
Ghana — commercial bank; five-year USD senior loan	Strong formal institutions; fiscal credibility rebuilding	Post-crisis stabilisation; residual banking/SOE risks	High / moderate	Moderate-High — principally sovereign exposure, government-linked borrowers, FX liquidity and asset quality.

Country and illustrative investment	Institutions / Enablers	Macro trajectory	Climate vulnerability / adaptive capacity	Residual investment risk after assumed mitigants
Kenya — renewable power; eighteen-year PPA project	Strong capability; governance and fiscal legitimacy constraints	~5% growth; debt affordability binding	High / moderate-high	Moderate with strong payment protection; High without it — principally offtaker payment, curtailment/grid constraints, FX pressure and enforcement.
Nigeria — solar and storage; USD growth facility	Reform direction stronger than institutional depth	External buffers improved; inflation/revenue remain weak points	Very high / low-moderate	Moderate-High — principally FX availability, inflation, customer credit quality and policy volatility.
Rwanda — agricultural technology; equity and subordinated debt	Very strong state capability; private-sector transition incomplete	Very strong growth; debt/external pressures rising	High / high institutional; limited fiscal	High — principally commercial adoption, unit economics, execution, subsidy dependence and external-financing disruption.
Senegal — infrastructure; government availability payments	Strong formal base; fiscal transparency credibility shock	Hydrocarbon gains; acute debt/refinancing pressure	High / moderate institutions; low fiscal	High — principally public-payment timing, debt-treatment and programme-financing uncertainty, fiscal prioritisation and termination obligations.
South Africa — renewable power; private PPAs and wheeling	Deep legal/financial institutions; weak operational state capability	Low growth; sound banking; high public debt	High / high but uneven	Moderate — principally grid availability, municipal execution and broader operating constraints.

Country and illustrative investment	Institutions / Enablers	Macro trajectory	Climate vulnerability / adaptive capacity	Residual investment risk after assumed mitigants
Tanzania — commercial bank; seven-year subordinated loan	Steady macro management; uneven institutions and material political/governance risks	~6% growth, low inflation, manageable debt	High / moderate	Moderate, conditional on stress resilience — agricultural and climate exposure, asset quality, political disruption and funding confidence.
Togo — warehouses and cold chain; seven-year loan	Improving reform execution; shallow institutional base	Resilient growth; thin fiscal/financial buffers	High / low-moderate	Moderate — principally customs performance, power reliability, corridor flows, coastal exposure and enforceable asset rights.
DRC — renewable power; mining offtake and offshore collections	Very weak national institutions; stronger mining enclaves	Low debt but weak debt-carrying capacity; conflict pressure	High / low	Moderate-High — principally physical insecurity, operating access and weak national enforcement.
Uganda — oilfield transport and maintenance; six-year senior loan	Workable macro institutions; weak rule-of-law base	External buffers improving; fiscal affordability worsening	High / low-moderate, upside	Moderate — principally project timing, customer concentration, local-content/regulatory requirements and post-construction demand.

Forward-looking Structural Forces

Country	Rutter / investment conclusion	Structural forces shaping trajectory
Benin	Improving conversion; investability depends on verified crop supply, climate resilience, seasonal liquidity and export economics.	Climate + demographics + geoeconomics: crop supply, labour/productivity, export access.

Country	Rutter / investment conclusion	Structural forces shaping trajectory
Côte d'Ivoire	Strong Endowments and improving Enablers; country trajectory supports the project, but tariff/payment mechanics remain decisive.	Climate + demographics: rising water demand meets more variable supply; technology improves network efficiency.
Ghana	Post-crisis Outcomes are improving, but sovereign-bank transmission remains material; test capital and liquidity under renewed stress.	Climate + technology + demographics: borrower quality, banking competition and employment pressure.
Kenya	Strong resource and capability base; fiscal risk reaches the project mainly through the offtaker and grid, so structure is decisive.	Technology + climate + geoeconomics: digital capability, resource resilience and imported equipment/finance.
Nigeria	Weak infrastructure creates the opportunity; reform is a Wind, not yet a transformed Current. Investment must survive FX/inflation volatility.	All four: demographics, distributed technology, climate stress and imported energy supply chains interact.
Rwanda	Strong state capability supports execution; regional tensions and external-financing risks qualify the country view, while commercial adoption remains unproven.	Technology + demographics + climate + geoeconomics: ag-tech viability, land pressure, regional conflict and external finance.
Senegal	Good institutions and new hydrocarbons are outweighed near term by fiscal credibility, debt treatment and refinancing pressure where the sovereign is the payer.	Geoeconomics + climate + demographics: hydrocarbons, coastal exposure and urban infrastructure demand.
South Africa	Deep legal/financial Enablers allow private structuring around weak macro Outcomes; grid and municipal execution remain the key channels.	Technology + geoeconomics + demographics: private energy, trade realignment, skills/unemployment.
Tanzania	Relatively steady macro management supports the bank; climate, commodity and political-disruption channels still require stress testing.	Demographics + climate + technology: financial deepening alongside agricultural and underwriting risk.
Togo	Port geography is an Endowment, not an Outcome; value depends on corridor flows, customs, power resilience and enforceable asset rights.	Geoeconomics + technology + climate: corridor value, logistics efficiency and coastal resilience.
DRC	Exceptional Endowments but very weak national conversion; ring-fencing can reduce, not eliminate, security/intervention/enforcement risk.	Geoeconomics + technology + demographics: critical minerals gain strategic value but weak conversion persists.
Uganda	Oil is a new Endowment rather than a proven Current; underwrite firm service contracts and post-construction demand, not the oil narrative.	Demographics + geoeconomics + climate: oil opportunity, employment pressure and non-oil vulnerability.

2. Twelve countries through the Rutter

Each case is fashioned as a high-level summary of a fictional investment in the country. The discussion for each follows the same architecture:

- (i) Investment Case / Judgement
- (ii) Endowments and the investment opportunity
- (iii) Enablers and conversion into commercial value
- (iv) Macroeconomics and financial conditions
- (v) Climatic vulnerability and adaptive capacity
- (vi) Geopolitical and geoeconomic dependencies
- (vii) Structural forces shaping trajectory
- (viii) Positive scenario and investor response
- (ix) Negative scenario and investor response
- (x) Closing Remarks

2.1 Benin - strengthening conversion

2.1.1 Investment Case and Judgement

Investment Case: A seven-year USD loan finances expansion of an established cashew processing company purchasing raw nuts from domestic growers and aggregators, then shelling, drying, grading and packing kernels for export.

Investment Judgement: Conditional willingness to invest. The opportunity is credible, but scale and timing should depend on verified crop supply, seasonal liquidity, export economics and the resilience of the sourcing area.

2.1.2 Endowments and the investment opportunity

Benin's opportunity rests on agriculture, Gulf of Guinea access, regional trade and the possibility of retaining more value through local processing. For this case, the relevant endowment is not national agricultural potential in the abstract but accessible cashew supply of suitable quality within an economic collection radius. Plant capacity does not create crop supply; due diligence must establish orchard condition, yields, competing buyers, collection costs and the seasonality of procurement.

2.1.3 Enablers and conversion into commercial value

The institutional direction is more interesting than the starting point. Revenue administration, public financial management, debt management, infrastructure and policy implementation have improved. Financing sources have diversified and debt maturities have lengthened. The rapid restoration of constitutional order after the failed December 2025 coup attempt also provides evidence of institutional resilience (Moody's, 2026a). The broader institutional base remains less developed: Benin's WJP score of 0.47 is above several peers but well below the regional leaders (World Justice Project, 2025). Institutional judgement: Strengthening policy and administrative capability, but still-moderate legal and institutional depth.

Improving public administration, infrastructure execution and debt management support the conversion of agricultural output into exports, but broader legal depth remains moderate. The investment therefore needs practical tests of electricity, roads, customs, tax administration, seasonal finance, land/site rights, receivables assignment, inventory security and enforcement rather than reliance on national reform indicators alone.

2.1.4 Macroeconomic and financial conditions

Growth has been strong. Moody's estimates government debt at around 60% of GDP in 2025, declining towards 55% by 2028, while revenue including grants rose from 13.6% of GDP in 2018 to 15.8% in 2025. Gross financing needs are forecast at about 9% of GDP in 2026 and average debt maturity is around nine years. WAEMU membership provides an important monetary and external anchor (Moody's, 2026a). Macro judgement: Relatively favourable trajectory; fiscal capacity is improving from a still-narrow revenue base.

For the borrower, the important transmission channels are procurement inflation, bank liquidity, interest rates, transfer mechanics and the amount of hard-currency export cash remaining after operating and seasonal funding needs.

2.1.5 Climatic vulnerability and adaptive capacity

Agriculture remains highly exposed to rainfall variability, heat and other physical climate risks. Moody's explicitly identifies high environmental exposure because of the importance of the primary sector. Adaptive capacity is improving through infrastructure and stronger public administration, but remains constrained by income and fiscal resources (Moody's, 2026a). Comparative climate judgement: High vulnerability / moderate-low adaptive capacity.

Rainfall variability, heat, flooding and transport disruption can affect crop volume, quality, collection and storage. Adaptation must be tested at both processor and supplier level: resilient storage and drainage protect the plant, but do not solve weak smallholder capacity to renew orchards or absorb repeated harvest losses.

