

AFRICA RISK CONSULTING

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Nigeria Summary 20 April 2020

Nigeria's second most powerful official, President Muhammadu Buhari's chief of staff Malam Abba Kyari, has died of Covid-19, raising the prospect of a power struggle to take his place. Kyari's death also raises questions about the risk of Covid-19 to President Buhari's health. Several senior ruling All Progressives Congress (APC) officials will now jostle to regain prominence with the president including hopes that vice-president Yemi Osinbajo will again influence policy direction. Two experienced officials' names have emerged to replace Kyari: Babagana Kingibe and Ibrahim Gambari. Kyari's term as de facto head of government was marked by interventionism, inertia and inaction in government. President Buhari announces a 14-day extension to a lockdown in Lagos, Abuja and Ogun states against Covid-19. Nigeria heads for recession as demand shock hits oil prices and exports. The National Assembly has approved a Covid-19 intervention fund as doubts emerge about its implementation. The economy is expected to contract 3.4 % in 2020 and post a weak recovery in 2021. The finance minister has revised the budget and has applied to the international financing institutions for \$6.4 billion in emergency budget support. Meanwhile, security conditions in Lagos and other major urban areas deteriorate as lockdown takes effect.

Covid-19 claims the de facto head of government ...

Nigeria's most powerful official after the president, **Malam Abba Kyari**, has died of **Covid-19**. Kyari was President **Muhammadu Buhari's** (2015-present) long-standing chief of staff and his death removes from office a powerful gatekeeper to the presidency.

Kyari, who died on 17 April, had been diagnosed with the lethal Covid-19 virus in late March after a trip to **Germany** (see *ARC Briefing Nigeria March 2020*). At the same time, several members of Nigeria's political elite had tested positive including **Bauchi State** governor **Bala Mohammed** and **Edo State** parliament speaker **Frank Okiye**. Kyari's death marks the most prominent member of the ruling elite to succumb to Covid-19 to date.

Crucially Kyari's death raises questions about President Buhari's health. Although the president has reportedly tested negative for the virus, he is a septuagenarian with longstanding health issues – as was Kyari who had a history of medical complications, including diabetes.¹ Buhari's health has been the subject of much discussion. In his first term he spent long periods abroad for medical treatment. Now, in his second term, he has all but disappeared from public view. Buhari's public appearances are largely stage-managed and until now, Kyari and Buhari's personal advisor, **Mamman Daura**, held the president's public appearances to a tight script.

*"[Buhari] battles to hold meetings, has to have all scripts written up for him and even then there are concerns about how he will handle public appearances, hence his virtual disappearance from public view. [The] story was that Kyari was de facto in charge, especially after the VP [Vice President **Yemi Osinbajo**] was side-lined in the second term."*

Gatekeepers to the presidency

Abba Kyari was half of a famous duo that cemented itself in as gatekeepers to the presidency over Buhari's two terms in office. A barrister by background, Kyari held a bachelor's degree in sociology

¹ Punch, 25 Mar 2020.

from the **University of Warwick (United Kingdom, UK)** and a law degree from the **University of Cambridge (UK)**. Despite serving as chief executive of **United Bank for Africa Plc** and on **Unilever Nigeria Plc** and **United States (US)**-based **Exxon Mobil Corp's** Nigerian boards,² Kyari used his position as Buhari's right-hand technocrat and head of government to pursue northern nationalist policies and interventionist economic policies, to largely negative effect.

Between them, Daura and Kyari isolated the president and the presidency from the rest of the executive and from the machinery of government. Their hold on the presidency had increased significantly since Buhari's successful election to a second term in February 2019. By August 2019, Buhari had ordered his cabinet to channel all requests through Kyari's office.³ The second, and possibly more personally influential person, is Daura, Buhari's uncle and closest advisor. Daura – a former journalist – was also very influential when Buhari was a military ruler between 1984 and 1985.

