

AFRICA RISK CONSULTING

Nigeria Monthly Briefing October 2023

Nigeria Summary 30 October 2023

The Supreme Court of Nigeria (SCN) on 26 October dismisses an application by two opposition leaders to declare President Bola Tinubu's (2023-present) February election victory illegal. The naira plunges to a record low of 1,200 naira to the United States dollar in the unofficial exchange market on 23 October. Finance minister Wale Edun on 23 October says that Nigeria expects to receive at least \$10 billion in the coming few weeks to help the country ease a liquidity crunch weighing heavily on the naira. The government on 17 October starts distributing \$1.5 billion in cash to 15 million households vulnerable to rising fuel and food prices after annual inflation quickens to 26.7%. The Nigeria Labour Congress (NLC) and the Trade Union Congress (TUC) on 3 October declare a temporary halt to a planned strike against the government. Forecasts made by the IMF indicate that South Africa will briefly overtake Nigeria as Africa's largest economy in 2024.

Supreme Court confirms Tinubu's electoral victory...

The **Supreme Court of Nigeria (SCN)** on 26 October dismissed an application by two opposition leaders to declare President **Bola Tinubu's** (2023-present) February election victory illegal, bringing to a close an eight-month legal battle to overturn the election results.¹ The SCN in its verdict delivered by a panel of seven judges in **Abuja**, agreed with Tinubu's legal team that the opposition parties' case was "*devoid of merits*".²³ The ruling is final and continues a trend in which several presidential elections have been challenged but never overturned by the top court.⁴ The case was brought before the SCN by the former vice president and opposition **Peoples Democratic Party (PDP)** candidate **Atiku Abubakar** and the **Labour Party's Peter Obi**. The main opposition party, the PDP said that it was "*alarmed and disappointed*" by the SCN verdict, however, Tinubu welcomed it:

"We are all members of one household, and this moment demands that we continue to work and build our country together".⁵

The SCN decision came days after Abubakar on 22 October accused Tinubu of forging his academic results.⁶ Abubakar's spokesmen, **Paul Ibe** and **Frank Shuaibu** stated that Tinubu's aides have attempted to divert attention from the president's certificate narrative by creating a parallel account about Abubakar's public life and qualification. Abubakar previously addressed a press conference on 5 October where he challenged the president's academic results.⁷ He also accused him of falsifying his credentials. He also accused him of falsifying his credentials. While addressing the press, Abubakar said:

"Today, we are called upon again as a people to uphold and defend the ground rules of elective government in our country. The constitution prescribes the requirements for those who seek the highest elective office in the land".

¹ Business Live, 26 Oct 2023; Supreme Court of Nigeria, 26 Oct 2023

² Supreme Court of Nigeria, 26 Oct 2023

³ Business Live, 26 Oct 2023

⁴ Al Jazeera, 1 Mar 2023

⁵ Reuters, 26 Oct 2023

⁶ News Diary Online, 22 October 2023

⁷ The Cable NG, 5 October 2023

As controversies around Tinubu's qualification raged on, the **Chicago State University**, on 2 October, released his academic records, after an order from the **United States (US)** district court.⁸ Abubakar's lawyer, **Kalu Kalu**, said that the documents released by the university showed that Tinubu's certificate was a forgery.⁹ Specifically, Kalu stated that the documents showed that Tinubu forged the certificate of an American citizen. He indicated that Tinubu's certificate also has other inconsistencies, such as a different date of birth and a different name.

The **Independent National Electoral Commission (INEC)** announced on 1 March that Tinubu, the former governor of **Lagos** and the ruling **All Progressives Congress (APC)** flagbearer, was the winner of the presidential elections with 37% (see *ARC Briefing Nigeria Mar 2023*).¹⁰ His main competitors, Abubakar, garnered 29% and Obi, 25%.¹¹ The INEC declared Tinubu as president-elect but Abubakar and Obi both challenged the result, citing that the election was rigged. Both local and international observers also questioned the credibility of the contest and in June, the **European Union (EU)** reported that the February election was conducted in a way that undermined public trust in democracy because the INEC "*did not ensure a well-run, transparent and inclusive democratic process.*"¹²

The electoral court's affirmation of Tinubu's electoral victory has given him a clear mandate to rule and will undoubtedly strengthen his capacity to push through the bold reforms he has initiated since he assumed office on 29 May.¹³ However, it has shaken confidence in the political system in the eyes of millions of Nigerians, particularly disillusioned youth who supported Obi in huge numbers. This sentiment was captured by the PDP which also said that the SCN:

"Has evidently shaken the confidence of Nigerians in the judiciary, especially the Supreme Court as the last hope of the common man".¹⁴

A local source told **Africa Risk Consulting Briefing (ARC Briefing)** that many Nigerians believe that the SCN has "*sold out*" by protecting Tinubu, "*a criminal with an impending FBI criminal record disclosure*".¹⁵

Naira continues to lose value on the international market ...

