

Principle 4: anticipating political risk

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The fourth principle consists in anticipating political change, whose frequency recent African history makes plain: coups d'état, contested transitions, changes of government. A leader in office today may be overthrown tomorrow and see his assets frozen, as the Abacha, Ben Ali and Gbagbo cases have shown. A contract concluded with a government may be renegotiated or repudiated by its successor. A pre-financing arrangement may become unsustainable after a fall in prices or a change of regime.

Anticipation rests on the analysis of political scenarios, on the diversification of exposures, on legal protections — investment treaties, arbitration, political risk insurance — and on the documentation of decisions. An institution that can demonstrate, after a change of regime, that it had analysed the risks and taken reasoned decisions is in a far better position than one that accepted relationships without examination.

Anticipation also concerns the conduct to be adopted when change occurs. Institutions must know how to respond to an asset freeze ordered by the Federal Council, to a request for mutual legal assistance, to a criminal investigation or to a suspicious activity report: retention of documents, cooperation with the authorities, information of the governing bodies, communication.

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