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By Sarah Graveline

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Sarah Graveline is a Research Associate in the Africa Program at the Institute for Defense Analyses.

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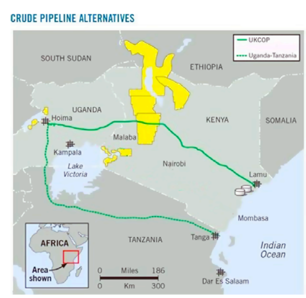

Two pipeline alternatives in East Africa. (Source: Image adapted from Brendan J. Cannon, "Drive for Oil Exports Pushes East Africa Pipeline Development," *Oil and Gas Journal*, March 7, 2016, http://www.ogj.com/articles/print/volume-114/issue-3/transportation/drive-for-oil-exports-pushes-east-africa-pipeline-development.html.)

Ambassador (ret.) George F. Ward is editor of Africa Watch and a Research Staff Member at the Institute for Defense Analyses.

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The Institute for Defense Analyses is a non-profit corporation operating in the public interest.

IDA's three federally-funded research and development centers provide objective analyses of national security issues and related national challenges, particularly those requiring scientific and technical expertise.

IDA's Africa team focuses on issues related to political, economic, and social stability and security on the continent.

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After months of investigation by INTERPOL and Nigeria's Anti-Fraud unit, two organizers of a network of scammers thought to be responsible for defrauding people around the world of more than $60 million were arrested in Nigeria in August 2016. The network they controlled was global in scope and impact. INTERPOL believes that the operation used 40 people, based in Nigeria, Malaysia, and South Africa, who "provided malware and carried out the frauds" that targeted small- and medium-sized businesses. Revenue gleaned from the fraud was then laundered by contacts in the United States, China, and Europe. The investigation and subsequent arrest is an encouraging development, illustrating the capacity of the international community to partner with domestic law enforcement units to stymie global threats. The disbanding of this criminal network is nevertheless just one step. Cybercrime in Africa is increasingly sophisticated and beginning to target African companies and, through their personal devices, ordinary African citizens. *more...*

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Refugee Repatriation: One Step Forward, Two Steps Back

Although Kenya has hosted refugees in Dadaab since 1991, the Kenyan government is uncomfortable with its refugee populations. As *Africa Watch* noted in May, Kenyan officials argue that Dadaab presents a direct threat to national security because it has served as a staging ground for terrorist activities. In response to this perceived threat, the Kenyan government has threatened to expel its refugee populations. In 2015, the government announced and then walked back a plan to dismantle Dadaab following the Garissa massacre in April 2015. The year before, in the Usalama Watch security sweep, Kenyan security forces threatened to repatriate urban Somali refugees, but ultimately transferred many to Dadaab.

While the August 21 announcement appears to fit Kenya's pattern of quiet accommodation for refugees, shifting political and security trends suggest that Kenya has become more serious about encouraging repatriation. Under the Tripartite Agreement signed in November 2013 by Kenya, Somalia, and the UN High Commissioner for Refugees (UNHCR), refugees may be voluntarily repatriated into selected areas of Somalia deemed safe by UNHCR. Determining what constitutes voluntary repatriation is not always clear, however. In late August, a UNHCR official based in Dadaab told journalists that refugees were registering to return to Somalia because of "threatening rhetoric by Kenyan regional security officials." A UNHCR spokesman later claimed this statement was inaccurate, but interviews with refugees suggest many do feel pressured to leave in response to contradictory government statements and heated political rhetoric.

Political Considerations Driving Kenya's Refugee Policy

Kenya's refugee policy is influenced by its domestic politics. With elections set to be held in August 2017, the current administration is focused on demonstrating to voters the impact of its policies. A key area of focus has been security. Since 2013, Kenya has experienced several large-scale terrorist attacks, including the attack on the Westgate Mall in 2013, the bombing of a Nairobi market in 2014, and the attack on Garissa University in 2015. Insecurity caused by terrorism is a major concern for Kenyans. A public opinion poll conducted by Afrobarometer found that 45 percent of Kenyans thought insecurity was among the top three problems facing the country. Cracking down on refugees is a politically expedient way for the Kenyan government to show constituents that it is tough on terrorism.