2.1.6 Geopolitical and geoeconomic dependencies

Regional security and border disruption matter only to the extent that they reach actual growers, collection routes, inputs or buyers. Fuel, freight, machinery and destination-market requirements create additional geoeconomic dependencies. The case should remain viable without assuming frictionless borders, exceptional export prices or permanent policy protection.

2.1.7 Structural forces shaping trajectory

The most relevant forces are climate, demographics and geoeconomics. Climate affects cashew yields and the reliability of the sourcing base. Demographics shape labour supply, farm succession and the pressure to create higher-productivity employment outside subsistence agriculture. Geoeconomic forces reach the processor through regional security, freight, export-market access and buyer requirements. Technology matters mainly through processing efficiency, traceability and agricultural productivity rather than AI itself.

2.1.8 Positive scenario and investor response

Accessible harvest volumes remain adequate, quality is consistent, collection and export logistics work, and the upgraded plant improves recovery rates and rejection performance. Several creditworthy buyers absorb output and seasonal liquidity is committed before procurement. Cash conversion improves with throughput rather than lagging it.

Investor response: Proceed in stages. Size debt to a weaker harvest and margin case; require verified supply mapping, committed seasonal liquidity, effective security and collection arrangements before initial drawdown; release further expansion only against demonstrated procurement, processing and sales performance.

2.1.9 Negative scenario and investor response

Poor crop performance, security or transport disruption narrows the sourcing area. Raw-nut and fuel costs rise while buyers resist higher kernel prices. The processor carries expensive inventory, operates below capacity and approaches seasonal borrowing limits before export receipts arrive.

Investor response: Delay commitment if another procurement cycle can resolve temporary uncertainty. Reconsider only with verified supply recovery, alternative routes/buyers, funded working capital and additional sponsor equity. Abandon the expansion if accessible supply cannot support minimum throughput, adaptation is uneconomic or market access/enforcement leaves no credible repayment case.

2.1.10 Benin - Closing Remarks

- (1) The Weather consists of strong growth; regional-security and climate risks. The Winds consist of fiscal reform, logistics investment and industrialisation. The Current is gradually strengthening institutional conversion.
- (2) Residual investment risk: Moderate conditionally; High in the negative scenario. The remaining risks are principally crop-supply and quality volatility, seasonal liquidity, and market-access or enforcement failures that plant-level mitigation cannot fully control. Climate vulnerability matters here mainly through crop availability, quality and procurement seasonality; it does not translate one-for-one into transaction risk where sourcing, inventory and liquidity protections interrupt that channel.
- (3) Conclusion: Benin shows how improving institutions can support agricultural processing, but the opportunity depends on accessible crop supply. Proceed only where verified sourcing, climate resilience, export economics, seasonal liquidity and enforceable contracts support durable cash flow.

2.2 Côte d'Ivoire - stronger Endowments, stronger conversion

2.2.1 Investment Case and Judgement

Investment Case: A fifteen-year project finance loan funds privately operated urban water infrastructure under a regulated tariff and a long-term public-service arrangement.

Investment Judgement: Willingness to invest, subject to a bankable tariff and payment framework. Strong country momentum improves the setting, but the investment remains exposed to the quality of regulation, public-sector payment behaviour and enforceability over a long tenor.

2.2.2 Endowments and the investment opportunity

The relevant endowments are a large and urbanising domestic market, Abidjan's commercial importance, water demand and the infrastructure base needed to serve concentrated users. The opportunity is not simply overall water scarcity or population growth: it depends on a service area with measurable demand, an adequate raw-water source, economically viable treatment/distribution costs and customers that can be billed and collected from.

2.2.3 Enablers and conversion into commercial value

Economic-policy institutions have strengthened materially. Revenue mobilisation, debt management, infrastructure execution and public administration have improved. The legal and governance picture is less strong: the country's WJP score of 0.44 remains below Benin, Ghana and Senegal (World Justice Project, 2025). Institutional judgement: Increasingly effective economic management within a still-developing rule-of-law framework.

For the investment project, the conversion mechanism consists of secure licenses and concession, predictable tariff-setting rules, stable billing/collection rights, reliable public counterparty capacity, access to requisite land, and transparent, efficient and secure permitting, procurement integrity and enforceable termination compensation provisions.

2.2.4 Macroeconomic and financial conditions

Real GDP grew an estimated 6.6% in 2025, after averaging about 6.5% during 2021–25. Inflation fell to 0.1% in 2025; the budget deficit declined to 3.0% of GDP; the current-account deficit narrowed to about

0.6% of GDP; regional reserves reached about 7.2 months of imports; and the banking-system solvency ratio rose to 15.6%, against an 11.5% prudential minimum. The IMF now assesses both external and overall debt-distress risk as low (IMF, 2026a). Macro judgement: One of the strongest combinations of growth, fiscal improvement and external resilience in the sample.

Strong growth, low inflation, improved fiscal balances and a more resilient external position reduce the probability of broad macro disruption. They do not eliminate the risk that fiscal priorities delay tariff adjustments or public payments. The project model should therefore test affordability, indexation lags, operating-cost inflation and delayed compensation rather than treating favourable sovereign outcomes as a payment guarantee.

2.2.5 Climatic vulnerability and adaptive capacity

Cocoa, agriculture and coastal infrastructure remain exposed to heat, rainfall variability, flooding and coastal change. Adaptive capacity is stronger than in many lower-income peers because of greater administrative capability, infrastructure and access to international climate finance. Climate resilience is explicitly embedded in the IMF-supported programme (IMF, 2026a). Comparative climate judgement: High vulnerability / moderate adaptive capacity.

Heat, rainfall variability, flooding and coastal change can affect raw-water availability, treatment costs and physical infrastructure. Adaptive capacity is stronger than in many peers, but the asset needs source-specific hydrology, flood design, redundancy, leakage control and drought operating rules. A national climate programme is not a substitute for engineering resilience.

2.2.6 Geopolitical and geoeconomic dependencies

Imported pumps, chemicals, meters and spare parts expose the project to freight, exchange-rate and supply-chain shocks. Regional trade disruption may affect inputs and construction, while external financing conditions can affect refinancing. The project should identify critical imported components and minimum inventories rather than assume continuous access.

2.2.7 Structural forces shaping trajectory

The most relevant forces are climate, demographics and technology. Urbanisation and population growth raise water demand while climate change can reduce or destabilise supply. The interaction matters more than either force alone. Technology can improve metering, leakage control, billing and network management, but only where regulation and payment systems allow the gains to be captured. Geoeconomic exposure is secondary, mainly through imported equipment, chemicals and financing.

2.2.8 Positive scenario and investor response

Demand and collections meet plan, tariff indexation operates broadly as contracted, technical losses decline and the public counterparty honours payment and compensation obligations. Climate-resilient design limits service interruptions and the operator builds a credible performance record.

Investor response: Proceed with long-tenor financing, but preserve escrowed collections, indexed tariffs, funded liquidity reserves, DFI participation and clear termination compensation. Permit distributions only after debt-service and maintenance tests are met.

2.2.9 Negative scenario and investor response

Tariff adjustments are delayed for political or affordability reasons while energy and chemical costs rise. Public payments weaken, drought or flooding raises operating costs, and the project accumulates receivables despite good physical performance.

Investor response: Delay or resize if the tariff mechanism is not demonstrably cost-reflective or the payer lacks a credible funding route. Require stronger liquidity support or guarantees. Abandon the proposed

structure if payment depends on repeated discretionary budget transfers without enforceable compensation or if water-source resilience is inadequate.

2.2.10 Côte d'Ivoire - Closing Remarks:

- (1) The Weather consists of favourable macro conditions. The Winds consist of fiscal consolidation, infrastructure and industrial development. The Current is strengthening economic-policy institutions; broader legal institutions still lag.
- (2) Residual investment risk: Moderate with a bankable concession; High if tariff and payment protections are weak. The main residual risks are tariff-adjustment and public-payment timing, together with water-source and operating resilience over a long tenor.
- (3) Conclusion: Côte d'Ivoire shows that a favourable macroeconomic trajectory does not secure a public-service project's revenues. Invest only with a bankable tariff and payment mechanism, a resilient water source and enforceable termination rights.

2.3 Ghana - stabilisation achieved; institutionalisation unfinished

2.3.1 Investment Case and Judgement

Investment Case: A five-year USD senior loan finances a well-capitalized and liquid commercial bank serving corporates and SMEs.

Investment Judgement: Selective willingness to lend to a strong bank, but only after separating genuine post-crisis balance-sheet repair from temporary macro stabilisation. Sovereign-bank transmission remains the central issue.

2.3.2 Endowments and the investment opportunity

Ghana's diversified economy, gold, cocoa, hydrocarbons and relatively developed financial system create a broad banking opportunity. For this mosaic, the relevant endowment is a diversified pool of creditworthy borrowers and stable deposits, not GDP growth alone. Sector concentration, borrower dependence on government contracts and the quality of foreign-currency earners determine how much of that opportunity is actually bankable.

2.3.3 Enablers and conversion into commercial value

Formal institutions remain comparatively strong: Ghana's WJP score of 0.54 is among the highest in this group. But the 2022 crisis exposed weaknesses in fiscal discipline, SOE control, public financial management and the institutional constraints on borrowing. Recent reform implementation has itself been mixed, with some structural benchmarks delayed and financial-sector and SOE vulnerabilities still material (World Justice Project, 2025; IMF, 2026b). Institutional judgement: Respectable institutional foundations, but fiscal credibility is being rebuilt rather than assumed.