But the gatekeepers are also accused of slowing the pace of reform and decision-making to a crawl and for failing to implement any significant reforms in either the first term or the second term. In order to shore up their positions ahead of elections in 2023, they systematically downgraded the importance and influence of several key ruling **All Progressives Congress (APC)** grandees and power brokers. Most notable of these is **Kaduna State** governor **Nasir el-Rufai**, who, also with an eye on presidential elections in 2023, had sought to remove Daura and Kyari from their all-powerful positions. The ploy failed and while el-Rufai was appointed in November 2019 as head of an ad-hoc committee that was to review the ownership of the electricity distribution company (**DisCos**), he answered to Kyari on all matters energy (see *ARC Briefing Nigeria November 2019*).

Contributing to policy inertia and inaction, the Kyari and Daura duo also sought to side-line the respected and, according to sources, more competent administrator, the vice-president, Yemi Osinbajo. In November 2019 the president's office laid off 35 of Osinbajo's staff and replaced the **Economic Management Team** that is traditionally chaired by the vice president with the **Presidential Economic Advisory Council (PEAC)** reporting directly to the presidency. Then when Buhari travelled abroad for treatment or on other business, he avoided formally handing over the office of president to Osinbajo as had been the tradition. In the event that Buhari should succumb to this or any other disease, precedent is that Osinbajo will assume the presidency. This was set by former president **Goodluck Jonathan** (2010-2015) who, when former president **Umaru Mussa Yar'Adua** (2007-2010) died on 5 May 2010, assumed power for the remainder of Yar'Adua's term and then stood for election in his own right.

Kyari's death is likely to add to a climate of uncertainty and will result in a power struggle as senior government officials vie for the chief of staff's post. Two prominent names have emerged to replace him, notably **Babagana Kingibe** (from northern **Borno State**) and **Ibrahim Gambari** (from western **Kwara State**). Both have extensive experience of government and diplomacy, although Kingibe has long-standing direct experience liaising between presidents, federal government and states governors. At least one newspaper on 20 April declared Kingibe's appointment, although this has not been confirmed. Kingibe has worked for military and civilian governments and presidents since he first served General **Sani Abacha** (1993-1998). Later, President Umaru Yar'Adua fired Kingibe from his key post as Secretary to the Government of the Federation (2007 to 2008) for raising concerns about Yar'Adua's health.

With a combination of the Covid-19 health crisis and economic meltdown, several other APC grandees will seek to flex their muscles and try to influence the country's direction, hoping to implement a strategy that has been absent since Buhari came to power.

² Bloomberg, 18 Apr 2020

³ PMnews, August 2019

Covid-19 and government

The death of the de facto head of government in Nigeria takes place amid great uncertainty provoked by the spread of Covid-19 across **Africa**. President Buhari on 13 April announced 14-day extension to a lockdown in **Lagos, Abuja** and **Ogun** states. Several states' governors have followed suit and have closed state borders.⁴ As at 13 April, Nigeria had 323 confirmed cases and 10 confirmed deaths – most of them in Lagos and Abuja (Federal Capital State).

Health experts have raised alarms over the impact of a major coronavirus outbreak in Africa's most populous country with some 200 million people, and notably in Lagos – a densely populated megacity, home to approximately 13 million people in a state of 21 million people. The concern is that the country's very poor and underfunded healthcare system will not be able to manage the outbreak of the disease as new infections are reportedly rife at community level. Millions of people live on a daily wage or whatever they can earn through subsistence farming and have to be out and about to earn sufficiently to survive.

Covid-19, the leveller

Kyari's death and the outbreak of Covid-19 have also served to highlight the paucity of healthcare provision in Nigeria. Due to Nigeria's closed airspace, Kyari was unable to take the traditional route abroad for treatment and instead was flown to Lagos for private treatment, it not being available even in the federal capital, Abuja. Nigeria's health system follows its constitutional structure and is delivered at federal, state and local level. Over 30 years of military rule and successive corrupt civilian governments have eroded the 'middle class' infrastructure of basic healthcare and education. **World Health Organisation (WHO)** figures from 2014 show that Nigeria spent only 3.7% of GDP on health – nearly half the budget allocation in **Kenya** over the same period. Nigeria's middle class travels to **Dubai (UAE), London (UK)** and **South Africa** to access private healthcare, spending around \$10-15,000 per visit. It is common for groups of relatives to club together to fund a family member to travel abroad for specialist treatment.

