

AFRICA RISK CONSULTING

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Nigeria Summary 22 June 2022

The ruling All Progressives Congress (APC) elects former Lagos State governor Bola Tinubu as its presidential candidate in a landslide vote while the opposition People's Democratic Party (PDP) elects former vice president Atiku Abubakar as its candidate for the February 2023 presidential elections. Both candidates have submitted the names of their vice-presidential candidates to the Independent National Electoral Commission (INEC). Tinubu opts to run on a Muslim-Muslim ticket, prompting criticism from Christian organisations. The National Bureau of Statistics indicates a rise in headline inflation in its Consumer Price Index (CPI) report published in May. Economists forecast further monetary policy rate hikes to control inflation, driven by high foreign exchange demand ahead of the presidential election. Finance minister Zainab Ahmed announces the postponement of a \$950m Eurobond issuance citing poor market conditions. The British High Court rules that United States-based finance company JPMorgan was not negligent in its duties to its client in a \$1.7-billion case brought by Nigeria's federal government. Cases of Covid-19 remain low in Nigeria.

Main political parties choose presidential candidates...

The ruling **All Progressives Congress (APC)** and leading opposition **People's Democratic Party (PDP)** have selected their presidential candidates ahead of the February 2023 presidential elections, sparking concerns about religious and geopolitical representation. Former **Lagos State** governor **Bola Tinubu** emerged as the victorious candidate for the APC, defeating 13 other candidates and securing a landslide 1,271 votes. President **Muhammadu Buhari** (2015-present) declined to name his preferred successor in the run-up to the APC primaries, but prior to the vote held on 8 June, six APC candidates withdrew from the race, opting to endorse Tinubu's bid.¹ APC runners-up include former transportation minister **Chibuike Rotimi Amaechi** with 316 votes and vice president **Yemi Osinbajo** with 235 votes.²

The PDP primaries, held on 28 May, selected former vice president **Atiku Abubakar** as the PDP candidate for the 2023 presidential elections.³ Abubakar secured 371 votes during primaries held at the **MKO Abiola Stadium** in **Abuja**. **Rivers State** governor **Nyesom Wike** was the closest runner up, securing 237 votes. Other candidates for the PDP presidential ticket included former senate presidents **Bukola Saraki** and **Pius Anyim**, **Bauchi State** governor **Bala Mohammed**, and **Ibom State** governor **Emmanuel Udom**.⁴

Abubakar has made five unsuccessful bids for the presidential ticket in his political career: in 1993, 2007, 2011, 2015 and 2019. He lost the contest for the **Social Democratic Party** presidential primaries in 1993, and again in the **Action Congress** primaries for the 2007 presidential election. He contested the PDP primaries for the 2011 presidential election but lost to incumbent president **Goodluck Jonathan** (2010-2015). Abubakar then joined the APC in 2014, ahead of the 2015 presidential election. He contested the presidential primaries, losing to Buhari. In 2017, he returned to the PDP, standing as its presidential candidate in the 2019 presidential election, again losing to incumbent President Muhammadu Buhari.⁵

¹ [Bloomberg](#), 6 Jun 2022

² [Vanguard](#), 8 Jun 2022

³ [Sahara Reporters](#), 28 May 2022

⁴ [Sahara Reporters](#), 28 May 2022

⁵ [Punch](#), 30 May 2022

The conclusion of party primaries has marked a departure from the traditional rotation of the presidency between the North and South and Christian or Muslim candidates. As Buhari is a Muslim and from the north, Nigeria's political convention holds that the next president should be a Christian from the south. Both Tinubu and Abubakar are Muslim; however, Tinubu hails from southern Nigeria, while Abubakar is from the north. There has also been a tradition of sharing power in the presidency between the executive and his vice president between north and south and Muslims and Christians, making Tinubu's selection of Muslim **Kabiru Masari** as his vice president nomination controversial. Masari, who formerly served as welfare secretary for the APC, hails from **Katsina State** in the North. However, Tinubu's choice was severely restricted as Christian politicians in northern Nigeria rarely command the influence required to support a presidential bid.⁶

