

## AFRICA RISK CONSULTING

### Nigeria Monthly Briefing February 2020

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#### Nigeria Summary 17 February 2020

*The Supreme Court of Nigeria overturns the initial victory of the ruling All Progressives Congress (APC) in the 2019 gubernatorial elections of oil-rich Bayelsa State, awarding victory to the opposition People's Democratic Party (PDP). Junior petroleum minister Timipre Sylva assures industry executives that the protracted reforms to the legislation governing Nigeria's oil and gas industry – the Petroleum Industries Governance Bill (PIGB) – are finally set to be passed. Boko Haram Islamists kill at least 30 people, abduct many women and children, and loot and burn cars and other property in Auno (Borno State) during a night raid. Following the initiative of the six South-West Zone governors to launch the Western Nigeria Security Network (Operation Amotekun), the five South-East zone governors are set to launch their own security network in response to federal government's inability to address the insecurity in the country. The World Health Organisation (WHO) warns that Nigeria and 12 other African countries face a high risk of the coronavirus disease spreading to them because of their close links with China.*

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#### Supreme Court overturns further election results ...

The **Supreme Court of Nigeria** has waded into the dispute over last year's gubernatorial election of oil-rich **Bayelsa State**. The supreme court on 13 February voided the results of the 16 November governorship polls in Bayelsa State, which saw the election of the federal ruling **All Progressives Congress (APC)** candidate, **David Lyon**, as the state governor.<sup>1</sup> The tribunal disqualified Lyon on the grounds that his running mate, **Biobarakuma Degi-Eremienyo**, presented fraudulent information about his educational qualifications in his credentials to the **Independent National Electoral Commission (INEC)**.<sup>2</sup> The federal opposition **People's Democratic Party (PDP)** candidate, **Douye Diri**, who initially placed second, has been declared the winner.

APC chairman **Adams Oshiomhole** has demanded fresh elections in a letter addressed to INEC chairman **Mahmood Yakubu**:

*"We are aware that Section 179(1)(b) of the 1999 Constitution of the Federal Republic of Nigeria mandatorily requires a candidate for an election to the office of governor of a state to have not less than one quarter of the votes cast at the election in each of at least two thirds of all the local government areas in the state before the candidate can be deemed to have been duly elected as the governor of the state. This mandatory requirement was affirmed by the Supreme Court in the judgment under reference."<sup>3</sup>*

Oshiomhole asserts that Diri also failed to meet the mandatory requirements to become governor, claiming that he did not win a quarter of the votes cast in up to six of the state's eight local government areas. However, INEC, through voter education and publicity director **Oluwale Osaze-Uzzi**, refutes this assertion. PDP spokesperson **Kola Ologbondiyan** has accused the APC of being "sore losers" and attempting to cause a crisis in the state, saying:

*"If you look at **Edo State**, where their chairman [Oshiomhole] comes from, the state is permanently in a crisis; houses are being burnt, people are being killed and that is what the leadership of the APC led by Oshiomhole wants to extend to the entire region of the south and the*

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<sup>1</sup> This Day, 14 Feb 2020.

<sup>2</sup> This Day, 14 Feb 2020.

<sup>3</sup> Punch NG, 17 Feb 2020.

nation as well. We call on President **[Muhammadu] Buhari** [2015-present] to caution Oshiomhole or the **IGP [Inspector-General of Police]** should arrest him as we have demanded and question him on why he wants to throw Nigeria into turmoil.”<sup>4</sup>

The INEC has presented Diri with his **Certificate of Return** and he was sworn in as lawful governor on 14 February.<sup>5</sup>

### Petroleum sector reforms finally set to happen ...

Oil industry operators maintain that President Buhari’s pledge to reform the petroleum sector is going the way of his anti-corruption credentials. As he also serves as the country’s petroleum minister, the responsibility for the continued rot in the industry lies firmly at his door.<sup>6</sup> However, junior petroleum minister **Timipre Sylva** has assured sector players that the revised law governing virtually all terms of Nigeria’s oil and gas industry – the **Petroleum Industries Governance Bill (PIGB)** – will be presented to parliament for debate by 21 February. The law covers the process from the allocation of exploration licences to payment of royalties and rents to the government. The draft legislation is divided into two sections, the first covering fiscal terms and the second the percentage that the oil-producing communities receive directly.<sup>7</sup>

