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The government denies that President Muhammadu Buhari (2015-present) is seriously ill or has died as he receives unspecified medical treatment in the United Kingdom (UK). Deputy president Yemi Osinbajo is acting president during Buhari's indefinite absence. Nigeria turns to international markets with \$1 billion Eurobond as it fails to provide the economic plan necessary to secure financial support from international financial institutions. The Nigeria Union of Petroleum and Natural Gas Workers (NUPENG) starts, and calls off, a three-day nationwide strike that would have resulted in supply disruptions.

Buhari seeks medical treatment in the UK

The government, on 26 January, denied media reports and popular speculation that President **Muhammadu Buhari** (2015-present) is seriously ill or has died.¹ If the 74-year old Buhari is in serious ill health, it does not pose a major political risk; the Nigerian political system has a recent track record of coping relatively well with the illness or death in office of presidents. Local media has quoted unnamed members of Buhari's family as saying that doctors have advised him to step down to focus on his health. The trigger for the unsubstantiated speculation was Buhari travelling to the **United Kingdom (UK)** for what his office described on 19 January as "routine medical check-ups".² Deputy president **Yemi Osinbajo**, acting president during Buhari's absence, was attending the **World Economic Forum in Davos (Switzerland)** when Buhari began his leave.³ This raises questions about whether Buhari's medical condition required immediate attention and therefore was unlikely to be routine.

"This abrupt departure of the president and abrupt return of the VP was the first thing that aroused suspicions that Buhari's trip was not normal as Nigerians were made to believe. Protocol-wise, it was not normal for the president to start a period of absence while his deputy was away because a vacuum was created."⁴

Information minister **Lai Mohammed** issued a statement rebutting the speculation and stating that Buhari is " hale and hearty".⁵ Mohammed denied that state governors had held emergency meetings over Buhari's health.⁶

The speculation is not unprecedented. In June 2016, Buhari spent two weeks in **London (UK)** receiving medical treatment for what the government only eventually said was an ear infection.⁷ The government's failure to promptly inform the public what was wrong with Buhari resulted in speculation that it was covering up the extent of his ill health.⁸

"Nigerians have every right to know the state of health of their president. His medical state means a lot to the political stability of Nigeria. His health has a direct impact on the economy.

¹ www.tribuneonlineng.com

² This Day, 19 Jan 2017.

³ This Day, 19 Jan 2017.

⁴ Source, opposition politician, Nigeria

⁵ This Day, 19 Jan 2017.

⁶ This Day, 19 Jan 2017.

⁷ Vanguard, 19 Sept 2016.

⁸ Vanguard, 19 Sept 2016.

*What the economy needs now is anything that will boost confidence. So it is not about Buhari, his family, his party, his part of the country or his ethnicity. The actions and inactions of Buhari affect every single soul in Nigeria, so he cannot carry on with the attitude of 'I don't give a damn'."*⁹

Nigerian officials have a history of denying the ill health of presidents. Officials denied speculation about the ill health of then president **Umaru Musa Yar'Adua** (2007-2010) despite his regular and prolonged stays in **Saudi Arabia** for medical appointments. Yar'Adua did not appear in public from November 2009 until his death in May 2010 raising concerns about how Nigeria's nascent democratic institutions would manage the political vacuum. Following a series of legal challenges, Yar'Adua transferred all presidential duties to then vice president **Goodluck Jonathan** (2010-2015) but resisted a formal transfer of power. This was mainly due to political considerations and the careful geographic balancing at the centre of Nigerian politics. Northern factions within the then ruling **People's Democratic Party (PDP)** did not want southerner Jonathan to succeed northerner Yar'Adua only two and a half years into a presidential term reserved for a northerner. Nigeria's highly centralised political system, in which decision making is concentrated in the office of the presidency, is not designed for an absent president, and government policy making and implementation slowed. As Yar'Adua prevaricated over the formal transfer of power, there was speculation about a military coup:

*"... it was a moment of constitutional crisis, in 2009 when a seriously indisposed Yar'Adua did not hand over the reins of power to then vice president Jonathan."*¹⁰

Nevertheless, the military did not intervene and Nigeria's institutions managed relatively well to ensure stability amid the political uncertainty and eventual transfer of power to Jonathan. Observers note that the Yar'Adua precedent has exacerbated concerns about an otherwise potentially trivial issue.