The naira experienced significant depreciation on 23 October, plunging to a record low of 1,200 naira to the US dollar in the unofficial exchange market.¹⁶ This decline marked a continuation of the currency's devaluation, which began in 2012 when it was initially pegged at 163 naira to the US dollar.¹⁷ The naira's continuous downward spiral has been exacerbated by the removal of currency restrictions on unofficial market trading, a decline in the demand for naira and an increasing exodus of Nigerians from the country which has created higher demands for foreign currencies.

Finance minister **Wale Edun**, while speaking at the **Nigerian Economic Summit** in Abuja on 23 October, said that Nigeria expects to receive at least \$10 billion in the coming few weeks to help ease a liquidity crunch weighing heavily on the naira.¹⁸ Edun added that the government has a "*line of sight*" on the inflow of foreign exchange and it will arrive "*in weeks rather than months*".¹⁹ He also admitted that the local market is "*illiquid*" and "*not functioning properly*" due to a lack of supply of foreign exchange.²⁰ Besides revealing that liquidity could come from state-owned oil crude sales and foreign investment companies willing to invest in Nigeria, Edun did not disclose further details

⁸ Prime Times, 5 October 2023

⁹ Daily Trust, 5 October 2023

¹⁰ Independent National Electoral Commission, 1 Mar 2023

¹¹ Independent National Electoral Commission, 1 Mar 2023

¹² Bloomberg, 7 Sep 2023

¹³ Premium Times Nigeria, 7 Sep 2023

¹⁴ Reuters, 26 Oct 2023

¹⁵ ARC Source, Local Resident

¹⁶ Vanguard Nigeria, 19 October 2023

¹⁷ Exchange Rates Org UK, 19 October 2012

¹⁸ Vanguard, 24 Oct 2023

¹⁹ Vanguard, 24 Oct 2023; Reuters, 24 Oct 2023

²⁰ Bloomberg, 23 Oct 2023

Nigeria has been struggling to manage chronic dollar shortages after several foreign investors exited local assets during a period of low oil prices.²¹ Investors are yet to return and the CBN is yet to settle outstanding requests for dollars from foreign investors seeking to repatriate funds or airlines expecting to send money abroad from ticket sales.²² As a consequence, several businesses and individuals have turned to the parallel or black market, where the naira has reached successive record lows, widening the gap with the official rate.²³ To remove the restrictions on unofficial market trading and unify both exchange rates, **Central Bank of Nigeria (CBN)** governor **Olayemi Cardoso**, also indicated the following:

“The bank will have to clear the foreign exchange backlog irrespective of the amount.”²⁴

He also affirmed that the CBN team will “*employ operational and system-related measures to address the foreign exchange issues*”.²⁵ So far, the CBN has introduced a series of initiatives aimed at bolstering financial liquidity. Notably, they have also lifted an eight-year ban on certain market items which were initially prohibited from being imported into Nigeria. These measures have evoked mixed reactions in Nigeria while the devaluation has raised concerns about mounting inflation and the overall economic stability of the country (see below). The increased cost of imports due to a weaker naira is likely to exacerbate the already challenging economic conditions faced by many Nigerians, potentially leading to social unrest and protests. However, the CBN’s effort to attract foreign currency inflow through remittances and non-resident deposits is seen as a positive step toward shoring up the country’s foreign exchange reserves.

These measures hold the potential to stabilise the naira and curb its free fall, thereby preventing a complete economic meltdown but the macroeconomy and financial situation remain fluid, and the effectiveness of these measures in stabilising the currency and the broader economy is yet to be determined. It is forecasted that the government and CBN will closely monitor and adjust their policies as necessary to address the evolving economic challenges facing the country. If the naira continues to witness a downward spiral, labour unions and other stakeholders in Nigeria may call on the authorities to address the crisis and may also call for mass action against the government.

