

## AFRICA RISK CONSULTING

### Nigeria Monthly Briefing April 2021

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#### Nigeria Summary 20 April 2021

*Nigerian doctors stage a strike over payment arrears as President Muhammadu Buhari (2015-present) travels to the United Kingdom for a routine healthcare assessment. The Central Bank of Nigeria adds sugar and wheat importers to the list of foreign exchange restrictions in a bid to encourage local production and ease pressure on foreign currency. The World Trade Organisation (WTO) expresses concern at Nigeria's foreign exchange policy following complaints from other member states. Supplementary budget planning continues as Nigeria prepares to issue Eurobonds to manage the 2021 budget deficit. Annual inflation rises to a four-year high in March driven by food price inflation. The United Nations Office of the Coordination of Humanitarian Affairs (OCHA) estimates that violent raids by insurgents in Borno State have displaced 65,000 people and warns that rising insecurity may hamper its efforts to provide humanitarian assistance. The federal government temporarily halts Nigeria's vaccine rollout to safeguard supply of the Covid-19 vaccine following India's suspension of vaccine exports.*

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#### Doctors suspend strike demanding salary arrears...

The **National Association of Resident Doctors (NARD)** has suspended a strike launched on 1 April demanding improved wages, but warns it may resume strike action in May.<sup>1</sup> The NARD demands highlighted the need for Nigeria's government to pay "death-in-service" insurance for all health workers who have died from **Covid-19** during the global pandemic.<sup>2</sup> NARD issued an ultimatum to the federal government in the final week of March demanding the settlement of salary arrears<sup>3</sup> and a review of the September 2017 Memorandum of Terms of Settlement between NARD and the government. The NARD communiqué accused the legislation governing postgraduate medical training in Nigeria of contributing to brain drain and failing to adhere to international best practice.<sup>4</sup>

NARD suspended its strike on 10 April following consultations with government.<sup>5</sup> The government acceded to a number of NARD's demands, including agreement to honour all salary payments to NARD members and pay money owed from the **Medical Residency Training Fund (MRTF) 2020** from the supplementary 2021 budget (see below).<sup>6</sup> NARD president **Uyilawa Okhuaihesuyi** noted the strike was "suspended" for four weeks.<sup>7</sup>

The government's negotiating power deteriorated significantly when President **Muhammadu Buhari** (2015-present) departed on 30 March for the **United Kingdom (UK)**, for a "routine medical check-up" in **London**.<sup>8</sup> Buhari's spokesperson, **Femi Adesina**, released a statement on 29 March confirming that the president would depart the following day and return in the second week of April.<sup>9</sup> Buhari has a long history of receiving medical care in the UK, including spending 104 days of 2017 in London, which was met by popular protest in the capital, **Abuja**.<sup>10</sup>

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<sup>1</sup> [BBC](#), 10 Apr 2021

<sup>2</sup> [Anadolu Agency](#), 1 Apr 2021

<sup>3</sup> [Anadolu Agency](#), 1 Apr 2021

<sup>4</sup> [Vanguard](#), 29 Mar 2021

<sup>5</sup> [BBC](#), 10 Apr 2021

<sup>6</sup> [Premium Times](#), 10 Apr 2021

<sup>7</sup> [Premium Times](#), 10 Apr 2021

<sup>8</sup> [Bloomberg](#), 30 Mar 2021

<sup>9</sup> [Premium Times](#), 29 Mar 2021

<sup>10</sup> [Africa News](#), 30 Mar 2021

Protests followed President Buhari abroad, as activists gathered outside the **Nigerian High Commission (Abuja House)** in London to protest presidential spending on travel and healthcare.<sup>11</sup> Protesters used the social-media platform **Twitter** hashtag **#HarassBuhariOutOfLondon** and made frequent reference to the **#EndSARS** protest in October.<sup>12</sup> Despite Buhari's removal of senior military staff in January (see *ARC Briefing Nigeria January 2021*), the federal government has failed to calm the **#EndSARS** movement. Protests resumed in February under the banner **#OccupyLekkitollgate**.<sup>13</sup> Public discontent with federal government continues to be fuelled by high unemployment, rising inflation and inability to manage insurgent forces in the north of the country (see below).