World Health Organisation (WHO) : Nigeria	
Total population (2015)	182,202,000
Gross national income per capita (PPP international \$, 2013)	5
Life expectancy at birth m/f (years, 2015)	53/56
Total expenditure on health per capita (Intl \$, 2014)	217
Total expenditure on health as % of GDP (2014)	3.7

As in several African countries, the healthcare system for most Nigerians is fragile. There is a shortage of medical equipment, personal protection equipment and test kits. ARC sources report that despite huge demand for masks and personal protection equipment, global demand is such that Nigeria is unable to source it. Moreover, borders are closed, commercial flights are cancelled. With US demand for medical equipment, demand and supply have shifted from east to west and is by-passing Africa. Meanwhile airfreight prices have increased five-fold. The WHO is working with **United Nations** agencies to open up air space to facilitate medical equipment and teams. **China** – mindful that the disease is eroding its soft power influence – has sent an emergency medical team to provide support.

⁴ ARC sources, Lagos

Financing the lockdown

The global Covid-19 pandemic has wrought an international economic shock, which has seen demand for oil – Nigeria’s main export and source of government revenue – fall to 25-year lows. A succession of reports from international organisations – the **International Energy Agency (IEA)**, the **International Monetary Fund (IMF)** and the **World Trade Organisation (WTO)** – herald the extent of the impact of Covid-19, and have added to Nigeria’s gloom. The IMF’s latest **World Economic Outlook (WEO)** said the world economy is set to contract by 3% this year, delivering a global recession, and that the Covid-19 pandemic builds uncertainty to global recovery. Consequently, the IMF forecasts that Nigeria will return to recession as the economy contracts by 3.4% this year and will only make a weak recovery of 2.4% in 2021. The Buhari government’s poor record of delivery of reform is likely to hamper recovery further. Meanwhile the WTO predicts that global trade will plunge by between 13% and 32% as the pandemic disrupts normal life and normal regional and international trade. Finally, the IEA report on 15 April said that no matter what cuts the **Organisation of Petroleum Exporting Countries (OPEC)** agreed, global demand for Nigeria’s most important export faces an unprecedented collapse. The fall in demand in April of 29 million barrels per day (mbpd) had not been experienced for 25 years.⁵ So, despite an OPEC agreement to cut 9.7 mbpd for May and June – equal to 10% of global supply – the oil benchmark price for **Brent** crude hovered between \$31/barrel.

ARC sources report that the presidential clique and federal government’s alarm is raised whenever the benchmark oil price drops below \$50/b as it puts a strain on government revenues. In response to plunging oil prices, the federal government has slashed its budget for 2020 and in early April sent it to the **National Assembly** for review. Revenue projections are revised downwards by N3.3 trillion (\$9.5 billion) from the initial approved amount of N8.41 trillion (\$21.7 billion) to N5.08 trillion (\$13.1 billion).

The fall in revenues has been immediate as receipts from petroleum profit tax, companies’ income tax, import duty, oil and gas royalties and VAT have all reportedly dropped significantly. Local media reports that over 60 Nigerian crude oil cargoes have not been sold despite the **Nigerian National Petroleum Corporation (NNPC)** unilaterally slashing prices. This slump in national revenues has hampered the **Federation Account Allocation Committee (FAAC)**’s pay-outs to the other branches of government, the administration and the states. The consequence of low oil and poor economic performance in the non-oil economy is that most states – which in 2018 only received 58% of their monthly spending – now have an acute revenue shortfall and are unable to make payments on the new national minimum wage, let alone provide funds to states to cushion the blow of the Covid-19 lockdown. The exception is Lagos State, which not only accounts for 30% of Nigeria’s GDP, but also generates 80% of its own budget revenues.⁶

The sharp decline in government revenues and the immediate need for some sort of fiscal support to face Covid-19 saw finance minister **Zainab Ahmed** apply to international institutional lenders – the IMF, World Bank, **African Development Bank (AfDB)** and the **Islamic Development Bank** – for \$6.9 billion to help Nigeria counteract the impact of Covid-19 on the economy. The government will ask for \$3.4 billion from the IMF, \$2.5 billion from the World Bank and another \$1 billion from the AfDB, said the minister. This will in part help to fund a N500 billion (\$1.3 billion) Covid-19 intervention fund that the National Assembly approved over the weekend of 4 April.⁷

