

AFRICA RISK CONSULTING

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Nigeria's election results presented no surprises. The main winners overall are the incumbent president, Muhammadu Buhari (2015-present), his deputy, Yemi Osinbajo, and the ruling All People's Congress (APC). The APC will control the presidency, both houses of the legislature and most states. The primary loser is Nigeria's nascent democracy: 70% of the population did not turn out to vote. The opposition People's Democratic Party (PDP) is in disarray. PDP leader Atiku Abubakar's billionaire backers are out of pocket and out of influence. Abubakar has launched a legal challenge to the results and electoral management, although this is unlikely to change the outcome. All eyes are on Buhari, his health and his appointments, notably key economic appointments to the finance, oil, energy, trade and communications ministries. Buhari's first term stifled growth and established a four-year trend of declining GDP per capita. The International Monetary Fund (IMF) has forecast that the decline will continue through to the end of Buhari's second term.

Nigerians boycott states' elections

Nigerians largely boycotted the 2019 presidential and governorship elections, delivering the lowest turnout since the resumption of multi-party politics in 1999. Overall the outcomes were predictable with few surprises. Few think that the elections have strengthened democracy. The 36% turnout in the presidential polls and 30% in the states' elections is a resounding rejection of the presidency and the current ruling class. Voter suppression, outright targeted violence, militarisation of electoral zones, and inflation of poll figures marked presidential polls on 23 February.

States' elections on 9 March had an equally dismal turnout through a combination of voter apathy and more intimidation. While results in presidential and **Lagos State** elections were largely as predicted, the big surprise is that the results were not closer in both cases. The **Independent National Electoral Commission (INEC)** announced that President **Muhammadu Buhari** (2015-present) had won 15.1 million votes against **Atiku Abubakar's** 11.2 million. In Lagos, a city-state with an estimated 20 million population, and which constitutes 60% of the country's GDP, the ruling **All People's Congress (APC)**'s **Babajide Sanwo-Olu** beat **People's Democratic Party (PDP)** candidate **Jimi Agbaje**, but in total they polled barely one million votes between them.

Popular lawyer and human rights activist **Femi Falana**, said of the polls:

"This country spent over 250 billion naira (NGN) (\$6.92m) from the public purse on this useless enterprise apart from what each of the governors and political parties spend, which is more than NGN250 billion. If we want to get out of the crisis of monumental dimension, we need to go back to the drawing table, beyond the two major political parties. Nigerians must organize because this expensive joke cannot continue."

Clement Nwankwo, convener of the **Civil Society Situation Room**, a civil society pro-democracy activist organisation set up in 2010, ahead of the 2011 general elections, put the low voter turnout to

“voter apathy arising from the effect of the disappointment of citizens over poor conduct of the 23 February [presidential] elections and the excessive and heavy deployment of military and security personnel that has now created fear in the citizenry, including concerns over the neutrality of these security personnel and the integrity of the electoral process.”

Others agree.

“These elections have been characterised by voter apathy, violence, manipulation and desperation by the ruling party to either maintain their hold on states or takeover additional ones. The election tribunals and courts are bound to be busy for the foreseeable future if those on the losing side are able to substantiate their claims of being rigged out at the polls. All in all not an impressive showing for Nigeria.”¹

The conduct of the presidential election may have discouraged voters from coming out to vote in states’ elections. In addition to fears about personal safety in some parts of the country, voters may have reckoned their votes would not count. The significantly low voter turnout in the second round of elections speaks to an alarming diminution of faith in the process.

“I expected diminished interest as the hype of the presidential elections was over... but not to the large extent I observed. Turnout dropped off dramatically in my polling unit. Not value for money... with average turnout of 30%.”²

The winners ...

With the election season almost over, the biggest winners are the ailing president, Muhammadu Buhari, his deputy, **Yemi Osinbajo**, and the ruling party, the APC. The APC now has a simple majority in both legislative chambers and controls most states. Over 60 of the incoming senators belong to the ruling party. It is worthy of note that although the APC has a senate simple majority, it is short a two-thirds majority needed to pass major bills freely.