Kenya is also seeking additional financing to help cover the cost of hosting refugees. The 2015 pledging conference for the Tripartite Agreement declared that $500 million was necessary to cover the costs of repatriating Somali refugees, but raised only $104 million from donors. Of this, only $7.2 million has been received by UNHCR. Observers have suggested that Kenya's threat to close Dadaab was partly a negotiating tactic to leverage financial commitments from donors. If so, it has been successful. On August 22, Secretary of State John Kerry announced that the United States would provide UNHCR $59 million to support refugees in Kenya.

Conclusion

Although it may be politically expedient to expel refugees, Kenya is ultimately unlikely to do so. Since December 2014, only 24,000 refugees have voluntarily returned to Somalia from Dadaab. In its Operations Strategy, UNHCR estimates that 50,000 refugees would return by the end of 2016 and an additional 75,000 each year beginning in 2017. Given the ongoing instability in Somalia, however, these numbers seem highly optimistic. In late August, officials in southern Somalia reported that they had turned back convoys of refugees because of a lack of humanitarian support for returnees. These trends suggest that voluntary repatriation will not reduce numbers in Dadaab quickly enough to make closing the camp feasible in the near future.

Similarly, despite its rhetoric, Kenya is unlikely to forcibly repatriate refugees in Dadaab. The camp is an established urban area generating $14 million in economic benefits to the host community each year. Not only would closing the camp draw international condemnation and be an expensive logistical undertaking, but it would also disrupt the local economy in communities near the camp.

As world leaders prepare for the first UN Summit for Refugees and Migrants to be held on September 19, the challenge posed by Dadaab has been patched over, but is far from resolved. The problems posed by Kenya's large refugee population will continue to tempt the Kenyan government to undertake harsh refugee policies. With funding increasingly scarce and the situation in Somalia remaining unstable, there simply are not many alternatives for Somali refugees. The international community should push to meet funding needs and encourage the Kenyan government to maintain its hospitality for refugees.

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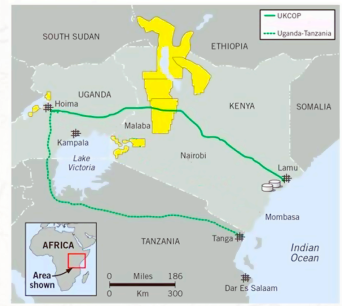
In sub-Saharan Africa, around two-thirds of the population lives without electricity. Several factors contribute to Africa's poverty in energy supply, including inadequate infrastructure and lack of investment. The problem is not the lack of energy resources, as Africa boasts untapped potential in both renewable and nonrenewable energy. This is the situation in East Africa, where significant reserves of oil and natural gas have been discovered over the past decade. Exploitation of these reserves has lagged, and recent developments have highlighted the challenges in bringing new energy sources on line in Africa.

CRUDE PIPELINE ALTERNATIVES



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Where Are the Resources?

A study by KPMG East Africa surveyed oil and natural gas prospects in the subregion:

- The only established producer of crude oil in the East African subregion is South Sudan, but both production and exploration there have been slowed by the civil war and reliance on Sudan for export routes. There has been no drilling in South Sudan since 2012.
- Oil was discovered in Uganda in 2006, and 80 wells have since been drilled, but there has been no commercial exploitation of the sizable reserves there.
- In Kenya, there had been sporadic drilling of oil for half a century, but discoveries in 2012 led to a marked increase in activity. There has been no production to date from Kenya's modest discovered reserves, which recently were stated by World Bank economists to be just 600 million barrels.
- There has also been drilling for both oil and gas in Ethiopia, but it is unclear whether the reserves there merit commercial exploitation.
- In purely quantitative terms, Tanzania seems to be the East African energy giant, with natural gas reserves of as much as 60 trillion cubic feet offshore and much more modest reserves on shore. The offshore deposits have not been exploited commercially, and onshore production of natural gas for the domestic market has risen only slowly.