...and inflation hits 18-year high as government hands \$1.5 billion to households

The government on 17 October started distributing about \$1.5 billion in cash to 15 million households vulnerable to rising fuel and food prices after annual inflation reached an 18-year high of 26.7%, as confirmed by the **National Bureau of Statistics (NBS)** on 16 October. A combined 61 million Nigerians are expected to benefit from the cash transfer. Edun said at a briefing in Abuja on 17 October that starting in October, each of the households will receive 25,000 naira (\$32.70) over three months.²⁶ Humanitarian affairs and poverty alleviation minister **Betta Edu** said on 17 October the monthly issuance of funds will help boost economic activities for vulnerable households, assist them with providing food for their families and guarantee that children have access to basic education.²⁷

In addition to the \$1.5 billion, Tinubu also announced a 500 billion naira (\$655m) plan on 31 July aimed at softening the impact of his administration’s reforms to end gasoline subsidies (*see ARC Briefing Nigeria Aug 2023*).²⁸ Tinubu said the package is geared towards easing transportation costs, improving food supply and boosting manufacturing and will also provide conditional grants to more than a million small businesses in the country.²⁹

NBS data from 16 October shows that in addition to increased annual inflation, prices rose by 2.1% in September. Annual food inflation accelerated to 30.6% in September from 29% in August and core

²¹ Vanguard, 24 Oct 2023; Reuters, 24 Oct 2023

²² Reuters, 24 Oct 2023

²³ Reuters, 24 Oct 2023

²⁴ Business Day, 26 September 2023

²⁵ Business Day, 26 September 2023

²⁶ New African Channel, 21 Oct 2023

²⁷ Bloomberg, 17 Oct 2023

²⁸ Premium Times Nigeria, 1 Aug 2023

²⁹ The Guardian News Nigeria, 1 Aug 2023

price growth, which excludes energy costs and farm-produce, quickened to 21.8% from 21%.³⁰ Prices have remained elevated since the government eliminated a decades-old fuel subsidy in May in addition to the rapid devaluation of the naira against the **United States (US)** dollar on both the official and parallel markets, in part due to dollar shortages. Tinubu's policies have helped the government save \$10 billion it spent last year capping fuel prices but has resulted in a rise in prices for most goods including basics such as bread to transport fares in a country that is home to the largest number of people living in poverty in Africa.³¹

The **International Monetary Fund (IMF)** also said on 16 October that Nigerian authorities should "*urgently tighten monetary policy*" by hiking the policy rate and initiate steps to ensure that the markets "*maintain full confidence*" in the CBN.³² The global financial body also said that more clarity on CBN dollar obligations will benefit market confidence.³³ The MPC has increased interest rates by 725 basis points since May 2022 to 18.75% to tame an inflation rate that for more than a year has been more than double the CBN's target band of between 6% and 9% (*see ARC Briefing Nigeria July 2023*). The MPC is yet to announce when it will hold its next meeting however, it is widely expected to hike interest rates for an unprecedented ninth time in a row in a bid to contain inflation, aid the naira and assert its credibility.

Labour unions suspend countrywide strike action by one month

The **Nigeria Labour Congress (NLC)** and the **Trade Union Congress (TUC)** on 3 October declared a temporary halt to a planned strike against the government. NCL and TUC are both associations of Nigerian workers employed by the government. The suspension is set to last for a month, as announced by the unions. The decision to suspend the strike came after an emergency meeting of the union's leadership led by NLC president **Joe Ajaero**, and TUC president **Festus Osifo**, with Nigerian government representatives led by the president's chief of staff **Femi Gbajabamila**, and the **Nigerian Governors Forum, Abdulrazak Abdulrahman**, on 2 October.

After the meeting ended, both parties signed a memorandum of understanding (MoU) and promised to grant the government a chance to implement the unions' demands.³⁴ The strike action was initially called in September 2023, due to the government's removal of fuel subsidies which led to a sharp increase in fuel prices across the country, deteriorating socio-economic conditions, and the government's refusal to meet the unions' initial seven-point demands.³⁵ The **Nigeria Union of Petroleum and Natural Gas Workers (NUPENG)**, one of Nigeria's main oil and gas unions, had also asked its members to join the action.