APC and Lagos State kingmaker **Bola Tinubu**’s south-western stronghold was secured with Sanwo-Olu’s election as governor of Lagos State. Others include transport minister and director-general of the APC’s presidential campaign, **Rotimi Amaechi** and **Adams Oshiomhole**. The symbolic victory of **Abdulrahman Abdulrazaq** as new APC governor-elect of **Kwara State** posts one of the biggest upsets of the state’s elections. Abdulrazaq beat politically influential senator **Bukola Saraki**, which upends the Saraki family’s long-held dominance of politics in the state dating back to the 1970s.

Other winners include a shadowy group of individuals and power brokers, popularly referred to as **The Cabal** who have the president’s ear and serve as gatekeepers to him. These, too, are seen as winners as much was at stake if the re-election bid had failed.

In another floor crossing – this time from opposition PDP to ruling APC – Senator **Godswill Akpabio**’s failure to retain an **Akwa Ibom** senatorial seat may secure him a ministerial post as compensation for his efforts to support Buhari’s re-election campaign.

... and the losers

Biggest losers are the failed presidential candidate, Atiku Abubakar, his running mate, **Peter Obi**, and former president **Olusegun Obasanjo**, who supported the Atiku-Obi bid. Perhaps the biggest loser is Senate president Bukola Saraki who defected from the ruling APC to the PDP last year, upsetting party loyalties, which appears to have translated into a victory for Abdulrazaq but also to Saraki losing his seat in the senate.

Equally bruised will be a group of retired billionaire army generals. Obasanjo led the group whose number included former president **Ibrahim Babangida** (1985-1993), retired Lieutenant General **Aliyu Gusau** and former defence minister **Theophilus Danjuma** who all backed Atiku’s bid.

¹ ARC source, consultant, Lagos (Lagos State)

² ARC source, entrepreneur, Lagos (Lagos State)

All of these were grandees of the PDP, which had dominated politics since 1999 and Nigeria's return to democratic civilian rule. The party has now lost ground in the national assembly and has failed to control several of the country's important states. Other losers include some prominent sociocultural and political groups like pan-Yoruba group **Afenifere**, apex Igbo socio-cultural group **Ohaneze Ndigbo**, and **Pan-Niger Delta Forum (PANDEF)**, which had all declared support for Abubakar.

Seeking justice

Since the polls, Babangida has called on Abubakar to close ranks and work with Buhari. However, Abubakar has assembled a legal team headed by **Livy Uzoukwu**³ with which to challenge the outcome of the presidential polls on the grounds of vote count and the management of the elections, citing state violence against opposition supporters. The PDP claims to have an independent tally of presidential results that gives Atiku a 2 million vote victory over Buhari.

The PDP's national publicity secretary, **Kola Ologbondiyan**, accused INEC chair Professor **Mahmood Yakubu** of being partisan in taking orders from the ruling APC, most notably when INEC declared the elections in **Bauchi, Adamawa, Sokoto** and **Plateau States** as inconclusive, where Ologbondiyan claims the PDP was leading. INEC, he said, had surrendered its independence to the APC,

"...and carries on as a compromised umpire with obnoxious impunity, thereby sending signals of being heavily bribed by the APC to alter results for its candidates."

A coalition group of opposition political parties has declared that some of the judges who have been slated to handle the appeal are already compromised. They pointed out that one of the justices named is married to an APC senator-elect and that two others had already rejected Abubakar's application for forensic analysis of materials used for the presidential election.

*"The Atiku petition has provided another challenge to the Supreme Court to intervene in a very utilitarian and just manner in a great moment of national anxiety. It should not matter who the Chief Justice is or who the members of the appeal panel are. What should matter is the national interest."*⁴

Looking ahead

With elections (almost) over, all eyes are on Buhari, his health, his cabinet appointments, and particularly the key economic appointments to the finance, oil, energy, trade and communications ministries. In terms of policy, Buhari has promised three core tenets: to improve security, to restructure the economy, and to continue the fight against corruption. The political and business elite will be watching the speed and nominations for the federal cabinet. A four-year term is very short to implement any long-term policies or sustainable policy. In his first term, Buhari drew extensive criticism as he took over six months to appoint a cabinet.

