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Biased media coverage costs Africa $4.2bn on debt servicing

The Cost of Media Stereotypes to Africa study has found that biased media coverage, particularly during electoral periods, is a significant cost burden, with African nations paying $4.2bns on debt servicing alone.

(Image supplied)

The study found this ultimately deters foreign direct investment (FDI) on the continent, which is known for i
low default rates and high returns in strategic sectors.

Conducted by Africa No Filter and strategic advisory firm Africa Practice, the research employed a combination of quantitative analysis and qualitative insights to explore the financial repercussions of media bias.

The research focuses on electoral processes in four African nations: Kenya, Nigeria, South Africa, and Egypt, comparing media coverage with that of Malaysia, Denmark, and Thailand - nations with similar coun
risk profiles.

Estimating the cost of biased media reporting

To estimate the economic cost of biased media coverage, researchers calculated potential savings in del
servicing costs for Nigeria, Kenya, Egypt, and South Africa.

The study used academic estimates indicating that media sentiment can influence borrowing interest rates by up to 10%, with a 10% improvement leading to a 1% decrease in rates.

By comparing actual debt servicing costs with those adjusted for improved media sentiment, the researchers estimated potential savings of up to 0.14% of GDP per year.

Extrapolating this to the entire continent, Africa loses up to $4.2bn annually due to unrepresentative negati media narratives.

To put this figure into perspective, $4.2bn could fund the education of over 12 million children in Africa – tl population of Tunisia.

It could provide immunizations for over 73 million children – more than the combined populations of Angol and Mozambique.

It can provide clean drinking water to over two-thirds of the entire population of Nigeria, the most populous country on the continent at 220 million people.

Recalibration of global media representation of Africa

The findings underline the need for a recalibration of global media representations of Africa, urging for mc accurate portrayals that reflect the continent's diverse realities.

"Current global media reporting often exaggerates the risks associated with doing business in Africa, contributing significantly to the premium that hampers investment," added Marcus Courage, CEO Africa Practice.

The study serves as a clarion call for stakeholders in both media and finance to work collaboratively towar fostering a more equitable representation of Africa.

By addressing these biases, substantial investment can be unlocked.

Key findings

- ### Financial impact

  The study estimates that the premium on debt servicing costs African countries $4.2bn each year. Th amount could fund the education of over 12 million children, provide immunisations for more than 73 million children, or ensure clean drinking water for two-thirds of Nigeria's population.

- ### Media bias during elections

  The research focuses on media coverage during elections in four African countries—Kenya, Nigeria, South Africa, and Egypt—compared to non-African nations like Malaysia and Denmark. It found that negative narratives dominate the discourse around African elections, with 88% of media articles abou Kenya during its election period reported as negative, compared to only 48% for Malaysia.

- ### Economic consequences

  By analysing potential savings in debt servicing costs for Nigeria, Kenya, Egypt, and South Africa, researchers found that improved media sentiment could reduce borrowing interest rates by up to 1%, translating to potential savings of $4.2bn annually across the continent.

Call for better representation in the media

As the African Union moves toward establishing its own Africa Credit Rating Agency to address the perspectives that currently inform the ratings, there is a growing movement to challenge the biases inhere in the global financial system and to examine the role of the media.

The agency aims to provide a fairer, regionally based analysis of sovereign risk, moving away from the pessimistic assumptions often made by international rating agencies with limited local presence.

"The scale of these figures underscores the urgent need to challenge negative stereotypes about Africa a promote a more balanced narrative," states Moky Makura, executive director, Africa No Filter.

The report emphasises that while Eurobond debt servicing constitutes only 6% of Africa's financing portfo further exploration into other financial inflows is essential to fully understand the extent of the premium affecting African nations.