The MoU agreed upon outlined the following:

- An approval of the wage award of NGN 35,000 (\$43) to all federal government workers from September 2023, until when a new national minimum wage is signed into law;
- A minimum wage committee will also be inaugurated within a month from the date of the agreement;
- The suspension of Value Added Tax (VAT) on diesel for six months, starting from October 2023;
- The implementation of various tax incentive measures for the private sector and the public, including tax rebates, tax holidays and tax exemptions for certain categories of businesses and individuals;
- The payment of NGN25,000 (\$31) per month for three months to 15 million households, including vulnerable pensioners, as part of the social intervention programme of the government to cushion the effects of the economic hardship.³⁶

³⁰ National Bureau of Statistics, 16 Oct 2023

³¹ Bloomberg, 17 Oct 2023

³² Punch, 16 Oct 2023

³³ Punch, 16 Oct 2023

³⁴ EONS Intelligence, 3 October 2023

³⁵ Platinum Post, 2 October 2023

³⁶ Platinum Post, 2 October 2023

The MoU will be filed with a relevant court of competent jurisdiction in Nigeria. The agreement indicates a possibility of temporary relief from the ongoing economic challenges in the immediate term but corruption within Nigeria's federal structure and declining government resources present potential obstacles that could disrupt the agreements and rekindle the threat of labour unions initiating strike actions.

South Africa to dethrone Nigeria as Africa's largest economy in 2024...

IMF forecasts indicate that **South Africa** will briefly overtake Nigeria as Africa's largest economy in 2024.³⁷ The IMF's **World Economic Outlook** published on 13 October shows that South Africa's gross domestic product (GDP) will reach \$401 billion based on current prices in 2024, compared to Nigeria's \$395 billion and **Egypt's** \$358 billion.³⁸ However, South Africa, which is Africa's most industrialised economy, is only projected to keep the top spot for a year before it once again drops behind Nigeria and then to third place behind Egypt in 2026.³⁹ South Africa's reemergence as Africa's largest economy in 2024 is primarily due to the shrinking of Nigeria and Egypt's GDP in dollar terms, following sharp currency devaluations.⁴⁰ African economist **Yvonne Mhango** told US media house **Bloomberg** on 17 October that the long-term trajectory suggests that Nigeria and Egypt will reclaim their top spots, with Nigeria "*taking a strong lead*".⁴¹ However, Mhango noted that for Nigeria to realise the IMF's projected GDP expansion issues need to be addressed:

"Oil output must be restored to its potential; insecurity needs tackled; and the bottlenecks in the power sector addressed".⁴²

While Nigeria's economy has eclipsed South Africa's since 2018, the country has faced significant issues. Nigeria had been plagued by a major decrease in oil production, struggling with runaway inflation and experiencing a plunge in the value of the naira. Following his inauguration on 29 May, Tinubu acted boldly and swiftly to implement key reforms that he promised to enact on the campaign trail such as overhauling the country's exchange rate policies which effectively devalued the naira, eliminating costly fuel subsidies and removing restrictions on dollar deposits at local banks.⁴³ However, the ambitious measures have caused initial instability and economic pressure on average Nigerians but are expected to increasingly pay dividends in the long term.

The IMF on 10 October, during its annual meeting with the **World Bank in Marrakech (Morocco)**, also praised the reforms implemented by Tinubu.⁴⁴ The division chief in the IMF's research department, **Daniel Leigh**, told reporters that the government's reforms should in the long term lead to "*stronger and more inclusive growth*".⁴⁵ The IMF's statements are a major seal of approval for Tinubu but they mean little to average Nigerians who are currently facing severe economic pressures, particularly since inflation is expected to remain high in the medium to long term. The tough economic conditions have led to social unrest domestically with the opposition party **Nigerian Labour Congress (NLC)** calling Tinubu's policies "*anti-poor*".⁴⁶

³⁷ International Monetary Fund, 13 Oct 2023

³⁸ International Monetary Fund, 13 Oct 2023

³⁹ International Monetary Fund, 13 Oct 2023

⁴⁰ Bloomberg, 17 Oct 2023

⁴¹ Bloomberg, 17 Oct 2023

⁴² Bloomberg, 17 Oct 2023

⁴³ Reuters, 16 Jun 2023; Bloomberg, 19 Jun 2023

⁴⁴ International Monetary Fund, 10 Oct 2023

⁴⁵ International Monetary Fund, 10 Oct 2023

⁴⁶ Bloomberg, 31 Jul 2023

Planner

Nov 2023 **Abuja (Nigeria)** **Central Bank of Nigeria's Monetary Policy Committee** meets;