While cabinet posts are important, of greater importance is the appointment of advisers in the presidency: these will have most influence on Buhari. Names put forward will suggest who in the wider body politic is wielding most influence and whether there will be a change of economic direction. Local observers point to these appointments to show which of the main power blocs – Buhari, his 'kitchen cabinet', the party machine or kingmaker, Tinubu – now has most influence on presidential decision making.⁵

Other important appointments will be the president's nominations for the four national assembly posts: senate president, house speaker and their respective deputies. Buhari's team will want to avoid a repeat of 2015 when Bukola Saraki managed to secure the post of senate president, going against the plans of president and party, and causing a rift that dominated the remainder of Buhari's term. It is important to note that although the APC has a Senate simple majority, it is short of the two-thirds

³ Africa Confidential, 8 Mar 2019.

⁴ Abuja journalist in ThisDay, 10 March 2019.

⁵ ARC source, businessman Lagos, Lagos State

majority to pass major bills freely. Local sources anticipate much induced “*cross carpeting*” to achieve this required majority after the 9th National Assembly is inaugurated in June.⁶

Speculation is rife that **Ahmed Kuru**, currently managing director of the **Asset Management Corporation of Nigeria (AMCON)** or **Aisha Ahmed**, a **Central Bank of Nigeria (CBN)** deputy governor, are in line to replace CBN governor **Godwin Emefiele**. The CBN has denied speculation that Emefiele has been asked to step down before the end of his tenure in June 2019. The president may yet appoint him for a second term subject to national assembly confirmation.

The main concern is Buhari’s health and what happens if it does not hold up until the end of his term. He spent some 179 days out of the country during his first term due to his ill health, leaving a dangerous policy vacuum. Buhari’s close allies persist in proclaiming his fitness to rule for another four-year term. In constitutional terms and according to precedent, the vice-president, Yemi Osinbajo, will assume office in the event of the incapacity or death of the president. The south-western states are keen to assume the presidency in the tradition where a northern presidency is replaced at the end of a possible two terms by a southern president. Osinbajo taking over as the constitution stipulates would not be a welcome development for the Northern power elite. However, Osinbajo’s ambitions may be challenged from within, notably as Lagos State kingmaker Bola Tinubu is thought to be considering putting himself forward as a presidential hopeful for the 2023 polls.

State election highlights

Although the APC is a clear winner in states’ elections declared to date, in six states – Sokoto, **Kano**, Bauchi, Plateau, **Benue** and Adamawa states – where the INEC declared the 9 March elections to be deadlocked, it set 23 March for fresh elections. In a controversial move, now subject to a PDP legal action, INEC declared these elections inconclusive claiming that local election managers discontinued the use of smart card-readers midway into the election or failed to deploy them. Other reasons cited were over-voting and the widespread and violent disruption of many polling units.

Governorship elections were held in 29 states this year. Seven other states – **Osun**, **Ondo**, **Kogi**, **Ekiti**, **Edo**, **Bayelsa** and **Anambra** – are on a different electoral schedule as legal disputes of previous polls have set them outside the four-year electoral cycle. Full results for 26 states are now in, following the supplementary poll. A breakdown of the results showed that the APC, which controls the centre, won in 15 states while the main opposition PDP laid claim to 11 states. Results for Adamawa, Bauchi and Rivers States were still outstanding as of the evening of 24 March. The outcome shows that four states changed leadership between the APC and PDP. **Kwara** and **Gombe**, which are currently governed by the PDP, were won by the APC while **Imo** and **Oyo**, governed by the APC, went to the PDP.