The lender should test banking supervision, resolution practice, related-party controls, collateral enforcement and the bank's own governance. Strong national institutions reduce some risks; they do not repair weak underwriting inside the borrower.

2.3.4 Macroeconomic and financial conditions

The turnaround is substantial. The IMF reports that inflation has fallen sharply, reserves had nearly doubled by 2025, the primary fiscal balance moved into surplus and debt-distress risk returned to moderate. But fiscal adjustment remains heavily dependent on expenditure compression, NPLs remain high in parts of the banking system and SOEs continue to create significant fiscal risk (IMF, 2026b). Macro judgement: Genuine stabilisation after a severe crisis; the issue has shifted from immediate solvency to durability of reform.

The bank should be stressed for renewed sovereign spread widening, arrears, FX pressure, weaker government-linked borrowers and valuation losses on securities.

2.3.5 Climatic vulnerability and adaptive capacity

Cocoa and agriculture remain highly sensitive to heat, rainfall and disease; coastal flooding and erosion also matter. Ghana's financial system and institutions provide meaningful adaptive capacity, but fiscal consolidation constrains the ability to absorb repeated shocks. Comparative climate judgement: High vulnerability / moderate adaptive capacity.

Cocoa, agriculture and coastal assets remain exposed to heat, rainfall, disease, flooding and erosion. The bank receives climate risk indirectly through borrower cash flows and collateral. Portfolio mapping by geography and sector, rather than a generic green-policy statement, is required to identify concentrations and adaptation capacity.

2.3.6 Geopolitical and geoeconomic dependencies

Commodity prices, external financing conditions and trade demand affect export borrowers and FX liquidity. A bank with USD liabilities but local-currency borrowers can become exposed even where the sovereign has stabilised. Correspondent-bank access and external refinancing should be treated as dependencies, not permanent constants.

2.3.7 Structural forces shaping trajectory

The most relevant forces are climate, technology and demographics. Climate risk reaches the bank through cocoa, agriculture, coastal assets and collateral values. Technology and AI can improve payments, credit assessment and operating efficiency, but also intensify competition and cyber risk. A young population expands demand for finance while increasing the importance of employment creation. Geoeconomic forces enter through commodity prices, correspondent banking and external funding.

2.3.8 Positive scenario and investor response

Fiscal discipline persists, inflation and FX volatility remain contained, sovereign exposures decline relative to capital and asset quality improves. Deposit funding remains stable and credit growth shifts toward viable private borrowers rather than government-dependent sectors.

Investor response: Proceed if capital and liquidity remain strong under a renewed sovereign/FX stress, with limits on sovereign concentration, open FX positions and connected lending. Link distributions and additional debt to capital and NPL thresholds.

2.3.9 Negative scenario and investor response

Fiscal slippage or SOE stress reappears, sovereign yields rise and government-dependent borrowers weaken. NPLs remain elevated, securities losses consume capital and FX liquidity tightens as external confidence falls.

Investor response: Delay if capital resilience depends on optimistic recovery assumptions or regulatory forbearance. Require recapitalisation or smaller exposure if the franchise remains sound. Abandon if sovereign and related borrower concentrations create a plausible path to capital impairment that cannot be absorbed without external support.

2.3.10 Ghana – Closing Remarks

- (1) The Weather consists of much improved inflation and external position. The Winds consist of post-restructuring adjustment and IMF-supported reform. The Current is relatively strong institutions tested by a recent fiscal failure.
- (2) Residual investment risk: Moderate-High. Strong bank-level capital and liquidity can absorb part of the shock, but sovereign exposure, government-linked borrowers, FX liquidity and asset quality remain material transmission channels.

- (3) Conclusion: Ghana illustrates the gap between macroeconomic stabilisation and durable fiscal credibility. Its diversified economy and comparatively strong formal institutions support the banking franchise, but sovereign stress can still reach the bank through securities holdings, government-linked borrowers, FX liquidity and asset quality. Lend selectively where capital, liquidity and underwriting remain robust under renewed stress.

2.4 Kenya - strong economic capability, weak fiscal transmission

2.4.1 Investment Case and Judgement

Investment Case: An eighteen-year renewable-energy project sells power to a state-linked purchaser under a long-term PPA.

Investment Judgement: Willingness to invest in a strong renewable asset, provided sovereign/offtaker transmission is explicitly contained. The resource can be excellent while the credit remains vulnerable to the purchaser.

2.4.2 Endowments and the investment opportunity

Kenya combines strong renewable resources, a diversified economy, financial depth and substantial technical capability. For the project, the relevant endowment is site-specific resource quality, grid access and long-run power demand. A good national renewable story does not establish the production profile, curtailment risk or economic value of a particular site.

2.4.3 Enablers and conversion into commercial value

The institutional picture is mixed. The monetary framework, statistics and several administrative institutions are relatively strong. Moody's nevertheless assesses institutions and governance at a weak level because credible monetary policy is offset by governance problems and persistent fiscal-policy implementation constraints. Kenya's WJP score is 0.45. The 2024 Finance Bill protests also demonstrated that fiscal capacity depends on political legitimacy as well as tax administration (Moody's, 2026b; World Justice Project, 2025). Institutional judgement: Substantial state and private capability constrained by governance, implementation and fiscal legitimacy.

Kenya has meaningful administrative, financial and technical capability, but governance, fiscal implementation and political consent constrain public-sector action. The project must therefore test PPA enforceability, licence stability, grid connection, dispatch rules, change-in-law protection, termination payments and the practical path from a contractual claim to cash.

2.4.4 Macroeconomic and financial conditions

Long-term growth fundamentals remain comparatively good, around the 5% range. The principal weakness is debt affordability: government interest payments absorb roughly one-third of revenue, among the highest burdens in Sub-Saharan Africa. The current account is more manageable and Kenya retains market access, but high debt service constrains public investment and shock absorption (Moody's, 2026b). Macro judgement: Strong underlying economy; fiscal arithmetic remains the binding sovereign constraint.

Growth fundamentals remain comparatively good, but high interest costs constrain fiscal room. The transmission channel is not mainly GDP growth: it is whether fiscal pressure reaches the state-linked purchaser through delayed payments, tariff intervention, constrained guarantees or weaker public investment in the grid.

2.4.5 Climatic vulnerability and adaptive capacity

Drought, irregular rainfall and flooding are material. Moody's identifies drought as a recurring risk to agricultural output and food prices. Kenya nevertheless has unusually strong adaptive assets for its income

level: geothermal and renewable-energy capability, developed financial markets, a significant private sector and substantial climate-finance experience (Moody's, 2026b). Comparative climate judgement: High vulnerability / moderate-high adaptive capacity.

Drought, rainfall variability and flooding matter, while Kenya also has significant adaptive assets and renewable expertise. Resource-specific climate analysis should test long-run generation, transmission resilience and access roads. Hydrological dependence should be separated from wind/solar/geothermal resource risks rather than treated as one national climate exposure.

2.4.6 Geopolitical and geoeconomic dependencies

Imported equipment, spare parts and external debt create exposure to global interest rates, shipping and exchange rates. Geopolitical disruptions can affect equipment replacement and insurance. The project should maintain critical spares and avoid a financing structure that requires frequent external refinancing.

2.4.7 Structural forces shaping trajectory

The most relevant forces are technology, climate and geoeconomics. Kenya's digital and technical capabilities are themselves Enablers and can lower operating and financing frictions. Climate change affects both energy demand and the reliability of different generation sources. Geoeconomic fragmentation reaches the project through imported equipment, global financing and supply chains. Demographics support long-run power demand, but also raise the political importance of affordability and employment.

2.4.8 Positive scenario and investor response

The plant meets its resource case, grid availability is adequate and the offtaker pays within contracted periods. Tariff indexation and FX provisions work, while payment security and reserves absorb ordinary delays.

Investor response: Proceed with robust payment security, funded debt-service liquidity, political-risk cover where appropriate, enforceable termination compensation and conservative generation assumptions. Monitor offtaker arrears and fiscal transmission rather than only plant performance.

2.4.9 Negative scenario and investor response

Fiscal pressure contributes to payment delays, tariff intervention or constrained grid investment. Curtailment rises and FX weakness increases debt-service requirements while compensation is disputed or slow.

Investor response: Delay if payment security is untested or termination compensation is not financeable/enforceable. Resize debt or require stronger guarantees if delays are plausible but manageable. Abandon if the project is economically dependent on a public payer whose obligations cannot be credibly secured.

2.4.10 Kenya- Closing Remarks

- (1) The Weather consists of persistent fiscal pressure. The Winds consist of fiscal adjustment, infrastructure and renewable investment. The Current is strong private capability and reasonably deep institutions, constrained by the fiscal state.
- (2) Residual investment risk: Moderate with strong payment protection; High without it. Payment security can materially reduce sovereign/offtaker transmission, but cannot eliminate curtailment, grid constraints, FX pressure or prolonged enforcement risk.
- (3) Conclusion: Kenya's renewable resources create a strong opportunity, but fiscal stress can reach the project through its state-linked offtaker. Proceed only with credible payment security, enforceable contracts and conservative resource assumptions; otherwise delay or strengthen the structure.

2.5 Nigeria - reform wind, institutional current

2.5.1 Investment Case and Judgement

Investment Case: A USD growth facility finances solar and battery systems for diversified commercial and industrial customers.