Nov 2023 **Lagos (Nigeria)** 2023 Nigeria Economic Forum;

Nov 2023 **Lagos (Nigeria)** AgroNigeria trade show and conference focused on the agricultural sector;

Nov 2023 **Lagos (Nigeria)** **Nigeria Oil and Gas Expo**

Chronology

29 Oct 2023 **Abuja (Nigeria)** *Reuters*. German chancellor **Olaf Scholz** meets with President **Bola Tinubu** to discuss trade and investment opportunities. Scholz further states that Germany is eager to invest in Nigeria's gas and critical mines;

25 Oct 2023 **Abuja (Nigeria)** *Investing*. Africa's largest wireless carrier, **MTN Group**, says it is reviewing a demand by a Nigerian tribunal for unpaid taxes of \$72.5m;

24 Oct 2023 **Abuja (Nigeria)** *World Oil*. Petroleum minister **Heineken Lokpobiri** says the government plans to cancel most of the permits granted to marginal oil field operators in 2021 that remain non-operational;

24 Oct 2023 **Abuja (Nigeria)** *The Star*. The head of Nigeria's budget office **Ben Akabueze** says that the government plans to raise 9 trillion naira (\$11.1 billion) of debt to help fund next year's budget;

23 Oct 2023 **London (United Kingdom)** *Vanguard News*. **London (United Kingdom)** high court rules that the arbitration award over a failed gas deal handed to UK-based **Process & Industrial Development Ltd** was won fraudulently, meaning Nigeria will not have to pay out \$11 billion;

22 Oct 2023 **Abuja (Nigeria)** *Bloomberg*. Lawmakers propose changes to the electoral law to improve transparency after questions were raised about this year's elections.

20 Oct 2023 **Abuja (Nigeria)** *Trend Flow*. Nigeria is turning to a fleet of tiny river-going tankers to boost its oil production because one of its key oil pipelines has been broken for months.

18 Oct 2023 **Abuja (Nigeria)** *Bloomberg*. The naira currency slips almost 5% against the **United States (US)** dollar on the parallel market after its sudden slump in the official market prompted residents to seek the safety of the greenback;

16 Oct 2023 **Abuja (Nigeria)** *Central Bank of Nigeria*. The **Central Bank of Nigeria (CBN)** says that it has scrapped restrictions put in place eight years ago to manage demand for dollars;

16 Oct 2023 **Abuja (Nigeria)** *Finance Ministry*. Finance minister **Wale Edun** informs reporters that the cabinet has approved a plan for the government to request a \$1.5 billion loan from the **World Bank**, as it implements a series of economic reforms to accelerate economic growth and support the more than 40% of its 200 million people who live in poverty;

16 Oct 2023 **Abuja (Nigeria)** *Reuters*. Budget and national planning minister **Atiku Bagudu** says that President **Bola Tinubu** plans to ramp up spending by almost a fifth in his first budget since he was inaugurated in May to boost economic growth. Tinubu is banking on a 26 trillion naira (\$34 billion) spending plan to help raise growth to 3.76% in 2024;

6 Oct 2023 **Abuja (Nigeria)** *Punch*. The Nigerian arm of **United Kingdom** multinational alcoholic beverage company **Diageo Plc** will stop importing some spirits such as **Johnnie Walker** whiskey next year to help reduce its foreign exchange needs and the impact of a volatile currency on its business;

4 Oct 2023 **New York (United States)** *Fitch Ratings*. **United States (US)** rating house **Fitch Ratings** says a widening gap between the official and parallel market exchange rates of the

naira indicates the government's lack of capacity to stabilise the currency and the likelihood it may depreciate further;

2 Oct 2023 **Abuja (Nigeria)** *Jumia*. **United States-based Space Exploration Technologies Corp.** says it will partner with Nigeria-founded e-commerce firm **Jumia Technologies AG** to expand its satellite broadband services in **Africa**;

1 Oct 2023 **Abuja (Nigeria)** *Channels Television*. Nigeria announces a temporary wage increase among a set of measures aimed at cushioning the impact of reforms on citizens and averting a strike scheduled to start on 2 October;

28 Sep 2023 **Abuja (Nigeria)** *Bloomberg*. Nigeria reportedly plans to overhaul its tax system to shift more of the burden to wealthy citizens while cutting corporate taxes.

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