The government has committed to a supplementary budget for 2021 to cover additional Covid-19 spending (see *ARC Briefing Nigeria March 2021*), including the payment of arrears to medical staff.<sup>14</sup> Speaker for the House of Representatives **Femi Gbajabamila** announced on 13 April the inclusion of a hazard allowance for medical doctors to the 2021 supplementary budget.<sup>15</sup>

### Central Bank adds sugar and wheat importers to FX restriction list...

Management of foreign exchange policy continues to create tension between the **Central Bank of Nigeria (CBN)** and the finance ministry. In March, the finance ministry and the CBN issued conflicting statements regarding changes to foreign exchange policy (see *ARC Briefing Nigeria March 2021*). Despite the finance ministry's statements of intention, the central bank's **Monetary Policy Committee (MPC)** failed to liberalise the foreign exchange rate at a meeting on 23 March.<sup>16</sup>

In an effort to reduce pressure on foreign currency, the CBN announced on 16 April the inclusion of sugar and wheat importers to its foreign exchange (FX) restriction list with immediate effect.<sup>17</sup> The central bank introduced the FX restriction list in 2015 when it began restricting the issuance of **United States (US)** dollars to importers of items deemed possible to produce locally.<sup>18</sup> The addition of sugar and wheat importers to the FX restriction list aims to encourage local production. A CBN post on Twitter stated:

*"Sugar and Wheat to go into our FX restriction list. We must work together to produce these items in Nigeria rather than import them."*<sup>19</sup>

The **World Trade Organisation (WTO)** expressed concern about Nigeria's foreign exchange management and support for manufacturing, exports and imports in a statement issued on 12 April.<sup>20</sup> WTO director general **Ngozi Okonjo-Iweala** led a delegation that visited the foreign affairs ministry on 13 April.<sup>21</sup> Although Nigeria has invoked the WTO agreement on balance of payments to justify its policy on foreign exchange, a number of WTO members have lodged complaint arguing that the government is incorrectly relying on the article.<sup>22</sup>

Rising inflation and a sustained low oil price due, in part, to the Covid-19 pandemic have exacerbated the shortage of US dollars;<sup>23</sup> Nigeria's balance of payments gap peaked at \$14 billion in 2020.<sup>24</sup> Finance minister **Zainab Ahmed** confirmed that oil prices were \$10 per barrel above projected prices

<sup>11</sup> [ThisDay](#), 4 Apr 2021

<sup>12</sup> [ThisDay](#), 4 Apr 2021

<sup>13</sup> [Premium Times](#), 13 Feb 2021

<sup>14</sup> [Premium Times](#), 13 Apr 2021

<sup>15</sup> [Premium Times](#), 13 Apr 2021

<sup>16</sup> Bloomberg, 22 Mar 2021

<sup>17</sup> [Reuters](#), 16 Apr 2021

<sup>18</sup> [NairaMetrics](#), 6 Mar 2021

<sup>19</sup> [Twitter](#), 16 Apr 2021

<sup>20</sup> [Reuters](#), 16 Mar 2021

<sup>21</sup> [World Trade Organisation](#), 13 Apr 2021

<sup>22</sup> [Reuters](#), 16 Mar 2021

<sup>23</sup> [Reuters](#), 16 Apr 2021

<sup>24</sup> [Reuters](#), 16 Mar 2021

for the 2021 budget, facilitating recovery and flexibility for government response.<sup>25</sup> The oil sector accounted for 88% of foreign exchange earnings in 2019.<sup>26</sup>

Nigeria's 2021 budget requires \$6.14 billion to be raised from foreign sources.<sup>27</sup> **Debt Management Office (DMO)** director general **Patricia Oniha** announced on 7 April that Nigeria will issue a bidding process for advisors as it seeks to issue Eurobonds.<sup>28</sup> The announcement follows **Ghana's** successful \$3 billion Eurobond issued in March.<sup>29</sup>

The CBN is likely to revisit the liberalisation of foreign exchange at its next MPC meeting, on 24 May.

### ... as displacement in the north increases food insecurity

Food security is becoming increasingly problematic across Nigeria, and particularly in the north-east. US-based media outlet **Bloomberg** reported on 16 April that access to food in **Ibadan (Oyo State)**, south-west Nigeria, was increasingly challenging due to climbing prices and increasing unemployment.<sup>30</sup> The **National Bureau of Statistics (NBS)** confirmed in its April report a rise in unemployment to 33.3% in the final quarter of 2020 and a rise in annual inflation to a four-year high of 22.95% in March 2021.<sup>31</sup> The increase is driven largely by food inflation, which has placed Nigerian households under increasing pressure.<sup>32</sup>

Rising levels of insecurity in the north-east have further contributed to concerns over food security. The **United Nations (UN) Office of the Coordination of Humanitarian Affairs (OCHA)** has temporarily suspended aid operations following an attack by armed groups in **Damasak town (Borno State)** on 14 April.<sup>33</sup> The attack resulted in the deaths of eight civilians and the displacement of an estimated 65,000 people.<sup>34</sup> OCHA spokesperson **Jens Laerke** said the attack targeted humanitarian assets, including five NGO offices and several NGO vehicles, a mobile storage unit, water tanks, a health outpost and a nutrition stabilisation centre:

*"The situation on the ground is extremely critical and if this continues it will be impossible, maybe for longer periods of time, for us to deliver aid to those who desperately need it."*<sup>35</sup>

The attack follows a series of armed exchanges between Nigerian government forces and insurgent groups. **UN Refugee Agency (UNHCR)** spokesperson **Babar Baloch** confirmed that 80% of the town's population, including residents already considered 'internally displaced persons', left during the attack.<sup>36</sup>

The UNHCR determines 2021 to be the seventh year of the Nigerian refugee crisis, which began in 2014, a year prior to President Buhari's election.<sup>37</sup> The **UN Food and Agriculture Organisation (FAO)** estimates that 94% of food consumed in Borno State is imported as credit or gifts from non-governmental organisations (NGOs).<sup>38</sup> In 2019, 70% of the population of Borno State was reliant on subsistence agriculture, while agriculture contributed to 65% of Borno State's economy.<sup>39</sup> Buhari's 2015 campaign for the presidency was marked by promises to tackle corruption, insecurity and

<sup>25</sup> [Reuters](#), 22 Mar 2021

<sup>26</sup> [KPMG](#), 23 Apr 2019

<sup>27</sup> [Reuters](#), 7 Apr 2021

<sup>28</sup> [Reuters](#), 7 Apr 2021

<sup>29</sup> [The Africa Report](#), 6 Apr 2021

<sup>30</sup> [Bloomberg](#), 16 Apr 2021

<sup>31</sup> [Nigeria Bureau of Statistics](#), 15 Apr 2021

<sup>32</sup> [Reuters](#), 15 Apr 2021

<sup>33</sup> [United Nations](#), 16 Apr 2021

<sup>34</sup> [Reuters](#), 16 Apr 2021

<sup>35</sup> [United Nations](#), 16 Apr 2021

<sup>36</sup> [United Nations](#), 16 Apr 2021

<sup>37</sup> [UNHCR](#), Accessed: 20 Apr 2021

<sup>38</sup> [Food and Agriculture Organisation of the United Nations](#), 2019

<sup>39</sup> [Food and Agriculture Organisation of the United Nations](#), 2019

economic stability. Campaigns for the 2023 presidential election are likely to be fought on the same issues.

### COVID-19 update

The federal government is temporarily halting Nigeria's vaccine rollout to safeguard supply of the Covid-19 vaccine for individuals requiring a second dose.<sup>40</sup> Health minister **Osagie Ehanire** issued a federal government directive on 6 April to all 36 state governments and the **Federal Capital Territory (FCT)** to stop issuing first doses of the **Oxford/AstraZeneca Covid-19** vaccine.<sup>41</sup> The delay follows **India's** suspension of vaccine exports from its **Serum Institute of India (SII)** in order to preserve vaccine supply to meet domestic demand.<sup>42</sup> India has experienced a 13-fold increase in new cases of Covid-19 since February.

Nigeria has administered 964,387 first doses of the Covid-19 vaccine received under the **World Health Organisation (WHO) COVAX** facility, since the first shipment of 4 million doses arrived in Nigeria on 2 March (see *ARC Briefing Nigeria March 2021*).<sup>43</sup> Nigeria aims to vaccinate 40% of the population by the end of 2021, and a further 30% in 2022.<sup>44</sup> However, the vaccine rollout remains vulnerable to global supply challenges and 'vaccine nationalism'. **Africa Centres for Disease Control and Prevention** director **John Nkengasong** has warned that delay of supply from the SII will impact Africa's ability to vaccinate people:

*"If the delay continues, I hope it's a delay and not a ban; that would be catastrophic for meeting our vaccination schedule."*<sup>45</sup>

Nigeria's incidence of new Covid-19 infection has continued to decline since President Buhari's implementation of new Covid-19 mitigating measures in January (see *ARC Briefing Nigeria January 2021*).<sup>46</sup> As of 19 April, Nigeria has recorded a total of 164,000 cases in its population of 200 million, with 154,000 recoveries and 2,061 Covid-19-related deaths.<sup>47</sup> Restrictions currently in place include mandatory mask wearing in all public spaces and a maximum of 50 people in non-religious gatherings.<sup>48</sup>

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<sup>40</sup> [Reuters](#), 7 Apr 2021

<sup>41</sup> [Reuters](#), 7 Apr 2021

<sup>42</sup> [Reuters](#), 7 Apr 2021

<sup>43</sup> [Reuters](#), 7 Apr 2021, [World Health Organisation](#), 2 Mar 2021

<sup>44</sup> [Reuters](#), 5 Mar 2021

<sup>45</sup> [Al Jazeera](#), 1 Apr 2021

<sup>46</sup> Johns Hopkins University, accessed 19 Apr 2021

<sup>47</sup> Johns Hopkins University, accessed 19 Apr 2021

<sup>48</sup> [BBC](#), 27 Jan 2021

## Planner

24-25 May 2021 **(Nigeria) Central Bank of Nigeria** Monetary Policy Committee (MPC) meeting  
2023 **(Nigeria)** Presidential elections;