Industry executives will be relieved if the PIGB passes and receives assent. The reform bill has stalled for nearly two decades, and private companies are exasperated with the resulting fiscal uncertainty. Industry executives claim tax and regulatory uncertainty scupper investments. **United States**-based oil companies **Chevron** and **ExxonMobil** are shedding their assets in Nigeria; **France**-based oil giant **Total** is considering selling its stake in the **Bonga** offshore field, and **Netherlands**-headquartered **Royal Dutch Shell** is delaying its decision to invest in the **Bonga Southwest** expansion.<sup>8</sup> These are both highly profitable fields, so the willingness of these companies to stall or divest is significant. Total chief executive **Patrick Pouyanne** said:

*“My message [to President Buhari]... was ... please lift the uncertainty, because today operators in Nigeria are waiting, which is not good for the Nigerian economy. It is not good for investments in the country, so we are waiting.”<sup>9</sup>*

Africa’s largest oil exporting nation has not carried out a full revamp of the law underpinning its oil and gas sector since the 1960s. Piecemeal tax hikes, and a growing lack of certainty around terms, have made companies wary. This is something the country cannot afford, especially with the lower oil prices and increasing competition from other oil producers willing to be more accommodating to investors. Oil reform two decades in the making is urgently needed to secure investment for Nigeria’s energy sector. It appeared in January 2018 that the country had finally broken the 17-year gridlock on reforming and modernising its petroleum industry. For the first time, both chambers of the country’s parliament passed the same version of the bill. Unfortunately, President Buhari withheld assent later in 2018, publicly citing vague constitutional and legal reasons. His aide, **Ita Enang**, admitted that the publicly-revealed reasons were “*very limited*” compared to the “*rationale communicated to the legislature*”.<sup>10</sup>

### Insecurity continues to terrorise the country...

Insecurity continues to plague **North-East** Nigeria, where a decade-long Islamist insurgency has killed over 36,000 people and displaced almost two million from their homes. Suspected **Boko Haram Islamists** killed at least 30 people, abducted many women and children, and looted and burned cars and other property in **Borno State** during a night raid on 9 February. The attack comes after the chief

<sup>4</sup> Punch NG, 17 Feb 2020

<sup>5</sup> Punch NG, 17 Feb 2020.

<sup>6</sup> Source, Nigeria analyst

<sup>7</sup> Reuters, 14 Feb 2020

<sup>8</sup> Reuters, 14 Feb 2020.

<sup>9</sup> Reuters, 1 Feb 2020, 14 Feb 2020

<sup>10</sup> Premium Times, 18 August 2018.

of army staff General **Tukur Buratai** tried to play down the recent Boko Haram activity as “*the kicks of a dying horse gasping for the last breath*”.<sup>11</sup>

Borno State government spokesman **Ahmad Abdurrahman Bundi** said the village of **Auno** was the target. It is located 25 kilometres west of the Borno State capital of **Maiduguri**, on a major 124-kilometre road linking the city and **Damaturu**, the capital city of **Yobe State**. It is a popular service spot for travellers, and it is alleged that the group was aiming for travellers resting for the night. The suspected jihadists arrived in trucks mounted with heavy weapons, killing, burning and looting, and kidnapping women and children, before withdrawing. A civilian militia member, **Babakura Kolo**, said that “[*many*] of the drivers and their assistants who were sleeping the vehicles were burnt alive”.<sup>12</sup> Auno has suffered suspected Islamist attacks before. In January, an attack killed four Nigerian soldiers and injured seven others who were based there.<sup>13</sup>

The deteriorating security situation is pressuring state governments to come up with solutions. There is popular clamour for community policing. At a meeting in the **South-Eastern** city of **Enugu** earlier this month, the five governors of the South-East zone revealed their plans to launch a joint regional security outfit to work with the federal security agencies – the **Nigeria Police Force (NPF)** and the **Nigeria Security and Civil Defence Corps (NSCDC)** – among others. This is along the lines of the **Western Nigeria Security Network (Operation Amotekun)**<sup>14</sup> that is set to commence in the **South-West** zone later this year.

The chairman of the **South-East Governors Forum**, governor **Dave Umahi** of **Ebonyi State**, disclosed that their state **Houses of Assembly** are close to passing laws to enable the security outfit. He added that the federal government was aware of, and would be involved in the zone’s plans.

According to Nigeria’s constitution, security is a federal responsibility and there is a fear that regional or state security outfits could possibly be used as political militias. However, the federal agencies like the NPF and the NSCDC lack the confidence of the public.