Investment Judgement: Investment is justified where the business earns from solving infrastructure weakness and can survive FX and policy volatility. It should not depend on rapid normalisation of the national system.

2.5.2 Endowments and the investment opportunity

Nigeria's scale, population, entrepreneurial base, hydrocarbons and large unmet power demand create an unusually large distributed-energy opportunity. The relevant endowment for this mosaic is a deep pool of customers for whom reliable self-generation has measurable economic value. The investment case depends on customer credit quality, load profiles, site economics and the spread between delivered solar-storage cost and alternative power.

2.5.3 Enablers and conversion into commercial value

Institutional weaknesses remain severe. Nigeria's WJP score is 0.41. Moody's highlights very weak control of corruption and rule of law, weak fiscal and monetary policy effectiveness, opaque resource management and weak data reporting. Reforms since 2023 therefore matter, but policy reform is not yet institutional transformation (World Justice Project, 2025; Moody's, 2026c). Institutional judgement: Policy direction has improved much more rapidly than institutional depth.

Reform direction has strengthened, but institutional depth and enforcement remain weaker. The business therefore needs contracts that can be monitored and enforced commercially, clear equipment title/security, predictable import and tax treatment, reliable collections and operating permissions across jurisdictions. Weak grid performance creates demand but also signals broader execution constraints.

2.5.4 Macroeconomic and financial conditions

The macro improvement is real. The IMF estimates growth of 4.0% in 2025 and projects 4.1% in 2026. Inflation was 15.4% year-on-year in March 2026. Gross reserves reached \$46 billion at end-2025, with net reserves at \$35 billion, and the consolidated fiscal deficit was around 4.4% of GDP. Moody's subsequently estimated reserves at about \$44.4 billion in June 2026 and a current-account surplus of roughly 6.1% of GDP for the year (IMF, 2026c; Moody's, 2026c). Macro judgement: Significant strengthening of external buffers, but reform durability and revenue mobilisation remain central.

FX availability, currency depreciation, interest rates and customer purchasing power are direct channels. Partial FX indexation protects the lender only if customers can actually pay the indexed tariff.

2.5.5 Climatic vulnerability and adaptive capacity

Nigeria faces flooding, heat stress, water scarcity, desertification and coastal risk. Moody's identifies high water and physical-climate risks. Scale and private-sector ingenuity create pockets of adaptive capacity, but infrastructure deficits, poverty, weak public services and uneven state capability reduce national resilience (Moody's, 2026c). Comparative climate judgement: Very high vulnerability / low-moderate adaptive capacity.

Heat and flooding can affect equipment performance, customer sites and distribution logistics. Solar resource is an opportunity, but high temperatures, dust and extreme weather influence degradation and maintenance. Climate resilience therefore sits in engineering, site selection and insurance as well as in the low-carbon nature of the product.

2.5.6 Geopolitical and geoeconomic dependencies

Panels, batteries, inverters and components are globally traded and often imported. Tariffs, shipping disruption, technology restrictions, currency shortages and supplier concentration can raise capex or delay replacement. Battery chemistry and vendor dependence create lifecycle risks that need procurement diversification and spare-parts planning.

2.5.7 Structural forces shaping trajectory

All four forces are relevant in Nigeria. Demographics expand market size but intensify employment and infrastructure pressure. Technology allows distributed energy to bypass weak grid infrastructure. Climate raises physical risk while increasing the value of resilient power. Geoeconomic fragmentation affects imported panels, batteries, FX availability and financing. The opportunity is large precisely because the structural pressures are large.

2.5.8 Positive scenario and investor response

Customer demand remains strong, installations perform, collections are diversified and partial FX indexation preserves margins without causing customer distress. Procurement is diversified and the company funds growth without excessive short-term foreign-currency leverage.

Investor response: Proceed with conservative leverage, customer and sector concentration limits, minimum contracted coverage, FX/liquidity buffers and controls over equipment security. Fund growth in tranches against installed capacity and cash collections.

2.5.9 Negative scenario and investor response

Currency depreciation and inflation raise imported equipment and debt costs faster than customers can absorb tariff increases. Collections weaken, imported components are delayed and regulatory or tax changes compress project economics.

Investor response: Delay rapid expansion if unit economics require continued currency stability or untested indexation. Shift toward local-currency funding/equity and slower growth where the core proposition remains sound. Abandon a USD debt structure if cash flows cannot withstand a severe FX move without widespread customer default.

2.5.10 Nigeria – Closing Remarks

- (1) The Weather consists of stronger reserves and external accounts; still-high inflation and social pressure. The Winds consist of FX, subsidy, monetary and banking reform. The Current is exceptional Endowments constrained by weak institutions and infrastructure.
- (2) Residual investment risk: Moderate-High. Diversified customers and distributed assets reduce dependence on the national power system, but FX availability, inflation, customer credit quality and policy volatility remain material.
- (3) Conclusion: Nigeria's infrastructure weaknesses create demand for distributed energy while also complicating its delivery. Invest where customer cash flows, pricing, procurement and financing can withstand FX and policy volatility, without relying on rapid reform-led normalisation.

2.6 Rwanda - strong state capability, increasing balance-sheet pressure

2.6.1 Investment Case and Judgement

Investment Case: A minority equity and subordinated-debt investment finances the first local scale-up of proven agricultural technology.

Investment Judgement: Strong administrative execution supports the opportunity, but regional conflict, targeted sanctions and external-financing pressures qualify the country assessment. First-time commercial

scale-up, adoption and management execution dominate the risk. Strong state capability cannot substitute for proof of the business model.

2.6.2 Endowments and the investment opportunity

Rwanda's relevant endowments are a dense agricultural economy, organised administration, human-capital improvements and a policy environment capable of coordinating programmes. For the mosaic, however, the opportunity depends on whether farmers or agribusinesses have a sufficiently valuable problem, can pay for the technology and can achieve measurable productivity gains. National agricultural need is not the same as commercial demand.

2.6.3 Enablers and conversion into commercial value

State capacity and implementation are unusually strong. Rwanda's WJP score of 0.63 is the highest in Sub-Saharan Africa. The institutional question is changing: public investment and the state have played unusually large roles in growth, and the next phase requires stronger private-sector-led growth, tighter SOE oversight and greater attention to fiscal risks (World Justice Project, 2025; IMF, 2026d). Institutional judgement: Strong execution capability; the challenge is transitioning from state capability to deeper private-sector conversion.

Strong state capability and execution can accelerate licensing, extension, data systems and programme coordination. The same concentration of policy capacity can also make the business sensitive to programme design or government priorities. Due diligence must distinguish voluntary customer adoption from demand generated by subsidy, donor or administrative support.

2.6.4 Macroeconomic and financial conditions

GDP expanded 9.4% in 2025. Inflation accelerated to 13.2% year-on-year in April 2026. Foreign-exchange reserves remained above four months of imports, while growth is expected to moderate below 6.8% in 2026 as higher oil and fertiliser prices intensify fiscal and current-account pressure. Public debt is around 73% of GDP and the current-account deficit remains very large (IMF, 2026d). Macro judgement: Exceptional growth coupled with increasing use of fiscal and external balance-sheet capacity.

For a young technology company, the important channels are access to growth capital, imported equipment/software costs, customer liquidity and the durability of public or donor-supported programmes.

2.6.5 Climatic vulnerability and adaptive capacity

Dense settlement, agriculture and hilly terrain create vulnerability to rainfall variability, flooding and landslides. Rwanda's comparative strength lies in adaptation: public administration, planning and implementation are stronger than income levels alone would imply. Comparative climate judgement: High vulnerability / high institutional adaptive capacity, but limited fiscal capacity.

Agriculture is exposed to rainfall variability and erosion, while Rwanda's implementation capacity improves adaptation. The technology should receive climate credit only if it demonstrably improves resilience or productivity under stressed conditions. If farmer returns disappear in poor seasons, climate exposure may amplify adoption and credit risk.

2.6.6 Geopolitical and geoeconomic dependencies

The eastern DRC conflict creates material regional and external-financing risks. On 2 March 2026, the United States imposed targeted sanctions on the Rwanda Defense Force and four senior officials (US Treasury, 2026). The investment should test ownership and counterparty links, payment access and dependence on donor-supported demand. These measures are not a blanket prohibition on investment in Rwanda. Imported hardware, cloud services, intellectual property and specialist skills create further dependencies; vendor concentration, data rules and cross-border service continuity also require diligence.

2.6.7 Structural forces shaping trajectory

Technology, demographics, climate and geoeconomics all matter. Technology is central to the investment thesis: the question is whether it can raise agricultural productivity and resilience enough to justify paid adoption. Demographic pressure increases the need to obtain more value from scarce land and labour. Climate raises the value of successful adaptation but also tests farmer economics. Regional conflict, targeted sanctions and donor-financing risks make geoeconomics material, alongside imported hardware, software and specialist skills.

2.6.8 Positive scenario and investor response

Pilot evidence translates into repeat paid adoption, unit economics improve with scale and customer retention remains high without exceptional subsidy. Management builds local sales, service and controls while working capital and growth funding remain adequate.

Investor response: Proceed through milestone-based equity/subordinated funding. Release capital against verified adoption, retention, gross margin and working-capital milestones; keep leverage modest until recurring cash generation is established.

2.6.9 Negative scenario and investor response

Pilot success does not translate into paid scale. Customer acquisition costs rise, farmers delay payments, technology support becomes expensive and management stretches faster than systems develop. Additional capital is required before break-even.