*"The furor over Buhari's health is an unnecessary distraction when all the challenges facing us as a nation are taken into account. Almost everywhere else this situation wouldn't have generated as much heat and controversy but then Nigeria is a peculiar, quite complex place. We've learnt to be distrustful based on our past experience – collective memory of the 2009 situation with late Yar'Adua serves us far too well."*¹¹

The conduct of Buhari, in seeking the national assembly's permission to extend his absence, reflects well on Nigeria's maturing democratic norms.

*"All said and done, whether we like it or not, our democratic experience has been enhanced by the events of the last three weeks. For one, there has not been a power vacuum like we witnessed in 2009 when it seemed Nigeria had no president in Yar'Adua's absence. The constitution was amended to avoid that scenario. Even if Buhari had not written to the national assembly, Osinbajo would still have legally started acting as president after 21 days."*¹²

However, with regard to Buhari, there is concern that either periods of ill health or periods spent abroad would exacerbate his isolation in the presidency.¹³ Buhari rarely meets government officials and reportedly does not have access to reliable information about the political and economic situation in Nigeria undermining his effectiveness.¹⁴ This has contributed to a perception of government listlessness in the face of the persistent recession, depressed oil production and increased **Boko**

⁹ Source, newspaper editor, Abuja

¹⁰ Source, former presidential adviser, Abuja

¹¹ Source, political analyst, Port Harcourt

¹² Source, newspaper editor, Abuja

¹³ Source, presidency office, Abuja

¹⁴ Source, presidency office, Abuja

Haram activity.¹⁵ In the absence of Buhari, effective governance would largely depend on Osinbajo acting in concert with Buhari's chief of staff, **Alhaji Abba Kyari**.¹⁶

Potentially a bigger concern for Buhari is that his absence may aggravate divisions and factionalism within the ruling **All Progressive's Congress (APC)**.¹⁷ The APC merged in 2013 solely to remove the PDP from power, rather than out of any shared ideological or geographical platform. Buhari has little time for the management of the APC or party politics more broadly.¹⁸ The APC is increasingly divided between factions loyal to Buhari and those loyal to former **Lagos State** governor **Bola Tinubu** and former vice president **Atiku Abubakar**.¹⁹ There is speculation that Tinubu and Abubakar may secede from the APC and form the so-called '**Mega Party**' with PDP officials unhappy at the party's prospects for regaining power.²⁰

Buhari asked parliament on 4 February, the day before his expected return, to indefinitely extend his medical leave in the UK, increasing concerns about government drift.²¹ Opposition politicians criticised the unspecified timeframe of the extension.

"It was wrong for the president to send a letter to the National Assembly, extending his leave without telling Nigerians when he would resume. The President should know he is not a private citizen. He should know that Nigerians are the ones paying his health bills and therefore, he should tell them the true state of his health. He should not treat Nigerians with levity."²²

Hundreds of protesters took to the streets of political capital **Abuja**, commercial capital **Lagos** and oil capital **Port Harcourt** between 6 and 8 February.²³ The protests indicate increased popular frustration with the Buhari administration's failure to improve the economy, control living costs, address unemployment, curb corruption and improve security. These were the issues that Buhari promised reform on when he was elected in 2015. The protests were the first since Buhari assumed office. In Lagos, over 500 demonstrators disrupted traffic and played protest songs against Buhari.²⁴ The protests were peaceful, but took place with a heavily armed security presence during the protests.²⁵ Groups involved in the protest include **Enough is Enough Nigeria** and **Onevoice Nigeria**.²⁶ The protestors' concrete demand was that the government expedite the passage of the 2017 budget.

Osinbajo said on 7 February that the government had heard the protesters "*loud and clear*".²⁷ Osinbajo pledged that government ministers would hold nationwide public meetings to address popular concerns.²⁸ Osinbajo confirmed that he had informed Buhari of the protests, but did not comment on Buhari's response.²⁹ Osinbajo said that he expects Buhari to return to Nigeria "*very soon*".³⁰

During Buhari's absence, the focus has been upon him as an individual president rather than the office of the presidency itself. This reflects increased confidence in Nigeria's political institutions to manage uncertainty and instability. Osinbajo is a capable caretaker. Buhari has not trusted him to enact the governance reforms that he had proposed. Increased autonomy due to the absence of Buhari might

¹⁵ Source, political analyst, Nigeria

¹⁶ Source, within presidential office, Abuja

¹⁷ Source, political analyst, Nigeria

¹⁸ Source, political analyst, Nigeria

¹⁹ Source, political analyst, Nigeria

²⁰ Source, political analyst, Nigeria

²¹ Premium Times, 7 Feb 2017.