### ... as Nigeria readies itself to deal with a possible coronavirus threat ...

A **World Health Organisation (WHO)** statement on 31 January identifies Nigeria and twelve other **African** countries as being at high-risk of the spread of the **coronavirus** disease, due to their direct links or their high volume of travel to **China**. The WHO is helping to build the capacity of the continent to rapidly detect the novel coronavirus in the hope that this will prevent an outbreak at source that could potentially overwhelm the health systems of these countries. WHO regional director for Africa Dr **Matshidiso Moeti**, says that to mitigate the risk and increase diagnostic capacity, the WHO is shipping reagent kits to more than 20 countries:

*“Active screening at airports has been established in a majority of these countries and while they will be WHO first areas of focus, the organization will support all countries in the region in their preparation efforts.”<sup>15</sup>*

President Buhari has also assembled a **Coronavirus Inter-Ministerial Multisectoral Preparedness and Response Team** to create a government action plan to prevent the virus spreading to the country.<sup>16</sup> Federal health minister **Osagie Ehanire** and information minister **Lai Mohammed** attended the team’s first meeting, while other ministers including the interior, police affairs, foreign affairs, agriculture, transport, aviation, finance, and the FCT, were represented. Besides the WHO and the **United States Agency for International Development (USAID)**, the health commissioners of **Lagos, Kano, Enugu and Rivers** states also attended – owing to the fact that these four states have

<sup>11</sup> The Cable, 20 Jan 2020.

<sup>12</sup> Punch NG, 10 Feb 2020.

<sup>13</sup> Aljazeera, 10 Feb 2020.

<sup>14</sup> Punch NG, 1 Jan 2020.

<sup>15</sup> WHO News Release, 31 Jan 2020

<sup>16</sup> Federal Ministry of Information and Culture, 3 Feb 2020.

international airports. Ehanire said the delegates “addressed all the strengths and weaknesses in the system”.<sup>17</sup> President Buhari also approved NGN71m (\$195,000) to **Port Health Services** for surveillance and screening facilities and expertise at the country’s ports of entry.

The federal government has released a statement advising Nigerians not to travel to China, and directing all those returning to Nigeria from China to self-quarantine for two weeks.

### Corrections to ARC Briefing Nigeria January 2020, with apologies for any inconvenience:

1. We stated: “Academics use the commemoration of Nigeria’s brutal secessionist war (1967-1970) to raise concerns that power has retreated to the northern **Kaduna** elite.”  
We intended to say: “Academics use the commemoration of Nigeria’s brutal secessionist war (1967-1970) to raise concerns that power has retreated to the northern elite.”
2. We identified the **All Progressives Congress (APC)** in error as **All People’s Congress**.
3. We wrote: “Chief justice **Ibrahim Tanko Muhammad** publicly distances himself from allegations of financial extortion made **by Kaduna State** senator **Shehu Sani**.”  
It should read “Chief justice **Ibrahim Tanko Muhammad** publicly distances himself from allegations of financial extortion made **against Kaduna State** senator **Shehu Sani**.”

### Planner

24 -28 Feb 2020 **Lagos (Nigeria)** Social Media Week Lagos 2020;  
25-27 Feb 2020 **Lagos (Nigeria)** 4th Sub Saharan Africa International Exhibition & Conference;  
29 Jun – 2 Jul 2020 **Abuja (Nigeria)** Nigeria Oil & Gas Conference & Exhibition;  
2023 **(Nigeria)** Presidential elections;

### Chronology

17 Feb 2020 **Abuja (Nigeria)** *Business Post*. **Central Bank of Nigeria (CBN)** partners with the **Ministry of Niger Delta Affairs** to provide single-digit loans and index insurance to farmers in the **Niger-Delta** region;

14 Feb 2020 **Abuja (Nigeria)** *Reuters*. Junior petroleum minister **Timipre Sylva** assures industry executives that legislative reforms pertaining to Nigeria’s oil and gas industry – the **Petroleum Industries Governance Bill (PIGB)** – are finally set to happen;

14 Feb 2020 **Abuja (Nigeria)** *Guardian (Nigeria)*. **Amnesty International** accuses the **Nigerian** military of razing villages and forcibly displacing hundreds of local people of the **North-East** in its struggle against **Islamist insurgents**;

14 Feb 2020 **Abuja (Nigeria)** *ThisDay*. **Supreme Court** overturns the initial victory of the ruling **All Progressives Congress (APC)** in the 2019 gubernatorial elections of oil-rich **Bayelsa State**, awarding victory to the **People’s Democratic Party (PDP)** candidate, **Douye Diri**;

13 Feb 2020 **Abuja (Nigeria)** *Independent (Nigeria)*. President **Muhammadu Buhari** is to consider a **Eurobond** sale of between \$2.8 billion and \$3 billion to help partially fund its **2020 Budget**;

13 Feb 2020 **Lagos (Nigeria)** *Inside Business*. **Italian** oil major **Eni** closes an oil pipeline feeding Nigeria’s **Brass** oil export terminal, due to a pipeline explosion caused by vandalism;

<sup>17</sup> Punch NG, 1 Feb 2020

13 Feb 2020 **Abuja (Nigeria)** *Business Post*. The **Central Bank of Nigeria (CBN)** offers five-year naira-futures contracts for first time, priced at NGN379.81 to USD1;

12 Feb 2020 **Maiduguri (Nigeria)** *Daily Trust*. Residents of **Maiduguri, Borno State** boo President **Muhammadu Buhari** during his sympathy visit in aftermath of **Boko Haram** attack;

10 Feb 2020 **Enugu (Nigeria)** *Vanguard*. The five **South-East** governors are set to launch their own joint security network in response to the federal government's inability to address the insecurity in the region.