The Problem: Getting to Market

All the current and potential East Africa producers of hydrocarbons face obstacles in bringing their production to market. One of the hurdles is ubiquitous: geography. The oil discoveries in Uganda have been in the Albertine Graben, which lies along the country's remote western border with the Democratic Republic of the Congo. Exploiting the resources there involves not just building a 900-mile pipeline, but also constructing access roads. Kenya is in a similar position, with its oil reserves lying in the Turkana region, which is perhaps the most isolated, environmentally fragile, and impoverished region of the country. Tanzania's offshore natural gas reserves are larger than local markets could consume. For production to be economically sustainable, gas production would need to be coupled to a liquefied natural gas export facility onshore. Plans exist for such a terminal, but legal, regulatory, and, above all, financial obstacles have yet to be overcome.

In addition to the natural obstacles posed by geography, man-made factors have contributed to the relatively slow pace of resource exploitation in East Africa. While regulatory issues have arisen in both Tanzania and Kenya, they have been particularly acute in Uganda, where President Yoweri Museveni has personally controlled the process in detail. Disputes between the Ugandan government and international oil companies have led to significant delays. At the outset, President Museveni took the position that he would prohibit crude oil exports and pressed the companies to finance a large refinery that would process all the oil and meet regional needs. Eventually, the government accepted the need for a pipeline and downsized its expectations for a refinery. That the international oil companies have remained engaged in Uganda despite the interminable disputes is an indication of the importance of the country's oil resources. Recoverable oil in Uganda is estimated at between 1.8 and 2.2 billion barrels, comparable to present-day levels in lower tier producers such as Gabon, which has proven reserves of 2 billion barrels.

Regional Politics Complicate Resource Exploitation

Even though all of East Africa's oil and gas resource countries except Ethiopia are members of the East African Community (EAC), which is committed to policies aimed at "widening and deepening cooperation," achieving cooperation in the hydrocarbon sector has been difficult. The root of the problem may be that Kenya, Tanzania, and Uganda each aspire to primacy within the EAC.

Both Kenya and Tanzania developed plans for oil pipelines leading to national port facilities at Lamu and Tanga, respectively. For many months, it appeared that Kenyan President Uruhu Kenyatta had put together a coalition consisting of Kenya, Uganda, and South Sudan to support construction of a pipeline and highway connecting the port of Lamu to the Ugandan and Kenyan oil fields, with a branch to South Sudan that would relieve that country's dependence on Sudan's transportation network.

In the end, Uganda decided to switch sides. At a regional meeting on April 23, 2016, the Ugandan Foreign Minister announced his country's intention to build an 870-mile oil export pipeline to Tanzania rather than Kenya. Although this decision was buttressed by a technical report by Uganda's Energy Ministry that concluded that the Tanzanian route posed fewer risks than the Kenyan one, there has been speculation that international political considerations were involved.

Kenya has not dropped its own pipeline plans, and on June 23, Kenyan President Kenyatta and Ethiopian Prime Minister Hailemariam Desalegn signed an agreement in Nairobi for a proposed branch pipeline to Addis Ababa. With two pipelines in prospect, costs are projected to increase. The KPMG study projects an increase in the break-even price for Kenyan oil from a range of \$37–\$42 per barrel to \$45–\$49 per barrel. The break-even price for Ugandan oil is estimated to be \$51 per barrel. These prices would seem to place the new East African oil reserves on the margin of unprofitability on the world market. Kenyan President Kenyatta is nevertheless undeterred. He announced on August 29 that Tullow Oil, the lead concessionaire in Kenya, would commence small-scale production of around 2,000 barrels per day in June 2017. The oil would be transported to the Lamu refinery by truck until the completion of the projected pipeline. Although road transport will probably drive the per-barrel cost of crude up still further, the announcement enabled Kenyatta to make the political point that Kenya is forging ahead even as Uganda's production prospects remain years away.

Conclusion

While East African oil reserves are not large by global standards, they are sizable enough to make a difference in the subregion's development prospects. Coupled with the eventual successful exploitation of Tanzania's large offshore gas reserves and renewable sources that are projected to come on line, Ugandan and Kenya oil could help provide a solid energy foundation for accelerated economic development. That will happen only if governments and international oil companies work together at a faster pace toward turning their hydrocarbon reserves into oil and gas production.