Investor response: Delay or stop follow-on funding if commercial adoption remains subsidy-dependent or unit economics deteriorate with scale. Seek a strategic partner or smaller deployment if the technology works but the standalone model does not. Abandon the scale-up if there is no credible route to self-sustaining demand.

2.6.10 Rwanda – Closing Remarks

- (1) The Weather consists of inflation, external pressure and regional-conflict tensions. The Winds consist of monetary tightening, fiscal adjustment and SOE reform. The Current combines strong administrative execution with dependence on external finance and exposure to regional political decisions.
- (2) The residual investment risk is high. Strong state capability can support execution and adaptation, but it cannot mitigate unproven commercial adoption, weak unit economics, management stretch or dependence on continued subsidy. Regional tensions and external-financing disruption add country-level risks that require separate assessment.
- (3) Conclusion: Rwanda demonstrates that administrative capability cannot establish commercial viability. Release capital in stages against demonstrated adoption, unit economics and repeat demand; defer further funding if the business remains subsidy-dependent.

2.7 Senegal – an institutional asset impaired by fiscal opacity

2.7.1 Investment Case and Judgement

Investment Case: A private infrastructure asset earns availability payments from a government agency under a long-term contract.

Investment Judgement: Strong asset performance and formal institutions do not remove sovereign-payment risk. A new commitment requires a financeable payment mechanism; confidence that fiscal stress will resolve itself is not enough.

2.7.2 Endowments and the investment opportunity

Senegal's coastal location, Dakar's commercial role and new hydrocarbon production support infrastructure demand. For this mosaic, the relevant endowment is the economic value of the service provided and the public sector's need for the asset. That demand is real only for credit purposes if it is matched by an affordable and prioritised payment obligation.

2.7.3 Enablers and conversion into commercial value

The country has comparatively strong formal institutions: its WJP score is 0.56, level with South Africa and second only to Rwanda in our sample. But the disclosure of previously unreported public liabilities materially changed the institutional judgement. Moody's continues to distinguish relatively stronger civil-society and judicial institutions from very weak fiscal-policy effectiveness, while political tensions in 2026 have added policy-gridlock risk (World Justice Project, 2025; Moody's, 2026d). Institutional judgement: Respectable formal institutions, but fiscal transparency and policy effectiveness have suffered a major credibility shock.

The investment must therefore test contract authority, budget appropriation, payment waterfall, auditability of obligations, dispute resolution and termination compensation. Legal quality matters, but liquidity can defeat an otherwise valid claim for a long period.

2.7.4 Macroeconomic and financial conditions

Government debt reached about 100.3% of GDP in 2025 and interest payments absorbed 23.6% of revenue. At the same time, hydrocarbons dramatically improved external Outcomes: the current-account deficit fell to around 1% of GDP in 2025 from 17.3% in 2023 (Moody's, 2026d). The IMF's 1 September update estimates growth at 6.7% in 2025 (IMF, 2026r). On that date, IMF staff announced agreement on a proposed 36-month ECF arrangement of about US\$2.2 billion, subject to Management and Executive Board approval, corrective actions and financing assurances. The authorities also announced their intention to seek debt treatment to restore sustainability (IMF, 2026r). Macro judgement: Hydrocarbon-driven external gains coexist with acute debt-treatment, refinancing and public-payment risks.

Hydrocarbon production improves growth and external accounts while debt and refinancing pressures remain acute. The project's dominant macro channel is sovereign liquidity: availability payments compete with other fiscal claims. Forecast resource revenues and announced programme financing should not be treated as cash already available for project payments.

2.7.5 Climatic vulnerability and adaptive capacity

Drought, heat, coastal erosion and flooding are material, particularly around densely populated coastal areas. Formal institutions provide meaningful adaptive capability, but fiscal distress sharply restricts the state's ability to finance adaptation. Comparative climate judgement: High vulnerability / moderate institutional capacity but low current fiscal capacity.

Coastal flooding, erosion, heat and water stress can affect infrastructure and public finances. Senegal has meaningful institutional capacity but limited current fiscal room to fund adaptation. The project therefore needs asset-level resilience rather than an assumption that the state can finance post-shock repair.

2.7.6 Geopolitical and geoeconomic dependencies

Debt-treatment negotiations, delivery of programme financing, hydrocarbon prices and regional security can affect fiscal space. Imported equipment and contractors add supply-chain exposure. If guarantees or insurance rely on external institutions, their coverage triggers and payment timing must be tested rather than treated as immediate cash.

2.7.7 Structural forces shaping trajectory

The most relevant forces are geoeconomics, climate and demographics. Hydrocarbons are changing Senegal's external relationships, fiscal prospects and exposure to global energy markets. Climate threatens densely populated coastal infrastructure, while demographics and urbanisation increase demand for public

services. Technology can improve infrastructure efficiency, but it is not the binding force in this case. The central question is whether new resource revenues strengthen the fiscal Current rather than merely improve temporary Outcomes.

2.7.8 Positive scenario and investor response

The debt-treatment and programme process restores a credible financing path, the agency's payment mechanism is funded and availability payments remain current. Hydrocarbon receipts strengthen rather than substitute for fiscal discipline, and the asset performs through climate and operating stresses.

Investor response: Proceed only with funded reserves, credible guarantees/escrow, clear appropriation mechanics and enforceable termination compensation. Size debt to payment delays rather than assuming punctual sovereign cash flow.

2.7.9 Negative scenario and investor response

Debt-treatment negotiations or programme disbursements are delayed, financing is rationed and the agency delays payments despite excellent asset performance. Arrears accumulate, reserves are drawn and the lender becomes dependent on sovereign cure, guarantee enforcement or restructuring.

Investor response: Delay new commitment until payment credibility is restored. Require materially stronger external credit support if the project is otherwise strategic. Abandon the original structure if debt service ultimately depends on an unfunded sovereign promise during a period of acute refinancing stress.

2.7.10 Senegal – Closing Remarks

- (1) The Weather consists of acute financing pressure. The Winds consist of hydrocarbons, debt treatment and the proposed IMF-supported adjustment programme. The Current is reasonably strong institutional foundations damaged by a major transparency failure.
- (2) Residual investment risk: High. Legal and institutional strength cannot remove sovereign-liquidity risk where the public sector is the payer; payment timing, fiscal prioritisation and the financeability of termination obligations remain decisive.
- (3) Conclusion: Senegal shows why future resource revenues and legal rights cannot substitute for current payment capacity. Delay commitment until the availability-payment mechanism is funded and financeable, with credible external credit support where needed to contain sovereign risk.

2.8 South Africa - institutional resilience, weak conversion

2.8.1 Investment Case and Judgement

Investment Case: A renewable-energy project supplies several industrial customers through private PPAs and wheeling arrangements.

Investment Judgement: South Africa can support a well-structured private renewable transaction despite weak macro-Outcomes. Legal and financial depth can reduce sovereign dependence. Grid and municipal execution remain the constraint.

2.8.2 Endowments and the investment opportunity

South Africa combines strong renewable resources, a large industrial customer base, deep capital markets and extensive transmission/distribution infrastructure. The project opportunity depends on site resource, grid capacity and the credit quality of industrial buyers. National electricity shortages can increase demand for private power but can also expose the project to constrained networks.

2.8.3 Enablers and conversion into commercial value

Formal institutions remain a major strength. The WJP score of 0.56 places South Africa among the leaders in the sample. The IMF highlights independent institutions and a strong monetary-policy framework as important sources of resilience. The weakness lies elsewhere: electricity, rail and ports, municipalities, procurement and SOE governance have repeatedly impaired conversion (World Justice Project, 2025; IMF, 2026e). Institutional judgement: Strong legal, monetary, corporate and financial institutions; weaker operational state capability.

Deep legal, financial and corporate institutions increase the practical value of contracts, security and restructuring options. Operational state capability is more uneven, especially in grid and municipal functions. The project should therefore separate what can be contracted privately from what still depends on public network performance.

2.8.4 Macroeconomic and financial conditions

Real GDP growth was about 1.3% in 2025 and is projected around 1.4% in 2026, rising only gradually thereafter. Inflation averaged 3.2% in 2025 and the banking sector remains sound. Public debt, however, reached about 77% of GDP by March 2025 and is expected to continue increasing without stronger adjustment (IMF, 2026e). Macro judgement: Weak growth and deteriorated public finances coexist with substantial monetary and financial resilience.

Low growth and high public debt constrain the sovereign, but the banking system and domestic financial markets remain relatively deep. Private PPAs reduce direct fiscal exposure. The remaining channels are customer cyclicity, grid investment, municipal payment/administration and domestic financing costs.

2.8.5 Climatic vulnerability and adaptive capacity

South Africa faces water scarcity, drought, flooding, heat and transition risks associated with its carbon-intensive energy system. Adaptive capacity is among the strongest in the group because of deep financial markets, insurance, engineering capability and a large private sector, but municipal and infrastructure weaknesses make it uneven. Comparative climate judgement: High vulnerability / high but uneven adaptive capacity.

Drought, heat, flooding and water stress are significant, but technical, insurance and financial adaptive capacity is comparatively high. Asset design should still test heat performance, fire, flood, water availability for operations and transmission resilience. High national capacity does not guarantee local municipal response.