## Chronology

19 Apr 2021 **Abuja (Nigeria) Reuters. Nigeria-based Access Bank** agrees to purchase a majority stake in **Botswana-based African Banking Corporation**;

16 Apr 2021 **Damasak (Nigeria) Reuters.** The **United Nations** estimates that a raid by armed groups on the town of **Damasak** (north-eastern **Nigeria**) on 14 April has displaced 65,000 people;

16 Apr 2021 **Abuja (Nigeria) Reuters.** The **Central Bank of Nigeria (CBN)** places importers of sugar and wheat on the foreign exchange restriction list and will no longer provide foreign currency to those on the list in order to conserve national dollar reserves;

16 Apr 2021 **Abuja (Nigeria) Reuters.** The **Nigeria Communications Commission (NCC)** issues a statement approving resumption of SIM card sales linked to National Identification Numbers (NINs) from 19 April;

16 Apr 2021 **Abuja (Nigeria) Premium Times.** Information minister **Lai Mohammed** says social media giant **Twitter Inc** failed to choose **Nigeria** for its first **African** office because the media misrepresents the country, citing coverage of police reform protests last year;

15 Apr 2021 **Abuja (Nigeria) Naira Metrics.** The **National Bureau of Statistics** releases a report confirming the rate of annual inflation in March to be 18.17%, a four-year high;

14 Apr 2021 **Abuja (Nigeria) Bloomberg.** A source close to the matter says **South Africa**-based **Shoprite Holdings**, **Africa's** largest food retailer, plans to sell its **Nigerian** division to local property group **Persianas Group**;

7 Apr 2021 **Abuja (Nigeria) Reuters.** **Debt Management Office (DMO)** director general **Patience Oniha** announces that **Nigeria** will soon open the bidding process to select advisors for a Eurobond issuance;

7 Apr 2021 **Lagos (Nigeria) Reuters.** The **Department of Petroleum Resources (DPR)** revokes licences of four producing assets held by **China**-based **Addax Petroleum** reissuing them to **Nigeria**-based **Kaztec Engineering Ltd** and **Salvic Petroleum Resources Ltd**;

7 Apr 2021 **Abuja (Nigeria) Reuters.** The federal government issues a directive to state government to stop issuing first doses of the **Oxford/AstraZeneca Covid-19** vaccination in order to save the national supply for second doses;

6 Apr 2021 **(Africa) EMPEA.** Global investor and asset manager **Meridiam Infrastructure Africa Fund** agrees to invest \$48m in **pan-African** data centre developer **Raxio Group** as part of a partnership that will help develop a network of data centres in **Africa**;

2 Apr 2021 **(Africa) Sunday Times.** **Africa Centres for Disease Control and Prevention** director **John Nkengasong** says **Africa** has secured 400 million doses of **J&J Covid-19** vaccine, enough to vaccinate more than half its target of 750m people, as **Nigeria** edges towards the third wave of infections;

31 Mar 2021 **Abuja (Nigeria) AFP.** Critics of President **Muhammadu Buhari** highlight his frequent trips abroad for treatment and the country's weak health system after his departure on 30 March for a "routine medical check-up" in the **United Kingdom**;

30 Mar 2021 **Abuja (Nigeria) Premium Times.** **Nigeria's** largest lender, **Access Bank**, buys a controlling stake in **South Africa**-based **Grobank** for around \$60m, becoming the first Nigerian

lender to venture into South Africa;

30 Mar 2021 **(Africa)** *Bloomberg*. Sources familiar with the matter say **Coca-Cola Co** is speaking with potential advisers about exit options – a sale or an IPO – for its 66.5% stake in **Coca-Cola Beverages Africa**, which is valued at about \$6 billion;

25 Mar 2021 **Abuja (Nigeria)** *Punch*. State-owned **Nigerian National Petroleum Corporation** head **Mele Kyari** says it is becoming untenable for the oil firm to continue spending up to \$315m a month on fuel subsidies for consumers;

24 Mar 2021 **Abuja (Nigeria)** *ESI Africa*. President **Muhammadu Buhari**'s special adviser on infrastructure, **Ahmad Zakari**, says government plans to spend \$3 billion on the energy sector in the next 24 months and end the current electricity subsidies by December 2021;

22 Mar 2021 **Abuja (Nigeria)** *Reuters*. Finance minister **Zainab Ahmed** reveals ongoing negotiations with labour organisations over deregulation of fuel prices, confirming that the ministry of finance supports deregulation of gasoline;

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