²² Source, opposition politician, Nigeria

²³ Premium Times, 7 Feb 2017.

²⁴ Premium Times, 7 Feb 2017.

²⁵ Premium Times, 7 Feb 2017.

²⁶ Premium Times, 7 Feb 2017.

²⁷ Premium Times, 7 Feb 2017.

²⁸ Premium Times, 7 Feb 2017.

²⁹ Reuters, 8 Feb 2017.

³⁰ Reuters, 8 Feb 2017.

allow Osinbajo a free rein to speed up the pace of reform, Nevertheless, the focus on Buhari is indicative of increased frustration at his failure to deliver on his electoral platform and increased infighting within the APC. Senior southern members of the APC will hope that Osinbajo, from Lagos, will remain in office to extend their influence.

Government struggles to secure concessional financial support

International media reported on 18 January that Nigeria is struggling to secure financial support from international financial institutions.³¹ The failure to secure international borrowing may delay infrastructure projects, undermining growth and economic diversification. According to **Reuters**, the government failed to present to the **World Bank** requisite economic reform plans before the deadline of the end of December.³² The plans detail how the government intends to make the economy more resilient and attractive to investment.³³ The failure to submit the plans means the World Bank has not yet started considering the specifics of possible lending.³⁴ It is unclear what preconditions the World Bank will attach to any lending. It is equally unclear how much the government is looking to secure from the World Bank, with the majority of estimates ranging between \$1 billion and \$2 billion.³⁵ The **African Development Bank (AfDB)** is also holding back the second \$400m tranche of a \$1 billion loan due to the government's failure to submit details of its economic policy recovery programme.³⁶ The government now expects to submit its economic plan to the World Bank before the end of February.³⁷

The proposed 2017 budget is predicated on the government securing 1.07 trillion naira (N) (\$3.38 billion) in international borrowing to help bridge the deficit. Nigeria's public external debt stock at both federal and state level is low, approximately 2% of gross domestic product (GDP).³⁸ Nigeria's total debt to GDP ratio of 13.2% is the lowest in **sub-Saharan Africa**.³⁹ The **Debt Management Office (DMO)** has a medium-term target of 60/40 domestic and external debt obligations.⁴⁰ However, despite these rates comparing favourably to the majority of emerging markets, there is concern that low international oil prices may negatively impact investor appetite and result in Nigeria borrowing at higher interest levels.

The government's debt strategy is increasingly important amid depressed investor sentiment. There is, however, indication that investors are taking a longer-term view, while buying dollar debt to circumvent concerns about the overvalued naira. The government, on 9 February, sold \$1 billion 15-year Eurobonds, highlighting continued demand for dollar-denominated debt.⁴¹ This was the first time Nigeria had turned to the international capital markets since July 2013, prior to the international oil price collapse. The yield on the debt was 7.86%, below the initial guidance of 8.5%.⁴² According to finance ministry data, investors placed more than \$7.8 billion bids.⁴³ During the investor roadshow, finance minister **Kemi Adeosun** and **Central Bank of Nigeria (CBN)** governor **Godwin Emefiele** committed to "*fine-tuning the foreign-exchange system*"⁴⁴ but provided no additional information.

National Bureau of Statistics (NBS) data also shows the impact of currency controls on investor sentiment. The NBS published data on 1 February showing that capital imports decreased 46.9%

³¹ Reuters, 18 Jan 2017.

³² Reuters, 18 Jan 2017.

³³ Reuters, 18 Jan 2017.

³⁴ Reuters, 18 Jan 2017.

³⁵ Reuters, 13 Feb 2017.

³⁶ Reuters, 18 Jan 2017.

³⁷ Reuters, 13 Feb 2017.

³⁸ Bloomberg, 11 Aug 2016.

³⁹ Bloomberg, 11 Aug 2016.

⁴⁰ Bloomberg, 11 Aug 2016.

⁴¹ Bloomberg, 9 Feb 2017.

⁴² Bloomberg, 9 Feb 2017.

⁴³ Bloomberg, 9 Feb 2017.