The suspended electoral process in Rivers State is set to resume in the first week of April. The incumbent PDP governor is positioned for a second term in office; his chances are bolstered by the failure of the APC to field a gubernatorial candidate in the state.

| Summary of key results | |
|------------------------|--|
| Akwa Ibom | Udom Emmanuel (PDP) won a second term with a wide margin against his APC opponent. His victory is credited to a vigorous campaign that sold achievements and performance during his first term and the support of indigenes that, contrary to the APC’s calculation, were not swayed by former governor Godswill Akpabio ’s purported political relevance in the State. |
| Lagos | Respected and competent former governor and current cabinet minister in charge of power, works and housing, Babatunde Fashola , first appointed the new governor-elect, Babajide Sanwoolu (APC) , as commissioner for commerce and industry. He held a number of positions within the Lagos State government structure up until he was selected as candidate to run against the incumbent governor, Akinwunmi Ambode , who was expected to follow tradition |

⁶ ARC source, businessman Lagos, Lagos State

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|---------------|---|
| | by running the state for two consecutive four-year teams. |
| Rivers | The outcome of controversial gubernatorial elections in Rivers State is still pending. Prior to the polls, incumbent PDP governor Nyesom Wike looked set to win with a wide margin largely due to the inability of the APC to field a consensus candidate and due to his a pivotal role within the hierarchy as he controls one of Nigeria's highest oil-producing states which in turn provides him with ample resources to finance party activities. However, Rivers is one of the states INEC has declared inconclusive. The APC has since thrown its weight behind Awara Biokpomabo , governorship candidate of the little-known African Action Congress (AAC) all in a bid to have anyone rather than Wike. |
| Kaduna | Nasir El Rufai (APC) re-emerged as Kaduna governor in a keen contest with the PDP's candidate. Sources in Kaduna believe that the contest was swung in his favour by the cancellation of votes in areas where the PDP had strong following. A controversial figure, he is known to be close to the president and regarded as one of the more ambitious governors within the APC fold. |
| Ogun | Governor-elect Dapo Abiodun (APC) is a successful entrepreneur and owner of Heyden Oil & Gas and other businesses. He was a close associate of the incumbent governor, Ibikunle Amosun until the latter decided to support another candidate from outside the APC circles to succeed him against the wishes of the party hierarchy. Ogun State's proximity to Lagos makes it a good choice for investors who want access to markets and transport hubs in the city state. |
| Kwara | The APC's bid to bury the Saraki legacy should mean that the incoming governor Abdulrahman Abdulrazaq will maintain close ties with the Buhari presidency and rely on it for support. The party will want to consolidate its hold of Kwara State, which has turned out to be a major coup and political score for it against senate president Bukola Saraki |
| Kano | Abdullahi Ganduje , current APC governor has re-emerged in a keenly contested and controversial race with his PDP counterpart, Abba Yusuf , who enjoyed the broad-based, populist support of influential former governor and PDP presidential hopeful, Rabiu Kwankwaso . The initial and supplementary polls in the state were marred by incidents of violence and voter intimidation. |

The economy

Domestic and international observers will be looking to Buhari's appointments of advisors to get a sense of direction for the economy. His 'kitchen' cabinet and federal cabinet will give any clues as to whether Nigeria will be able to take the necessary steps to reverse the economic decline of his first term in office. This coincided with a slump in oil prices which Buhari's economic team compounded with policy drift. This lethal combination resulted in four years of declining GDP per capita.⁷ Buhari's first term stifled growth, which moved the country into recession and fuelled high unemployment. The **International Monetary Fund (IMF)** forecasts that this decline will continue through to the end of Buhari's second term.

"Low growth has been associated with rising unemployment, which not only took off in 2015 and 2016, as the economy slowed and went into recession, but continued to rise during the weak recovery that followed. If external shocks in the coming period (2019-23) are not as great as those from 2015 to 2019, then the nascent economic recovery might give this administration an opportunity to address pressing domestic issues."⁸

Buhari takes office at a time of global uncertainty and projected economic slowdown: Several **West Africa** economic analysts re-iterate that the long standing recipe to restore growth is for the country to diversify away from dependence on oil, to improve energy consumption and conditions for investment, and to increase national literacy levels to 70%. While there is little prospect of this with Buhari at the helm, there may be areas of the economy and the economies of some states that may still surprise.