Prior to the submission of vice presidential selections to the **Independent National Electoral Commission (INEC)**, the **Christian Association of Nigeria (CAN)** issued a statement, cautioning both presidential candidates against selecting a running mate from their own "*religious persuasion*" and warning that such a decision could endanger Nigeria's "*fragile peace*".⁷ Masari's nomination was so controversial that APC members initially felt that he may be a placeholder ahead of the INEC deadline for submission on 17 June. However, at the deadline, APC chieftain **Kabiru Faskari** re-confirmed the submission of Masari's name to the INEC.⁸

PDP presidential candidate Abubakar announced his running mate on 16 June, a day before the INEC deadline, nominating **Delta State** governor **Ifeanyi Okoaw**.⁹ A medical doctor by training, Okoaw transitioned from private medical practice into politics in 1991 and was elected as Delta State governor in 2015.¹⁰ Okoaw is the only Christian candidate on a presidential ticket for the 2023 presidential election, a cause for concern for Nigerians worried about a rise in sectarian violence. **Coalition of Arewa Forum for Good Governance (CAFGG)** coordinator **Garba Yunusa** welcomed news of Okoaw's nomination, stating:

*"Nigerians can't afford to face any sectarian crisis caused by a lopsided political arrangement in addition to the current problem of banditry and terrorist activities."*¹¹

Buhari reportedly intended to run on a Muslim-Muslim presidential ticket in 2014, supported by Tinubu, according to an autobiography of former interim APC chairman **Bisi Akande**, published in late 2021. Buhari later withdrew his promise to Tinubu, opting to run with a Christian running mate, current vice president **Oluyemi Oluleke Osinbajo**, and arguing that a joint Muslim ticket would deepen the rift between religious communities in Nigeria.¹² It remains to be seen whether sectarian violence will increase as the presidential campaign kicks off.

MPC may hike rates again amid rising inflation

Rising inflation continues to be a worrying trend in Nigeria and globally. The **National Bureau of Statistics (NBS)** published its **Consumer Price Index (CPI)** report for May on 15 June, detailing a 17.71% rise in year-on-year (YoY) headline inflation.¹³ On a month-on-month (MoM) basis, headline inflation increased to 1.78% in May, a 0.02-point rise from April. Analysis of the CPI conducted by Nigeria-based newspaper **The Independent** revealed that the rise in the core inflation index is driven by persistent foreign exchange (FX) pressures, supply chain bottlenecks arising from geo-political events including the **Russia-Ukraine** conflict, and the impact of rising energy prices on transport and production.¹⁴

⁶ [The Africa Report](#), 7 Jan 22

⁷ [Premium Times](#), 19 Jun 2022

⁸ [International Centre for Investigative Reporting](#), 17 Jun 2022

⁹ [Premium Times](#), 16 Jun 2022

¹⁰ [The Cable](#), 16 Jun 2022

¹¹ [Tribune Online](#), 19 Jun 2022

¹² [The Africa Report](#), 7 Jan 2022

¹³ [National Bureau of Statistics](#), 15 Jun 2022

¹⁴ [Independent](#), 20 Jun 2022

Increases were recorded across all divisions of the **Classification of Individual Consumption by Purpose (COICOP)** used by the NBS to measure headline inflation.¹⁵ Of the 14 components that compose the CPI, pressures increased most for food (+2%), food & non-alcoholic beverages (+2%), alcoholic beverages, tobacco and kola (+1.6%), transportation (+1.6%), clothing and footwear (+1.5%) and imported food (+1.4%).¹⁶

Nigeria's party primaries reportedly drove demand for foreign exchange, specifically **United States (US)** dollars, in April-May (see *ARC Briefing Nigeria May 2022*). Nigeria-based investment banking firm **Cordos Capital Ltd** senior analyst **Abdulazeez Kuranga** anticipates that the demand for US dollars will remain high as confirmed presidential tickets for the APC and PDP start their campaigns. Kuranga anticipates that election spending will increase inflationary pressures and spark further hikes in the **Monetary Policy Rate (MPR)** by the **Central Bank of Nigeria (CBN)** (central bank).¹⁷ The CBN **Monetary Policy Committee (MPC)** raised the MPR by 1.5% to 13% in May in a bid to tackle rising inflation (see *ARC Briefing Nigeria May 2022*). However, if inflation continues to be driven by electoral demands for FX, the CBN may be forced to raise rates again ahead of the February 2023 election.