2.8.6 Geopolitical and geoeconomic dependencies

Imported equipment and global financing create supply-chain and interest-rate dependencies, while industrial customers may be exposed to global commodity cycles. Diversified offtakers reduce single-buyer risk but do not eliminate correlated recession or commodity shocks.

2.8.7 Structural forces shaping trajectory

The most relevant forces are technology, geoeconomics and demographics. Energy technology is allowing private investors to work around weaknesses in public electricity provision. Geoeconomic realignment can increase the strategic value of minerals and manufacturing while also exposing exporters to changing trade rules. Demographics are less about population growth than unemployment, skills and labour-market exclusion. Climate remains material, but comparatively strong adaptive capacity changes its transmission.

2.8.8 Positive scenario and investor response

Generation meets plan, grid access remains available and diversified industrial customers honour indexed PPAs. Wheeling arrangements function, financing markets remain accessible and the project uses legal remedies effectively when ordinary disputes arise.

Investor response: Proceed with diversified offtake, strong security, conservative leverage, grid-curtailment analysis and liquidity reserves. Use the depth of domestic markets to reduce refinancing and FX mismatch where possible.

2.8.9 Negative scenario and investor response

Grid constraints or municipal failures limit delivery while one or more industrial customers weaken in a downturn. Curtailment compensation is inadequate and cash flows fall despite good plant performance.

Investor response: Resize or delay if grid capacity is not demonstrably available. Replace weak offtakers or require additional security. Abandon the proposed configuration if network constraints make contracted generation structurally undeliverable.

2.8.10 South Africa – Closing Remarks

- (1) The Weather consists of weak growth and fiscal pressure. The Winds consist of electricity, logistics and private-infrastructure reform. The Current is deep institutions impaired by implementation failures.
- (2) The residual investment risk is moderate. Deep legal and financial institutions permit substantial private structuring, but grid availability, municipal execution and broader operating constraints remain outside the investor's full control.
- (3) Conclusion: South Africa shows how legal and financial depth can support private investment despite weak national outcomes. Proceed where private offtake, enforceable security, domestic financing and reliable grid access allow the project to manage its remaining operating risks.

2.9 Tanzania - the value of a steady current

2.9.1 Investment Case and Judgement

Investment Case: A seven-year subordinated loan finances a regulated commercial bank lending to SMEs and agricultural value chains.

Investment Judgement: A measured willingness to lend is justified if the bank survives borrower-level and climate stress. Predictability is valuable. Agricultural and SME credit risk can still accumulate quietly.

2.9.2 Endowments and the investment opportunity

Tanzania's diversified production base, agriculture, mining, tourism, gas, large population and Indian Ocean access provide broad banking demand. For this mosaic, the investable endowment is a diversified deposit base and a portfolio of viable SMEs/agricultural borrowers, not sector size alone.

2.9.3 Enablers and conversion into commercial value

Macroeconomic management has been relatively steady, while the broader institutional framework remains moderate. Tanzania's WJP score is 0.46. The IMF continues to identify central-bank independence, financial supervision, the business environment and private-sector development as reform priorities (World Justice Project, 2025; IMF, 2026f). The October 2025 election violence and internet shutdown also require explicit consideration. UN experts reported allegations of serious abuses in the election aftermath (United Nations Special Procedures, 2025). Institutional judgement: Relatively steady macroeconomic management within an uneven institutional setting, with material political and governance risks.

The lender should test supervisory quality, capital recognition, provisioning, collateral enforcement, related-party exposures and the bank's ability to manage rapid sector growth. Stress tests should also consider borrower interruption, disrupted payment channels and confidence effects associated with political unrest or communications restrictions.

2.9.4 Macroeconomic and financial conditions

Real GDP grew 5.9% in 2025 and is projected around 6% in 2026–27. Inflation remains within the Bank of Tanzania’s 3–5% target range. The current-account deficit narrowed to 2.3% of GDP in 2025 and reserves were around \$6.1 billion, or 3.7 months of imports, in March 2026. The fiscal deficit is around 3% of GDP, while public debt is projected to decline from 50.3% of GDP in 2024/25 to 47.4% by 2026/27 (IMF, 2026f). Macro judgement: One of the more balanced and predictable macro positions in the sample.

Local deposit funding reduces external refinancing risk. The key stress channels are borrower margins, interest rates, public arrears, FX exposure and any deterioration in deposit confidence.

2.9.5 Climatic vulnerability and adaptive capacity

Agriculture, hydropower and infrastructure are exposed to drought, rainfall variability and flooding. Tanzania’s RSF-supported reforms explicitly seek to strengthen climate resilience and mobilise climate finance (IMF, 2026f). Comparative climate judgement: High vulnerability / moderate adaptive capacity.

Agriculture, hydropower and infrastructure are exposed to drought, rainfall variability and flooding. The bank receives these shocks through farm yields, food processors, traders and collateral. Portfolio climate mapping and borrower adaptation matter more than the bank's own operational footprint.

2.9.6 Geopolitical and geoeconomic dependencies

Tourism, mining and traded agricultural products expose borrowers to global demand and commodity prices. Imported inputs and machinery create FX sensitivity. The bank should identify correlated exposures that appear diversified by borrower but depend on the same external price or logistics channel.

2.9.7 Structural forces shaping trajectory

The most relevant forces are demographics, climate and technology. Population growth expands the banking market but also increases the need for productive employment, infrastructure and financial deepening. Climate reaches the bank through agriculture, hydropower and SME value chains. Technology can broaden financial inclusion and improve underwriting, but can also accelerate credit growth faster than controls develop. Geoeconomic exposure is concentrated in tourism, mining, commodities and imported inputs.

2.9.8 Positive scenario and investor response

Deposits remain stable, credit growth is disciplined and NPLs remain contained through normal climate and commodity volatility. Capital remains above regulatory and internal buffers after stress, while agricultural borrowers demonstrate workable adaptation and insurance where economical.

Investor response: Proceed with subordinated funding only after a conservative asset-quality review and capital stress. Set triggers on capital, NPLs, large exposures, FX and sector concentration; restrict distributions if buffers weaken.

2.9.9 Negative scenario and investor response

A poor agricultural season and weaker external demand hit multiple SME value chains simultaneously. Renewed political unrest or communications restrictions interrupt borrower operations and payment channels, while confidence effects place additional pressure on funding. NPLs rise, collateral recovery is slow and capital headroom narrows while management continues to grow the book.

Investor response: Delay if provisioning or collateral values appear optimistic. Require slower growth, higher capital or portfolio cleanup before funding. Abandon if subordinated debt would merely mask an undercapitalised balance sheet rather than finance sound expansion.

2.9.10 Tanzania – Closing Remarks

- (1) The Weather consists of relatively stable macroeconomic conditions alongside political and governance concerns following the 2025 election. The Winds consist of infrastructure investment, fiscal reform and private-sector development. The Current is relatively steady macroeconomic management within an uneven institutional framework.
- (2) The residual investment risk is moderate. A steady macro setting supports the bank, but agricultural and commodity exposure, climate shocks and asset-quality deterioration remain important borrower-to-bank transmission channels. The assessment also depends on resilience to political disruption and funding-confidence shocks.
- (3) Conclusion: Tanzania shows why macroeconomic stability cannot substitute for scrutiny of a bank's borrowers and capital. Provide subordinated funding only where asset quality, provisioning, capital and concentration limits remain robust under climate, commodity and political-disruption stress.

2.10 Togo - favourable geography, incomplete conversion

2.10.1 Investment Case and Judgement

Investment Case: A seven-year loan finances warehouses and cold-chain assets serving regional importers and exporters.

Investment Judgement: Lomé's geographic advantage is investable only if throughput, regional corridors and collateral rights remain robust under disruption.

2.10.2 Endowments and the investment opportunity

Togo's principal endowment is geography: Lomé's port and its role as a corridor into West Africa. The investment opportunity depends on actual cargo flows, customer catchment, road connections, power reliability and the value added by storage/cold-chain services. Port location alone does not ensure warehouse utilisation.

2.10.3 Enablers and conversion into commercial value

The reform direction is positive, but the institutional starting point remains weak. Togo's WJP score is 0.43 and declined 2.9% in 2025. The IMF programme identifies SOE governance, the financial sector, governance and the business environment as continuing weaknesses. Programme implementation is broadly satisfactory, but administrative limitations remain visible (World Justice Project, 2025; IMF, 2026g). Institutional judgement: Improving implementation inside a shallow institutional framework.

Reform direction is positive but the institutional base remains shallow. For the asset, customs performance, port access, land title/lease rights, permits, electricity, tax administration, warehouse receipts and collateral enforcement are the practical conversion mechanisms. A logistics asset can be physically sound yet commercially weak if border and customs frictions divert traffic.

2.10.4 Macroeconomic and financial conditions

Real GDP grew about 6% in 2025. Growth is expected to soften in 2026 following higher energy costs, while inflation is projected around 2.8%. The current-account deficit may widen to roughly 4–4½% of GDP. Fiscal consolidation continues, but revenue performance and banking vulnerabilities remain material (IMF, 2026g). Macro judgement: Resilient growth, but thinner fiscal, financial and institutional buffers than the headline growth rate implies.

Resilient growth coexists with thinner fiscal and financial buffers. Energy costs, bank liquidity and regional demand are the main borrower channels. Partly hard-currency commercial revenues help, but debt service should not depend on continuous growth in transit trade.