⁴⁴ Bloomberg, 9 Feb 2017.

year-on-year in 2016.⁴⁵ The CBN's capital control measures to suppress hard currency demand have undermined foreign investor confidence. According to the NBS's **Nigerian Capital Importation, Quarter Four 2016** report, capital imports stood at \$5.12 billion in 2016 compared to \$9.64 billion in 2015.⁴⁶ This was the lowest value in capital inflows since the NBS adopted its current monitoring system in 2007.⁴⁷ Portfolio investment decreased 69.8% year-on-year to \$1.81 billion.⁴⁸ Foreign direct investment (FDI) decreased 27.8% year-on-year to \$1.04 billion.⁴⁹ FDI investors tend to take a longer-term view in their decision making than portfolio investors who seek quicker returns. Other investments increased 3.48% year-on-year to \$2.27 billion.⁵⁰ The NBS said this was due to an increase in loans. The NBS cited the currency depreciation as the reason for the decrease in capital imports, noting that a weaker naira means investors require fewer dollars to meet local currency requirements.⁵¹ The majority of capital imports originated in the UK and **United States (US)**, with **China** only accounting for 0.64% of the total.⁵²

Government efforts to increase domestic revenues from the non-oil sector have proved weaker than it projected. The government's expansionary fiscal policy therefore is increasingly dependent on international borrowing. External debt will increase as the government looks to international financial institutions and the markets to support its expansionary stance in the medium term. The government's capacity to secure concessional loans will depend on the effective design and implementation of pro-growth macroeconomic policies.

NUPENG launches, and immediately suspends, strike

The **Nigeria Union of Petroleum and Natural Gas Workers (NUPENG)** national executive council started – and called off – a three-day nationwide strike on 11 January.⁵³ The labour action indicates the operational challenges that international oil companies face as they look to divest, especially onshore interests, in the low price environment. The NUPENG represents oil sector workers. The NUPENG alleged that divesting international oil companies are failing to respect collective agreements and are offering benefit packages to retrenched workers dismissed in an indiscriminate manner.⁵⁴ The NUPENG labour action targeted fuel depots of local units of US-based **Chevron Corp** and **Exxon Mobil Corp**.⁵⁵ The strike, had it gone ahead, would have affected petrol stations and tanker haulage operations.⁵⁶ The NUPENG suspended the strike after discussions with labour minister **Chris Ngige**, petroleum state minister **Emmanuel Ibe Kachikwu** and **Department of State Services** director general **Lawal Daura**.⁵⁷ It is unclear what concessions the government made to the NUPENG to end the strike. Previously, the NUPENG has suspended labour action following direct negotiations with the private sector. On 6 January, the NUPENG suspended a planned strike at a **France-based Total SA**-owned plant over proposed retrenchments following discussions with the company.⁵⁸

The suspended strike is part of a longer pattern of labour disputes in the oil sector which have lowered output, disrupted fuel supplies and hampered government efforts to reform the **Nigerian National Petroleum Corp (NNPC)**. In March 2016, the NUPENG and the **Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN)**, which represents oil sector management, held

⁴⁵ www.nigerianstat.gov.ng

⁴⁶ www.nigerianstat.gov.ng

⁴⁷ www.nigerianstat.gov.ng

⁴⁸ www.nigerianstat.gov.ng

⁴⁹ www.nigerianstat.gov.ng

⁵⁰ www.nigerianstat.gov.ng

⁵¹ www.nigerianstat.gov.ng

⁵² www.nigerianstat.gov.ng

⁵³ Vanguard, 11 Jan 2017.

⁵⁴ Vanguard, 11 Jan 2017.

⁵⁵ Vanguard, 11 Jan 2017.

⁵⁶ Vanguard, 11 Jan 2017.

⁵⁷ Vanguard, 11 Jan 2017.

⁵⁸ Bloomberg, 11 Jan 2017.

labour action over plans to restructure the NNPC into upstream, downstream, gas power marketing, refinery, and ventures divisions (see *ARC Briefing Nigeria March 2016*).⁵⁹

The low international price environment has impacted the revenue of the government and international oil companies alike. Militancy and the government's failure to meet its funding obligations to joint venture partners have resulted in oil companies cutting back exploration and production activities. Low revenue and fiscal pressures limit the government's capacity to offer concessions to unions, and continued labour action will result in further supply and production disruptions.

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⁵⁹ This Day, 9 Mar 2016.