President Buhari defended the monetary policy decisions taken by the MPC in an interview with **Bloomberg** on 21 June, claiming that CBN governor **Godwin Emefiele** "*puts people at the heart of policies*".¹⁸ Emefiele came under fire in April and May for his interest in vying for the presidency. However, he missed the deadline to register his candidacy with the ruling APC and remains in his post as CBN governor.¹⁹ Buhari and several other high-profile politicians, including **Ondo State** governor **Rotimi Akeredolu** and former education minister **Oby Ezekwesili**, called for Emefiele's resignation in light of his political aspirations, claiming that they jeopardised the independence of the central bank (see *ARC Briefing Nigeria May 2022*).²⁰

Eurobond sale postponed over pricing concern

Nigeria's **Eurobond** yields continue to rise despite interventions by the CBN MPC and a hike to the MPR in May. The **Debt Management Office (DMO)** reported on 7 June that Nigeria's Eurobond yields for long-term instruments have remained above 10%.²¹ Nigeria's Eurobond due to mature in 2027, with a value of \$1.5 billion, has increased from a 6.5% yield at issuance to 9.79% in May.²² Unfavourable market conditions and rising bond yields have been driven by successive hikes by the **US Federal Reserve**.

Finance minister **Zainab Ahmed** announced on 4 June that the federal government was shelving plans to issue a \$950m Eurobond over price concerns and citing an unfavourable market.²³ The bond was initially announced in April and tabled to launch in May in order to balance \$6.1 billion in overseas borrowing. Instead, Nigeria plans to utilise its **International Monetary Fund (IMF)** allocations, known as special drawing rights (SDR), to fund domestic projects, support the budget and reduce pressures on external borrowing.²⁴

¹⁵ [Vanguard](#), 15 Jun 2022

¹⁶ [Independent](#), 20 Jun 2022

¹⁷ [Bloomberg](#), 25 May 2022

¹⁸ [Vanguard](#), 22 Jun 2022

¹⁹ [Bloomberg](#), 17 May 2022

²⁰ [Premium Times](#), 12 May 2022

²¹ [Naira Metrics](#), 7 Jun 2022

²² [Naira Metrics](#), 7 Jun 2022

²³ [Bloomberg](#), 4 Jun 2022

²⁴ [Bloomberg](#), 4 Jun 2022

**NIGERIA'S EUROBONDS AND DIASPORA BOND
CLOSING PRICES AND YIELDS
AS AT TUESDAY, JUNE 21, 2022**

Bond Name	5.625% US\$300M JUN 2022 Diaspora Bond	6.375% US\$500M JUL 2023 Eurobond	7.625% US\$1.118B N NOV 2025 Eurobond	6.500% US\$1.5BN NOV 2027 Eurobond	6.125% US\$1.25BN SEP 2028 Eurobond	8.375% US\$ 1.25BN MAR 2029 Eurobond	7.143% US\$1.25B N FEB 2030 Eurobond	8.747% US\$1.0BN JAN 2031 Eurobond	7.875% US\$1.5BN FEB 2032 Eurobond	7.375% US\$1.5BN SEP 2033 Eurobond	7.696% US\$1.25BN FEB 2038 Eurobond	7.625% US\$1.5BN NOV 2047 Eurobond	9.248% US\$750M JAN 2049 Eurobond	8.25% US\$1.25B N SEP 2051 Eurobond
Price (US\$)	99.253	98.499	89.601	77.539	73.416	78.812	72.947	76.755	71.442	67.820	63.971	62.330	70.947	65.171
Yield (%)	20.067	7.346	11.143	12.128	12.203	13.080	12.645	13.253	13.055	12.741	13.071	12.467	13.121	12.738
Yield at Issue (%)	5.625	6.375	7.625	6.500	6.125	8.375	7.143	8.747	7.875	7.375	7.696	7.625	9.248	8.250

Source: Bloomberg

Source: Debt Management Office, 21 Jun 2022

Federal government defeated in UK court

US-based investment banking firm **JPMorgan Chase & Co** has won a six-week \$1.7-billion court battle against Nigeria's federal government.²⁵ The federal government alleged that JPMorgan had acted negligently when transferring \$875m in funds from 2011-2013 from government accounts to former oil minister **Dan Etete** who had already been convicted of money laundering offences. The Nigerian government stated that a decision by the former administration to award an exploration contract to Dan Etete was corrupt. The federal government sought \$1.7 billion in damages and interest.²⁶