⁷ FT quoting IMF, 14 Mar 2019.

⁸ Coronation Research

“If infrastructure development is worked upon and there is diversification, especially in agriculture, coupled with strategies to mitigate external risks, Nigeria could still surprise the world stage this year. Nigeria’s major economic downside still revolves around oil. Falling oil prices will not only shave off government revenues, but also disrupt foreign exchange stability by complicating efforts of CBN to defend the Naira.”⁹

Buhari’s victory is unlikely to improve the prospect of garnering more foreign direct investment – another essential ingredient in restoring economic growth and expanding GDP per capita to pre-2015 levels. The economic reforms of which Buhari speaks are unlikely to give investors much comfort as local and international analysts anticipate that Buhari will continue his nationalist bent. This is likely to see a greater emphasis on taxing domestic and multinational businesses over taking essential steps to reform the oil sector, notably the **Nigeria National Petroleum Corporation (NNPC)**, and liberalise essential markets like energy distribution.¹⁰ During his first term Buhari targeted **Netherlands**-based oil and gas company **Shell**, **United States (US)**-based energy company **Chevron**, **US**-based oil and gas corporation **ExxonMobil**, **Italy**-based oil and gas company **Eni**, **France**-based oil company **Total**, and **Norwegian** energy company **Equinor** to pay as much \$20 billion in back taxes.

The lingering MTN affair

A case in point is the lingering **South Africa**-based **MTN** affair, over the Buhari government’s demand of \$2 billion tax arrears, which MTN rejects. A hearing of the suit against the federal attorney-general (AGF), **Abubakar Malami**, first scheduled for 8 November, will take place on 26 March. MTN has launched a legal suit to challenge the Nigeria attorney-general’s demand of \$2 billion in tax arrears. The amount was broken down to a 10-year period for import duties, value added tax (VAT) and withholding taxes on foreign imports and payments. **MTN Nigeria** has denied any wrongdoing, saying it had fully settled all outstanding taxes. MTN’s new group chief executive **Rod Shuter** accused Malami of playing games and remarked that he found it odd that the attorney-general had become a tax collector.¹¹ Shuter questioned the AGF’s right to claim tax on behalf of government and stated that the firm had no dispute with the commissioner for inland revenue.¹²

Planner

26 Mar 2019 (**Nigeria**) Hearing of **MTN Nigeria**’s suit against Federal attorney general **Abubakar Malami**

2 - 5 April 2019 (**Nigeria**) *Channels Television*. **Independent National Electoral Commission (INEC)** to resume collation and announcement of results in **Rivers State**. The Commission will conduct supplementary elections, where necessary, and in some constituencies not affected by litigation, on 13 April.

Chronology

24 Mar 2019 **Abuja (Nigeria)** *Premium Times*. **All Progressives Congress (APC)** wins 15 states in governorship elections while the **Peoples Democratic Party (PDP)** lays claim to 11 states; Results for three other states are still pending;

21 Mar 2019 **Lagos (Nigeria)** *Reuters*. **Central Bank of Nigeria** governor **Godwin Emefiele** says that the economy will grow 3% in 2019, up from 1.9% in 2018;

20 Mar 2019 **Abuja (Nigeria)** *Reuters*. Budget minister **Udoma Udo Udoma** says the government will cut its stake in joint oil ventures to 40% to boost revenue;

⁹ FXTM analysis

¹⁰ FT, 14 Mar 2019.