The IMF has said it is considering Nigeria’s request and although it is likely to be granted in some form, Nigeria was not on the list of 19 African countries that were awarded immediate budgetary support. However Nigeria is expected to be included in bilateral debt payment suspensions that the **G7** finance ministers and central bank governors agreed on 14 April.⁸

⁵ IEA, 15 Apr 2020

⁶ FT 25 Mar 2018 and ARC source

⁷ The Africa Report, 6 Apr 2020

⁸ FT, 14 Apr 2020

Security: two-pronged anti-jihadist offensives

The Covid-19 crisis takes place when the army is fully engaged in trying to restore federal control of the country's north-eastern and north-western borders. It is likely they may need to be re-deployed nationwide to support the anti-Covid-19 campaign (distributing food, establishing test centres, for example). At the end of March, Major-General **Faruk Yahaya** replaced Major-General **Olusegun Adeniyi** as the army commander of its counter-terrorism operations in north-east region. Nigeria's armed forces carried out what was described as a clearance and consolidation operation in the volatile north-eastern **Borno State** in which some 200 alleged **Boko Haram** militants were killed. In early April, the army launched a "massive" joint offensive with troops from **Chad** and **Niger** against jihadists waging a decade-long insurgency in the region. At a local level, security conditions in Lagos and other populated city areas have deteriorated sharply as armed robberies have increased as a consequence of lockdown.

Planner

2023 (**Nigeria**) Presidential elections;

Chronology

19 Apr 2020 **Abuja (Nigeria)** *Reuters*. Major **Nigerian** oil union **Rivers State** suspends planned industrial action after 21 **Exxon Mobil** employees quarantined last week after their arrest for violating **coronavirus**-related movement restrictions were freed;

18 Apr 2020 **Abuja (Nigeria)** *Punch*. Presidential office announces chief of staff to leader **Muhammadu Buhari**, **Abba Kyari**, died after contracting **coronavirus**;

16 Apr 2020 **Brazzaville (Republic of Congo)** *WHO press release*. In just over two months since **COVID-19** was first detected in **Africa**, the disease has now spread to nearly every country, resulting in nearly 17,000 confirmed cases and around 900 deaths across the continent;

15 Apr 2020 **International Energy Agency (IEA)** *Reuters* The global energy body warns of a demand collapse of 29 million bpd and April oil demand fall to levels not seen for 25 years, which is unlikely to be offset by any cuts in global production.

13 Apr 2020 **Abuja (Nigeria)** *Al Jazeera* President **Muhammadu Buhari** announces a 14-day extension to a lockdown in **Lagos**, **Abuja** and **Ogun** states to combat the **coronavirus** pandemic; Nigeria has 323 confirmed cases and 10 confirmed deaths;

7 Apr 2020 **Abuja (Nigeria)** *Nairametrics*. **China Civil Engineering Construction Corporation** donates over one million masks and other medical supplies to **Nigeria**;

7 Apr 2020 **Abuja (Nigeria)** *Premium Times & BBC*. The **Economic and Financial Crimes Commission (EFCC)** charges government-appointed visa production company owner **Mahmood Ahmadu** with two counts of fraud and three counts of money laundering in **Nigeria** in relation to a different company, **Drexel Tech**.

2 Apr 2020 **Abuja (Nigeria)** *VOA*. Military launches a "massive" joint offensive with troops from **Chad** and **Niger** against **jihadists** waging a decade-long insurgency in the region;

1 Apr 2020 **Abuja (Nigeria)** *Cointelegraph*. Local start-up **Blockstale BTM** installs **Nigeria's** first, and **Africa's** 15th, **Bitcoin** ATM in capital **Lagos**, with plans to launch 30 more terminals across the country;

31 Mar 2020 **Borno State (Nigeria)** *AA*. Army spokesman **Sagir Musa** says Major-General **Olusegun Adeniyi** has been removed as the army commander of its counter-terrorism operations in north-east region, and is replaced by Major-General **Faruk Yahaya**;

25 Mar 2020 **Borno State (Nigeria) AA. Directorate of Nigerian Defence Media Operations** says forces killed about 200 **Boko Haram** militants during a clearance and consolidation operation in volatile **Borno State**;

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