British **High Court** Judge **Sara Cockerill** determined on 14 June that JPMorgan's actions did not amount to a breach of duty of care to its client, noting that JPMorgan had filed suspicious activity reports with enforcement authorities and sought their consent prior to making transfers.²⁷ The ruling aligns with a decision made by a **Milan (Italy)** court in 2021, which absolved oil majors **Shell** and **Eni** and senior executives of any wrongdoing in the 2011 oilfield deal.²⁸

Information minister **Lai Mohammed** confirmed on 15 June that government lawyers were studying the judgement in order to determine whether an appeal would be made.²⁹

Covid-19 update

New cases of **Covid-19** remain low in Nigeria. The **Nigeria National Centre for Disease Control (NCDC)** reported on 21 June the detection of 138 new cases of Covid-19 nationwide between 18-20 June.³⁰ Nigeria experienced its fourth wave of infections in December, widely blamed on the **Omicron** variant, which was first detected in Nigeria on 1 December.³¹ As of 22 June, Nigerian health authorities had recorded 256,573 confirmed cases of Covid-19 in Nigeria's population of 206.1 million, with 250,158 recoveries and 3,144 Covid-related deaths.³²

²⁵ [Bloomberg](#), 14 Jun 2022

²⁶ [Financial Times](#), 14 Jun 2022

²⁷ [Financial Times](#), 14 Jun 2022

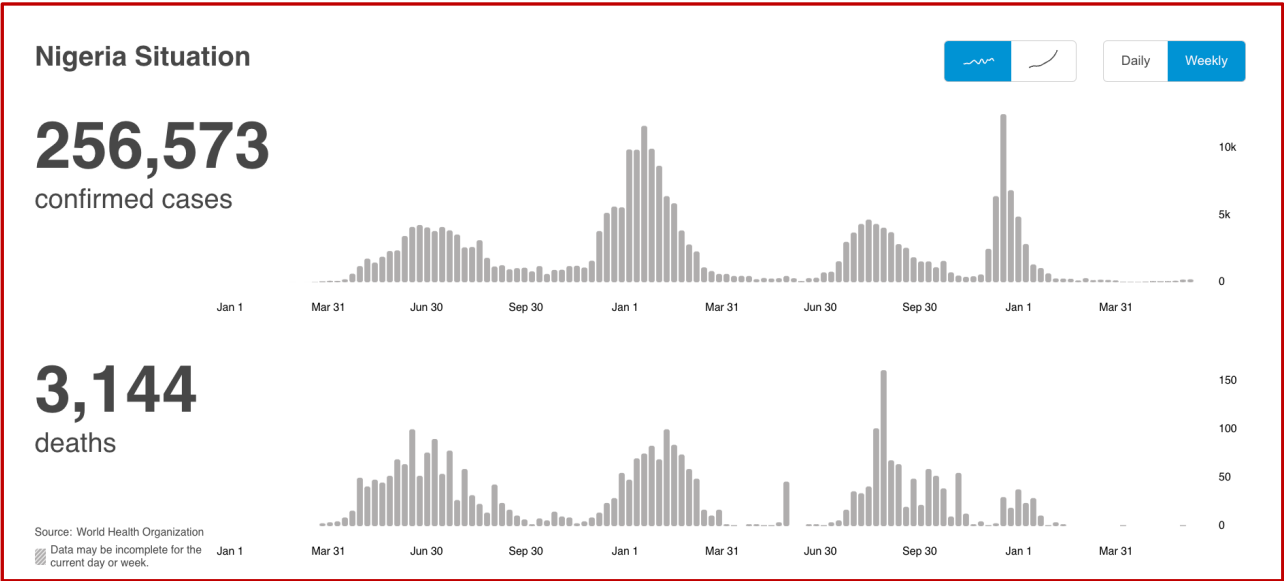
²⁸ [Financial Times](#), 14 Jun 2022

²⁹ [Reuters](#), 15 Jun 2022

³⁰ [NCDC](#), 21 Jun 2022

³¹ [Premium Times](#), 7 Dec 2021

³² [WHO](#), 22 Jun 2022, [NCDC](#), 21 Jun 2022



1 - World Health Organisation data, 22 June 2022

The **Presidential Steering Committee on Covid-19** eased Covid-19 restrictions in April; however, wearing a facemask indoors remains mandatory.³³ The NCDC published travel guidance on 2 April for travellers arriving in or departing from Nigeria. All unvaccinated or partially vaccinated passengers arriving in Nigeria are required to comply with **Port Health** screening and present electronic or hardcopy evidence of a pre-boarding PCR test, self-isolate for seven days and submit to a post-arrival Covid-19 test on day 2 and day 7.³⁴ Fully vaccinated arrivals must present a travel certificate/QR code and evidence of vaccination.³⁵