¹¹ MTN investors call

¹² MTN investors call

19 Mar 2019 Port Harcourt (Nigeria) *The Guardian (Nigeria)*. **Movement for the Survival of the Ogoni People (MOSOP)** and other groups protest against planned resumption of oil exploration in **Ogoni, Rivers State**;

19 Mar 2019 Abuja (Nigeria) *The Guardian (Nigeria)*. **Bureau of Public Enterprises (BPE)** receives five bids for the sale of **Yola Electricity Distribution Company** and **Afam Electricity Generation Company (Afam Power Plc & Afam Three Fast Power Limited)**;

18 Mar 2019 **Abuja (Nigeria)** *Reuters*. Opposition candidate **Atiku Abubakar** plans to challenge the presidential election results;

17 Mar 2019 **Abuja (Nigeria)** *ThisDay*. **United States-Nigeria Law Group** releases damning election assessment report;

17 Mar 2019 **Lagos (Nigeria)** *Punch*. **Lagos Chamber of Commerce and Industry (LCCI)** calls on the federal government to be transparent in its takeover of the operatorship of **Oil Mining Lease 11 (OML11)** from **Shell Petroleum Development Company**;

15 Mar 2019 **Lagos (Nigeria)** *Punch*. A school building collapses, killing at least 20 people;

13 Mar 2019 **Lagos (Nigeria)** *FBN Quest's Fixed Income/FX report*. Market liquidity opens at NGN177 billion (\$490m) (positive) on 12 March. Interbank rates close within a range of 9% to 13%. Yields dip for selected maturities on the NTB secondary market;

13 Mar 2019 **Abuja (Nigeria)** *The Punch*. Opposition parties under the aegis of the **Coalition of United Political Parties (CUPP)** release list of five justices allegedly approved to hear **Abubakar Atiku's** petition against presidential election results;

12 Mar 2019 **Abuja (Nigeria)** *INEC's official Twitter handle (@inecnigeria)*. INEC announces dates for supplementary elections in six states: **Sokoto, Kano, Bauchi, Plateau, Benue** and **Adamawa** States;

6 Mar 2019 **Abuja (Nigeria)** *Daily Post*. The **All People's Congress (APC)** in **Rivers State** adopts a gubernatorial candidate from another political party to fill the vacuum created by different factions;

5 Mar 2019 **Abuja (Nigeria)** *Daily Trust*. Major stakeholders in the ruling APC push for Senate President's seat to be zoned to the North and deputy Senate President to the South-South zone.

5 Mar 2019 **Lagos (Nigeria)** *The Guardian (Nigeria)*. The **Economic and Financial Crimes Commission** investigates **Babalele Abdullahi**, son-in-law of former vice-president **Atiku Abubakar**, over alleged money laundering to the value of €150m (\$169m);

5 Mar 2019 **Lagos (Nigeria)** *InfraCredit press release*. **InfraCredit's** guarantee supports **North South Power's** issuance of the first 15-year corporate **Green Infrastructure Bond** in Nigeria;

5 Mar 2019 **Lagos (Nigeria)** *The Guardian (Nigeria)*. **Nigeria Railway Corporation (NRC)** managing director states that the entire 156km new **Lagos-Ibadan** line will be ready by May 2019;

4 Mar 2019 **Lagos (Nigeria)** *BusinessDay (Nigeria)*. **Federal Airports Authority of Nigeria (FAAN)** indicates that foreign airlines are beginning to divert some of their traffic to airports outside Lagos, which would help put newly commissioned terminals in other cities to good use;

28 Feb 2019 **Lagos (Nigeria)** *The Guardian (Nigeria)*. Stock market loses NGN86 billion (\$238m) to close at NGN12.024 trillion (\$33.2 billion) more as **Muhammadu Buhari** is re-elected president;

28 Feb 2019 **Lagos (Nigeria)** *The Guardian (Nigeria)*. **Dangote Cement** posts PAT of NGN390.32 billion (\$1.08 billion) in its 2018 operations against NGN204.25 billion (\$565m) achieved in 2017;

28 Feb 2019 **Lagos (Nigeria)** *The Guardian (Nigeria)*. **Nigerian Association of Chambers of Commerce, Industry, Mines & Agriculture (NACCIMA)** predicts that iron ore mining can generate \$60 billion annually;

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