

Africa: The land of milk and honey and business as usual

African countries, even with their less

advanced healthcare systems and low vaccination rates, have weathered the pandemic well with a low incidence and mortality rate for Covid-19. The impact, therefore, of the pandemic in Africa remains markedly lower compared to the Americas, Europe and Asia. Scientists say it is a paradox and are exploring the hypothesis that Africans have had more exposure to other coronaviruses, which may act as a defence against Covid-19. Another possibility is that regular exposure to malaria or other infectious diseases could prime the immune system to fight new pathogens, including SARS-CoV-2. If tens of millions of Africans have already been infected, scientists question whether the continent should try for 'herd immunity' without a vaccine, shielding only the most vulnerable, which might be preferable over control measures that cripple economies in the long run.

Further, Africa's youthful population stands out against the global backdrop of ageing populations. Only in Africa is the size of the working-age population as a portion of the total population still increasing. In short, Africa is open for business as usual.

Africa's potential as a growth market for business remains both underestimated and misunderstood. Africa's fast-growing population and markets present important opportunities for business in an environment of slow global growth. In 2021, Sub-Saharan African (SSA) economies grew by 3.5%.

Large oil exporting economies such as Angola and Nigeria are forecast to grow in 2022 only by 0.05% and 2.6% respectively, while the more diversified markets of South Africa, Kenya, and Côte d'Ivoire, however, are expected to grow by 4.7%, 4%, and 5.9%. Energy and infrastructure continue to be key sectors for investment. Africa, like most regions, has hosted far fewer exploratory wells in recent years than in the past but 2021 showed a definite surge in exploration drilling relative to 2020.

Africa's largest discovery for 2021 was the Baleine discovery within the Côte d'Ivoire Basin in offshore Côte d'Ivoire, followed by the Eban discovery within the Tano Basin in offshore Ghana and the Cuica discovery within the Congo Fan in offshore Angola. All discoveries were made by Eni and located in deep water. In 2022, several infrastructure-led exploratory wells are expected to be drilled in offshore West Africa. In addition, Africa will host between five and eight high-impact wells in 2022, including in São Tomé and Príncipe,

Zimbabwe, Mozambique, Gabon, Congo, and South Africa.

This continent plays a key role in our firm's international practice, with the Morais Leitão Legal Circle network hosting some of the most prominent law firms in Lusophone Africa. The last year has seen our Africa practice grow exponentially with ALC consolidating itself as one of the leading law firms in Angola. MDR, our Mozambique practice, had a face lift by rebranding in 2021; hiring new talent from the market and appointing a new managing partner. We also opened our first office in Cabe Verde, VPQ, to service a number of our international clients operating there. At the firm, and in conjunction with our local offices, we currently assist clients in a wide area of business: oil and gas and mining, energy, hotel, leisure and tourism, banking and finance, construction and infrastructure, agriculture and fisheries and transport and logistics.

Angola, Mozambique and Cape Verde continue to offer diversified areas of opportunities for business investors that are seeking long-term projects. The agriculture, hotel, leisure and tourism, construction and infrastructure and energy sectors are among the economic sectors with most potential. Missing across much of sub-Saharan Africa, however, are the roads, rails, ports, airports, power grids and IT backbone needed to lift African economies. This lack of infrastructure hinders the growth of imports, exports, and regional business so there are significant opportunities in infrastructure investment and projects. Companies that can connect Africans and markets can prosper.

Although the key business indicators are good, the region's operating environment remains difficult at times, suffering from shortages of key skills, stop-go policies, poor regulations and labour union issues. There are hurdles and difficulties when investing in any country and as such we do not deem Lusophone African countries as being more burdensome to invest in when compared to other countries for example in Latin America or South-East Asia. It is true that some clients face complex and at times stringent legal requirements when investing in Angola and Mozambique (eg, threshold for the so-called foreign indirect investment; local content rules; mandatory partnerships, etc).

There are other more structural issues that clients suffer from when setting up a business



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in these countries and these relate mainly to a lack of infrastructures (roads, railways, etc) and with inexperience/lack of clear positioning from public agents working in public entities (ministries; licensing agencies; border and customs entities, etc). These have however, in our view, become less of a constraint for businesses over the years.

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