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Scope of Cybercrime: Increasing Focus on Africa

Overall access to the Internet lags in sub-Saharan Africa, but relative to other regions, African IT infrastructure is among the most infected by malware, viruses, and the like, posing a threat to global cybersecurity. One review found that "of the top ten countries in the world with high levels of cybercrime prevalence, sub-Saharan Africa is host to four."

Cybercrime takes a number of forms. Nigeria especially has become infamous for email-based "419 schemes" like the ones perpetrated by the recently arrested organizers. These email-based scams are a mixture of "advance-fee scams," in which targets are given the opportunity to obtain a large amount of cash in exchange for a smaller, enabling payment, and "phishing scams,'" in which the fraudster tries to obtain login information to sensitive accounts and siphon off funds. Also, there have been cyberattacks on devices and networks and software piracy.

Cybercrime directed toward less-developed nations is on the rise. The UN Conference on Trade and Development (UNCTAD) has marked an increase in cybercrime targeting developing countries; another study found that targeted attacks on devices in Africa increased by 42 percent in 2012. Kaspersky recorded more than 49 million cyberattacks on African targets within a three-month span in 2014. African cybersecurity is also threatened by counterfeit software. Ninety-two percent of computers in Zimbabwe, 82 percent in Nigeria, and 78 percent in Kenya are thought to be infected or contain counterfeit software.

An Economic Drain

Inadequate cybersecurity leaves developing countries vulnerable to cybercrime, which is siphoning off significant financial resources. Kenya recently reported that businesses in the country are losing an estimated $146 million annually to cybercrime. A Deloitte review conducted in 2011 showed that more than $245 million had been lost to cybercrime in Kenya, Rwanda, Uganda, Tanzania, and Zambia.

Banks in sub-Saharan Africa are also increasingly frequent targets of cyberattacks. Such attacks make it more difficult to attract foreign investment and win both foreign and domestic investor confidence. In effect, cybercrime has a negative multiplier effect on sub-Saharan African economies. It siphons off economic resources through direct attacks and hinders future economic growth by adding to perceptions of investment risk.

Difficulty in Responding

A number of factors make it difficult to respond to cybercrime in sub-Saharan Africa. Perhaps the most glaring is the lack of a legislative framework for combating cybercrime in a number of African countries. Despite the growing threat from cybercrime, it remains a low priority for many African countries. In 2014, the African Union adopted its "Convention on Cybersecurity and Personal Data Protection," but no African country has ratified the sweeping bill and only eight have become signatories.

Even in countries where domestic legislation has been adopted, it is rarely fully implemented. For example, South Africa, one of the African countries most affected by cyberattacks, adopted the Electronic Communications and Transactions Act in 2002 and adopted the Council of Europe's Convention on CyberCrime CETS #185, but neither of these has been fully implemented. Kenya, Uganda, Cameroon, Ghana, and Botswana are among other African countries that have adopted legal measures aimed at stemming cybercrime but struggled to implement these measures. According to the UNCTAD, the lack of legal infrastructure to investigate and prosecute crimes makes developing countries more appealing as a base for cybercriminal operations. The coming years could see the region becoming a hub for cybercriminals seeking to evade the more stringent regulations of Western countries.

Illicit activities that occur at public computers, like those found at popular cybercafes, are particularly hard to detect, "making it difficult to identify the perpetrators." The cyber-infrastructure is made all the more vulnerable because of a lack of basic cybersecurity measures and knowledge among Africans. Mirroring the general lack of computer literacy on the continent, many African police forces lack the training and human capital to investigate cybercrime. There have been calls for "specially trained cyber police," particularly in countries like Nigeria. But funding and training for such a unit is difficult for many African countries to muster.

Conclusion

The growth of Internet access in sub-Saharan Africa has been hailed as revolutionary—this rise, however, has been accompanied by a mounting threat from cybercrime. In addition to being a drag on African economies, the rise of cybercrime is a threat to companies and individuals worldwide. Countering cybercrime in sub-Saharan Africa may require globally coordinated and implemented regulations. Although personal devices are prominent in developed countries and are growing increasingly popular in sub-Saharan Africa, the continued popularity of cybercafes may call for specific regulations and enforcement mechanisms that are currently lacking on the continent. Since cyberspace does not have geopolitical boundaries, any one country's efforts will likely be inadequate if the global community fails to take coordinated action.

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