2.10.5 Climatic vulnerability and adaptive capacity

Flooding, coastal erosion, heat and agricultural exposure matter disproportionately because much economic activity is concentrated along the coastal corridor. Fiscal and institutional resources for adaptation remain limited. Comparative climate judgement: High vulnerability / low-moderate adaptive capacity.

Flooding, coastal erosion and heat are particularly relevant because activity is concentrated along the coastal corridor. Cold-chain economics also depend on reliable power. Flood design, backup power, temperature monitoring and insurance are therefore central operating mitigants rather than secondary E&S matters.

2.10.6 Geopolitical and geoeconomic dependencies

The business is intrinsically geoeconomic. Border policy, insecurity in neighbouring corridors, port competition, shipping patterns and regional trade rules can redirect cargo. Fuel prices and equipment imports affect operating costs. Due diligence should map the origin-destination flows that support each major customer.

2.10.7 Structural forces shaping trajectory

The most relevant forces are geoeconomics, technology and climate. Togo's logistics proposition is unusually sensitive to geoeconomic change. Supply-chain realignment, regional integration or border disruption can increase or reduce the value of Lomé's geographic Endowment. Technology can improve customs, tracking and warehouse efficiency. Climate threatens the coastal corridor and raises the importance of resilient power and infrastructure. Demographics support regional demand but are not the dominant transmission channel.

2.10.8 Positive scenario and investor response

Port throughput and regional trade remain resilient, customers diversify and cold-chain utilisation rises. Customs and border processes remain workable, backup power protects inventory and commercial hard-currency receipts support debt service.

Investor response: Proceed with conservative utilisation assumptions, diversified customer contracts, strong inventory/insurance controls and effective security over land, equipment and receivables. Maintain liquidity for corridor or power interruptions.

2.10.9 Negative scenario and investor response

Regional insecurity or border restrictions divert transit traffic, energy costs rise and customers shorten storage commitments. Utilisation falls while fixed costs and debt service remain unchanged; enforcement over collateral is slower than assumed.

Investor response: Delay expansion if customer demand is not supported by contracted or demonstrable cargo flows. Resize to domestic demand if regional transit is uncertain. Abandon if the economics require one vulnerable corridor or if land/security rights cannot be reliably enforced.

2.10.10 Togo – Closing Remarks

- (1) The Weather consists of energy shock and regional insecurity. The Winds consist of fiscal consolidation, logistics investment and SOE reform. The Current is valuable geographic Endowment, still-incomplete institutional conversion.
- (2) Residual investment risk: Moderate. Port geography and corridor demand support the opportunity, but customs performance, power reliability, corridor flows, coastal exposure and enforceable asset rights remain material dependencies.
- (3) Conclusion: Togo's port geography has investment value only when it produces dependable cargo flows and cash receipts. Proceed against contracted throughput, diversified customers, resilient infrastructure and enforceable asset rights; delay expansion where utilisation remains speculative.

2.11 Democratic Republic of the Congo - strong macro ratios, weak institutional reality

2.11.1 Investment Case and Judgement

Investment Case: A renewable-power project supplies established mining companies under hard-currency contracts, with offshore collection arrangements and political-risk protection.

Investment Judgement: Investment requires unusually strong ring-fencing. Hard-currency private offtake can interrupt several country-risk channels. It cannot eliminate security, state-intervention or enforcement risk.

2.11.2 Endowments and the investment opportunity

The DRC's mineral and hydroelectric resources are exceptional. For this mosaic, the opportunity comes from concentrated mining demand for reliable power and a potentially strong renewable resource. The relevant endowment must be site- and customer-specific: generation potential, transmission connection, mine life, customer production economics and the value of reliable electricity.

2.11.3 Enablers and conversion into commercial value

The institutional constraint is severe. The DRC's WJP score of 0.34 is the lowest among the twelve countries. The IMF's safeguards assessment of the central bank found elevated governance and control risks, including weak board oversight, accounting controls, internal audit and reserve-management controls. Conflict, weak state reach, infrastructure deficiencies and legal enforcement compound the problem (World Justice Project, 2025; IMF, 2026h). Institutional judgement: Exceptionally weak national conversion capacity, notwithstanding pockets of stronger capability around major mining activity.

National institutional capacity is exceptionally weak, though mining enclaves can operate with stronger private systems. The project therefore needs to minimise dependence on general institutions through clear concession rights, offshore accounts, international arbitration where enforceable, political-risk cover, direct agreements and robust security. Even these mechanisms depend on physical access and a minimum level of state tolerance.

2.11.4 Macroeconomic and financial conditions

Mining output remained strong in 2025. The external position improved, reserves continued to accumulate and inflation had fallen to 2.5% by April 2026 after currency appreciation. Public debt remains comparatively low. The IMF nevertheless assesses external and overall debt-distress risk as moderate, while debt-carrying capacity remains weak because of low reserve coverage and structural constraints. Conflict-related fiscal expenditure remains a major source of risk (IMF, 2026h). Macro judgement: Favourable debt ratios and strong mining exports do not compensate for weak institutions, security and state capacity.

The project's cash flow is more exposed to commodity-cycle effects on mining customers, FX/transfer restrictions and security than to headline sovereign debt ratios.

2.11.5 Climatic vulnerability and adaptive capacity

The DRC faces flooding, extreme rainfall, agricultural disruption and major ecosystem and forestry risks. The RSF is intended to integrate climate considerations into public policy and investment, strengthen disaster-risk management and develop green finance, but national adaptive capacity remains constrained by state reach, infrastructure and institutional weakness (IMF, 2026h). Comparative climate judgement: High vulnerability / low adaptive capacity.

Flooding, extreme rainfall and infrastructure weakness can affect generation, roads and transmission. National adaptive capacity is low. Engineering redundancy, site access, emergency planning and customer self-help capacity therefore matter disproportionately.

2.11.6 Geopolitical and geoeconomic dependencies

Commodity prices, strategic-mineral policy, sanctions/export controls, cross-border logistics and regional conflict can all reach the project through customers and equipment. Mining-company credit quality may be correlated because the same commodity or policy shock affects several offtakers.

2.11.7 Structural forces shaping trajectory

The most relevant forces are geoeconomics, technology and demographics. The energy and technology transition is increasing the strategic value of the DRC's mineral Endowments. That also increases geopolitical competition, policy intervention and supply-chain scrutiny. Technology can improve traceability and mining productivity, but weak Enablers limit diffusion. Rapid demographic growth expands labour supply and domestic demand while raising pressure on infrastructure and employment. Climate compounds already weak physical connectivity.

2.11.8 Positive scenario and investor response

Generation performs, mines remain competitive and pay hard-currency invoices into controlled accounts. Political-risk cover remains effective, the state respects project rights and security conditions allow operations and maintenance.

Investor response: Proceed only with strong sponsors, diversified/creditworthy offtake, offshore cash control, political-risk insurance, direct agreements, conservative leverage and robust security planning. Treat legal opinions and enforcement paths as core credit work.

2.11.9 Negative scenario and investor response

Conflict or intervention restricts access, the state challenges project rights or transfer arrangements, or a commodity downturn weakens mining customers. Offshore cash protection becomes less useful because physical generation or collection is disrupted.

Investor response: Delay if security or concession enforceability is deteriorating. Require additional sponsor equity and risk cover if the asset remains operable. Abandon if the project cannot maintain physical access, legal rights or reliable hard-currency collection under plausible stress; pricing cannot compensate for a non-operable asset.

2.11.10 DRC – Closing Remarks

- (1) The Weather consists of conflict, health shocks and commodity prices. The Winds consist of mining investment, infrastructure and externally supported reform. The Current is exceptional natural resources constrained by exceptionally weak institutions.
- (2) Residual investment risk: Moderate-High. Hard-currency revenues, offshore cash control and political-risk protection can reduce financial and intervention channels, but cannot eliminate physical insecurity, operating-access risk or weak national enforcement.
- (3) Conclusion: The DRC shows both the value and limits of ring-fencing: financial protections cannot secure physical operating access. Invest only with strong sponsors and counterparties, credible security arrangements and enforceable rights; decline where continued access cannot be sustained.

2.12 Uganda - a new Endowment before a new current

2.12.1 Investment Case and Judgement

Investment Case: A six-year senior loan finances a domestic transport and maintenance company serving international oil operators under USD-linked contracts.

Investment Judgement: The oil-related service opportunity is credible. The investor should underwrite contracted cash flows and customer quality, not the national oil narrative. Project timing and post-construction cyclicity are central.

2.12.2 Endowments and the investment opportunity

Uganda's agriculture, young population and regional position are now joined by a potentially transformative oil endowment. For this mosaic, the opportunity is narrower: a temporary and then recurring demand for logistics, maintenance and field services generated by oil development. The lender must distinguish construction-phase demand from sustainable operating-phase demand.

2.12.3 Enablers and conversion into commercial value

Uganda's institutional base is weaker than its macroeconomic record might initially suggest. Its WJP score of 0.38 places it near the bottom of this twelve-country sample. The central question is how fiscal institutions, public-investment management and governance will respond to a much larger resource-revenue cycle (World Justice Project, 2025). Institutional judgement: Workable macro institutions, but weak broader rule-of-law and governance capacity increase the importance of how oil revenues are managed.

Workable macro institutions coexist with weaker rule-of-law and governance capacity. Oil development will test procurement, local-content rules, taxation, public investment and resource-revenue management. For the company, licensing, contract enforcement, customs, local-content compliance and the treatment of USD-linked payments are the immediate channels.