10 Feb 2020 **Maiduguri (Nigeria)** *Punch*. Suspected **Boko Haram Islamists** kill at least 30 people and abduct many women and children during a night raid of the village of **Auno, Borno State** on 9 February.

10 Feb 2020 **Abuja (Nigeria)** *Premium Times*. Burkina Faso's President **Roch Marc Christian Kaboré** is set to chair an **Economic Community of West African States (ECOWAS)** committee investigating row over Nigeria's land border closure;

6 Feb 2020 **Abuja (Nigeria)** *Independent (Nigeria)*. Mines minister **Olamilekan Adegbite** expects the mining sector to grow "exponentially" from 0.3% to 3% of the country's GDP within five years, as the government seeks to diversify the economy away from oil;

5 Feb 2020 **Lagos (Nigeria)** *Financial Post*. **Customs officers** find \$8m in cash on a bus hidden in six plastic bags on a bus at the **Murtala Muhammed International Airport (MMIA)**, Lagos;

5 Feb 2020 **Abuja (Nigeria)** *Independent (Nigeria)*. **Italian** prosecutors' case against **Eni** and **Shell** in one of the biggest ever oil industry graft cases suffers a setback, due to a witness backtracking on a key statement against the oil giants;

4 Feb 2020 **Abuja (Nigeria)** *Fintech*. The **Nigerian** government signs deal with the **United States** and the **British Crown** dependency of **Jersey** to repatriate over \$300m of recovered looted funds to Nigeria;

4 Feb 2020 **Abuja (Nigeria)** *Today News Africa*. Foreign minister **Geoffrey Onyeama** assures Nigerians that the government is working to get **United States** visa restrictions lifted;

3 Feb 2020 **Lagos (Nigeria)** *The Africa Report*. Lagos-based economist **Oluwatosin Ajani** warns that the **Lagos State** government's decision to ban motorbike taxis will impact the country's standing on the ease of doing business index;

3 Feb 2020 **Lagos (Nigeria)** *Reuters*. Nigerian stocks decline by 1.08%, a three-week low as investors sell off shares due to concerns about potential restrictions to the country's economic growth;

1 Feb 2020 **Lagos (Nigeria)** *Guardian (Nigeria)*. Lagos motorcycle taxi drivers mostly of companies like **Gokada** and **Max.ng**, protest against the ban on their operations by the **Lagos State** government;

1 Feb 2020 **Kaduna (Nigeria)** *Vanguard*. Kaduna State health commissioner **Amina Mohammed-Balon** confirms a second case of lassa fever in the state, a 34-year old man from **Kajuru Local Government Area**.

1 Feb 2020 **Abuja (Nigeria)** *Punch*. The **World Health Organisation (WHO)** identifies **Nigeria** and 12 other **African** nations as high-risk countries for the spread of the **coronavirus**;

31 Jan 2020 **Abuja (Nigeria)** *ThisDay*. Information minister **Lai Mohammed** says the government issues a public health travel advisory to help Nigerians who still wish to visit **China** during the present coronavirus public health emergency;

31 Jan 2020 **Abuja (Nigeria)** *Inside Business*. The **Federal High Court, Abuja** issues an arrest warrant for former oil minister **Dan Etete** in connection with the **OPL 245** \$1.3 billion oil graft

case;

30 Jan 2020 **Abuja (Nigeria) Vanguard**. Telecoms firm **MTN** CEO **Rob Shuter** says the company is to invest \$1.6 billion in expanding its operations in Nigeria after settling major tax dispute with the authorities in its most profitable market;

30 Jan 2020 **Lagos (Nigeria) Energy Mix Report**. Nigerian oil and gas giant **Aiteo** has repaired the **Nembe Creek Trunk Line** that transports **Bonny Light Crude** to the export terminal;

28 Jan 2020 **Lagos (Nigeria) Punch**. **Nigeria Liquefied Natural Gas (NLNG)** company signs a deal with **Italian** oil and gas giant **Eni** to supply 1.5 million tonnes of LNG per annum for ten years;

### About Africa Risk Consulting:

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