As of 22 June, Nigerian health authorities had administered 46.3 million doses of Covid-19 vaccine, with 16.8 million (6.46%) fully vaccinated and 27.4 million individuals (13.29% of the population) having received only a first dose of the vaccine.³⁶

³³ [NCDC, 2 Apr 2022](#)
³⁴ [NCDC, 2 Apr 2022](#)
³⁵ [NCDC, 2 Apr 2022](#)
³⁶ [World Health Organisation](#), accessed 22 Jun 2022

Planner

26 Jul 2022 **(Nigeria) Central Bank of Nigeria** Monetary Policy Committee announces decision;

22 Nov 2022 **(Nigeria) Central Bank of Nigeria** Monetary Policy Committee announces decision;

2023 **(Nigeria)** Presidential elections;

Chronology

20 Jun 2022 **Abuja (Nigeria) Premium Times**. Government increases its stake in pan-African housing development financier **Shelter Afrique** with about \$7.15m in additional capital subscription, moving its equity from 13.27% to 15.8%;

17 Jun 2022 **Abuja (Nigeria) Naira Metrics**. Presidential candidates from the ruling **All Progressives Congress (APC)** and opposition **People's Democratic Party (PDP)** submit their nominees for vice president to the **Independent National Electoral Commission (INEC)** naming **Ifeanyi Okowa** on the PDP ticket and **Kabiru Masari** on the APC ticket;

16 Jun 2022 **Abuja (Nigeria) Premium Times**. Opposition **People's Democratic Party (PDP)** presidential candidate **Atiku Abubakar** announces **Delta State** governor **Ifeanyi Okowa** as his running mate for the 2023 presidential elections;

15 Jun 2022 **Abuja (Nigeria) Independent**. **National Bureau of Statistics (NBS)** releases **Consumer Price Index (CPI)** data indicating that headline inflation increased 17.71% year-on-year in May 2022 marking the fourth consecutive rise since February 2022 and the highest level of headline inflation since June 2021;

15 Jun 2022 **Abuja (Nigeria) IMF**. **International Monetary Fund** concludes staff visit to **Nigeria**, saying economic recovery continues to gain strength on the back of services and agriculture with GDP growth reaching 3.6% in Q1 2022;

14 Jun 2022 **London (UK) Financial Times**. **London court** rules in favour of **United States**-headquartered investment bank **JPMorgan Chase** in a \$1.7 billion lawsuit brought by the **Nigerian** state over its part in facilitating payments to former Nigerian oil minister **Dan Etete**, who was convicted in France in 2007 of money laundering;

13 Jun 2022 **Abuja (Nigeria) TechCrunch**. **National Information Technology Development Agency** announces draft plans to regulate internet companies such as **Meta, Twitter, Google** and **TikTok**;

8 Jun 2022 **Abuja (Nigeria) Punch**. Ruling **All Progressives Congress (APC)** nominates former **Lagos** governor **Bola Tinubu** as the party's presidential candidate in the 2023 presidential election;

5 Jun 2022 **Abuja (Nigeria) Vanguard**. Gunmen open fire on worshippers and detonate explosives at a **Catholic** church in **Owo**, southwestern Nigeria, killing dozens;

30 May 2022 **Abuja (Nigeria) Vanguard**. President **Muhammadu Buhari** laments a surge in insecurity within **African** waterways, specifically the **Gulf of Guinea**;

30 May 2022 **Nairobi (Kenya) FinTech**. **Nigeria**-based fintech company **Grey** partners with **Kenya**-based payments company **Cellulant** to expand availability of its platform into Kenya for the first time, making it easier for locals to accept payment in one of three supported currencies;

29 May 2022 **Abuja (Nigeria) Premium Times**. Main opposition **Peoples Democratic Party** picks former vice president **Atiku Abubakar** to run for president again in 2023;

29 May 2022 Abuja (Nigeria) *Nairametrics*. Nigerian Communications Commission approves billionaire entrepreneur **Elon Musk**'s company **Starlink** to launch its satellite internet service in Nigeria;

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