2.12.4 Macroeconomic and financial conditions

The current-account deficit narrowed to about 6.5% of GDP at end-2025, from 7.9% a year earlier, while reserves rose from roughly \$3.3 billion in January 2025 to \$6 billion by March 2026. The fiscal picture is less favourable: Moody's estimates a deficit of around 7.6% of GDP in FY2025/26, with debt rising to roughly 55% of GDP. Inflation remained low at 3.2% in May 2026, although energy and currency pressure create upside risk (Moody's, 2026e). Macro judgement: Strengthening external position but weakening fiscal affordability before oil revenues fully arrive.

The service company may benefit from investment inflows while remaining exposed to delayed project schedules, tax changes, domestic cost inflation and tighter local liquidity.

2.12.5 Climatic vulnerability and adaptive capacity

Agriculture, hydropower and rural livelihoods remain highly exposed to rainfall variability, drought and flooding. Adaptive capacity is currently limited, but successful conversion of future oil revenues could materially improve infrastructure and resilience. Comparative climate judgement: High vulnerability / low-moderate current adaptive capacity, with material upside potential.

Rainfall variability, drought and flooding affect roads, agriculture and hydropower. For a transport/maintenance company, the direct channels are road access, vehicle wear, flooding and operating interruptions. Oil-related infrastructure may improve access, but the borrower still needs route-level resilience and contingency planning.

2.12.6 Geopolitical and socioeconomic dependencies

Oil development is exposed to global oil prices, project-company decisions, cross-border pipeline/logistics arrangements, equipment imports and international environmental/political scrutiny. The borrower cannot control these factors. Customer concentration in a small number of international operators makes apparently strong contracts correlated.

2.12.7 Structural forces shaping trajectory

The most relevant forces are demographics, geoeconomics and climate. Oil development is changing Uganda's Endowment base, but its value depends on global energy markets, cross-border infrastructure and the pace of the energy transition. Rapid population growth expands domestic demand while increasing the need for jobs and public investment. Climate remains central to the much larger non-oil agricultural economy. Technology can improve service productivity, but is secondary to project timing and contract quality in this mosaic.

2.12.8 Positive scenario and investor response

Oil projects proceed broadly to schedule, operators honour USD-linked service contracts and the borrower converts construction demand into recurring maintenance work. Fleet utilisation remains high and management avoids over-expansion into assets with no post-construction use.

Investor response: Proceed against contracted revenues, conservative fleet values and customer concentration limits. Match amortisation to the contract profile, require sponsor equity for speculative fleet additions and monitor the transition from construction to operations.

2.12.9 Negative scenario and investor response

Project delays reduce utilisation, customers renegotiate volumes or a lower oil-price/environmental-policy shock slows investment. The borrower is left with specialised vehicles and debt sized to a temporary construction peak.

Investor response: Delay fleet expansion until customer work orders and project schedules are firm. Finance only assets with alternative uses where possible. Abandon or materially reduce the investment if repayment depends on uncommitted future oil activity or residual asset values that are not credible.

2.12.10 Uganda – Closing Remarks

- (1) The Weather consists of oil-related investment boom and rising fiscal pressure. The Winds consist of oil exports, infrastructure and associated foreign investment. The Current is institutions not yet tested by a resource transformation of this scale.
- (2) Residual investment risk: Moderate. USD-linked contracts and strong counterparties can protect cash flow, but project timing, customer concentration, local-content and regulatory requirements, and post-construction demand remain material.
- (3) Conclusion: Uganda's oil development creates an opportunity before it establishes a durable institutional or commercial track record. Lend against firm service contracts, realistic post-construction demand and assets with credible alternative uses.

3. What the twelve countries reveal comparatively

3.1 The institutional hierarchy is not the investment hierarchy

The evidence reveals three broad institutional groups. Rwanda, South Africa, Senegal and Ghana have comparatively stronger formal institutions, though of very different types. Rwanda's strength lies heavily in state capability and execution, which must be assessed alongside regional-conflict and external-financing risks. South Africa's lies more in legal, monetary, financial and corporate depth. Senegal retains stronger formal institutions than its present sovereign condition might suggest. Ghana retains substantial institutional capital despite its recent fiscal crisis.

A middle group—Benin, Tanzania, Kenya and Côte d'Ivoire—combines improving or reasonably effective policy institutions with less-developed legal and governance frameworks. Togo, Nigeria, Uganda and the DRC start from weaker institutional positions, although reform direction and pockets of capability differ considerably.

This is not a ranking of investment attractiveness. Institutional rank, sovereign rank and transaction rank need not coincide.

3.2 Macro Outcomes can conceal different mechanisms

Côte d'Ivoire's strong growth, low inflation and improved fiscal position reflect increasingly effective conversion. Rwanda's even faster growth is accompanied by much greater fiscal and external balance-sheet use. Nigeria's improving external accounts reflect genuine reform progress but remain partly dependent on oil and portfolio inflows. Senegal's hydrocarbon boom improves growth and the current account while fiscal credibility deteriorates. The DRC's low debt burden coexists with the weakest institutional structure in the sample.

The same headline indicator can therefore mean very different things.

3.3 Fiscal space may matter more than debt/GDP

Nigeria's government debt ratio is not especially high by international standards, but its narrow revenue base makes debt expensive. Kenya's interest burden absorbs roughly one-third of government revenue. Uganda enters its oil era with rising deficits and weakening debt affordability. South Africa has a much deeper domestic market, but high debt and weak growth progressively reduce fiscal room. By contrast, the DRC's low interest burden does not make it institutionally low-risk.

Fiscal capacity is a flow problem as much as a stock problem.

3.4 Climate risk follows the same Rutter logic

All twelve countries face significant physical climate exposure, but adaptive capacity differs. South Africa has deep financial, technical and insurance capacity, though municipal capability is uneven. Rwanda combines lower income with unusually strong state implementation. Kenya has developed substantial renewable-energy and climate-finance capability.

At the other end, the DRC, Nigeria and Togo face major physical hazards combined with weaker institutional or fiscal capacity. Senegal provides another variation: institutional capacity exists, but current fiscal distress limits the resources available to deploy it.

Where does physical vulnerability exceed adaptive capacity—and how does that gap reach this investment?

3.5 The Rutter changes what the investor monitors

For Ghana, the key indicators are fiscal discipline, SOEs, banking asset quality and the durability of post-restructuring reform. For Kenya, they are revenue mobilisation, debt-service affordability, political consent and public-sector payment capacity. For Nigeria, reform continuity, FX liquidity, reserves, inflation and institutionalisation matter most. For Rwanda, the indicators are debt, the current account, credit growth, regional tensions, sanctions developments, donor financing and the shift towards private-sector-led investment. For Senegal, financing, debt treatment and restoration of fiscal-data credibility dominate. For Uganda, the key variable is increasingly the quality of resource-revenue conversion rather than simply the date at which oil begins to flow.

Monitoring should follow the mechanism, not a standard country checklist.

3.6 Transaction structure can reverse the apparent hierarchy

A high-risk growth investment in Rwanda can be riskier than a carefully structured renewable asset in South Africa. A ring-fenced DRC power project with hard-currency revenues, strong counterparties and political-risk protection can present more manageable credit risk than a Senegalese infrastructure asset dependent on a fiscally stressed public payer. A Nigerian distributed-energy business may have a strong commercial proposition precisely because the national electricity system is weak.

Country risk → transmission → structure → residual investment risk.

Country analysis matters enormously. But it is not the investment conclusion.

3.7 The four structural forces do not have predetermined effects

The twelve cases reinforce a broader point from the book. AI and technological change, climate change, geopolitical and geoeconomic forces, and demographics are not separate scores to be added to country risk. Their effect depends on the Rutter. The same force can strengthen one country's trajectory and weaken another's because Endowments differ, Enablers determine conversion, Context changes transmission and Outcomes reveal only part of the result.

Nigeria and Rwanda illustrate different interactions between demographics and technology. Kenya and South Africa show how technology and the energy transition interact with institutional capability. Benin and Côte d'Ivoire show climate acting through different assets and adaptation capacities. The DRC and Togo show geoeconomic change increasing the value of geography or resources without guaranteeing that value will be converted into investable cash flow.

For the investor, the four forces are therefore forward-looking questions. Which are changing the country's trajectory? Through which part of the Rutter? Over what time horizon? And, finally, which of those changes actually reach the investment?

4. Conclusion

No single variable explains these twelve countries.

Strong Endowments can coexist with weak conversion. Strong institutions can coexist with weak growth. Strong macroeconomic Outcomes can conceal fiscal or governance vulnerabilities. Major reforms can coexist with fragile starting conditions. Difficult weather can obscure a strengthening current.

Climate follows the same logic. Physical exposure matters, but its economic consequence is filtered through adaptive capacity. And the investment consequence is filtered again through the particular transaction.

A strong country cannot rescue a fundamentally weak transaction. A difficult country does not necessarily make a well-structured transaction uninvestable.

This is why the Rutter is deliberately not another country score.

A score necessarily compresses. The Rutter seeks to de-compress the judgement: to separate Endowments from their conversion; institutions from Outcomes; weather from currents; vulnerability from adaptive capacity; and country risk from investment risk.

The twelve African cases leave the investor with three questions:

What is the current?

How does it reach the investment?

What in the transaction changes the consequence?

The investor's task is not to know the future, but to judge it as best as can be before it arrives.

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