

AFRICA RISK CONSULTING

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Nigeria marks its 60th anniversary mired in economic crisis and political tensions that highlight the regional political and religious divisions that have become part of the country's political social and economic fabric. Political tensions have reached heights not seen since the early 1990s. Social media-led, anti-police protests spread nationwide: security forces killed at least 12 unarmed protesters provoking an international outcry. In Lagos a violent popular backlash is targeted at property associated with political king maker, Bola Tinubu. Violent demonstrators perceive Tinubu as responsible for the protesters' deaths. Nigeria's acute economic contraction and youth unemployment underpin the near nationwide protests. President Mohammadu Buhari (2015-present) has presented a 2021 budget of \$34.4 billion for a population of 200 million, which is unlikely to ease the economic pain. Nevertheless, a new companies act comes into force, which will improve business conditions.

Anti-police protests raise political tension ...

1 October 2020 marked 60 years since **Nigeria's** independence. The country marked this anniversary mired in economic crisis and political tensions that highlight the regional political and religious divisions that have become part of its political social and economic fabric. Internal political tensions have risen sharply in the wake of the global **Covid-19** pandemic and dramatic economic contraction due to a collapse in demand and lower oil prices, of all of which have caused massive job losses among Nigeria's estimated 100 million youth population.

Political tensions have reached heights not seen in Nigeria since before the return to civilian and democratic rule in 1999. Security forces, believed to be army, opened fire and killed at least 12 unarmed protesters on 20 October.¹ **#EndSARS** protesters had been occupying the **Lekki Toll Gate**, east of **Lagos (Lagos State)**, for over a week. **United Kingdom (UK)**-based non-governmental organisation **Amnesty International's** investigative timeline for the day highlights social media posts showing protesters blocking the toll plaza and key arterial routes, and engaged in peaceful social activities.² The timeline shows troops leaving nearby military barracks and journeying towards the plaza, evidence of shootings and the aftermath. Several sources report that the plaza floodlights and closed-circuit television were turned off just before the shooting started, indicating it was planned.

#EndSARS is a crowd-funded, social media-led campaign that was launched after a video showing a member of the notorious **Special Anti-Robbery Squad (SARS)** summarily executing a person spread on social media. Protesters accuse the unit of brutality, extrajudicial killing and involvement in organised crime. The **#EndSARS** campaign moved off social media and onto the streets in several states' capitals nationwide. After a week of sustained, mainly peaceful, protests, Inspector General of Police **Mohammed Adamu** announced on 11 October that SARS would be dissolved. However, news that the members of the notorious unit were to be sent to other police units saw protests resume. Protests were recorded in the capitals of the middle-belt states across central Nigeria, the southern states and the so-called **South South** states of the oil-rich **Niger Delta**. Few north-eastern and north-western states registered protests with the exception of **Kano** and **Kaduna**. On 20 October, five state governments, including Lagos, announced curfews from 9 pm. The army said it would send in troops

¹ Amnesty International reported 12 deaths, other media reported 10 deaths

² www.amnesty.org, accessed 28 Oct 2020

to support the police enforcement efforts,³ prompting hundreds of protesters to march to the gates of the national assembly in the capital, **Abuja (Federal Capital Territory)**.

Nigeria's political elite is reeling from the speedy domestic and international reaction to the apparently deliberate shooting of unarmed and peaceful protesters. Initially the **Central Bank of Nigeria** sought to cut off the protesters' crowdfunding via financial technology startup **Flutterwave**.⁴ When that failed, it resorted to traditional means, deploying the military. Lagos State governor **Babajide Sanwo-Olu** gave an interview to the UK's **BBC News** in which he stated that "*the army was not meant to be there until 10 o'clock*", effectively admitting that the armed forces were there at the behest of the government.⁵ Sanwo-Olu has since announced an investigation into the shootings that is to report within two weeks.⁶ A judicial panel in Lagos began its inquiry on 27 October.⁷

A local ARC source notes the implication of army involvement in quelling the protests:

*"Then there's **Operation Crocodile Smile**⁸ nationwide – the idea of the army getting involved in Nigeria's political turmoil is an indicator that Nigeria is heading down a dangerous path."*⁹

Much of the violence has had a strongly political flavour. The forceful backlash following the shootings was focused on former Lagos State governor, ruling **All Progressives Congress (APC)** godfather, and political king maker **Bola Tinubu**. A number of the properties that were damaged were linked to Tinubu or his immediate patronage network. The Tinubu family reportedly has an interest in the company that owns the Lekki Toll Gate and which reportedly lost some \$600,000 during its blockade. Protesters attacked properties owned by the Tinubu family, the Lagos State governor and traditional chiefs or so called "*white caps chiefs*", and Tinubu-appointed **Obas** (traditional kings).

*"Being named as criminal no 1 is Tinubu. The company associated [managing] Lekki Tollgate and all the [surrounding advertising] billboards are associated with Tinubu [or the Tinubu family]. The billboard company is associated with **Shegun Tinubu**. When military fired on the people, the lights on the billboards were suddenly switched off and protesters were plunged into darkness. The Governor of Lagos and Tinubu's people were involved in the massacre."*¹⁰

An activist blogger highlighted the ensuing destruction:

*"The highly coordinated arson that followed the next day, apparently by elements external to the protest, introduced another dimension to the crisis. Assets belonging to prominent citizens and institutions in Lagos State and the **Federal Government** were targeted and destroyed. The following were torched: **BRT Bus Terminals at Berger Area, Ojodu and Oyingbo; Television Continental (TVC); Nigerian Ports Authority (NPA); Orile Police Post; new commuter buses parked at Oyingbo and Ojodu terminals; .Oriental Hotel, Victoria Island; Ajeromi Local Govt Secretariat; GT Bank and Access Bank branches; Ejigbo Local Council Development Authority; Lagos-Island East LCDA Secretariat; Recreational Center, Oregon; and the list goes on. The Lagos Island Local Government was destroyed. So was its mainland counterpart. Igboere High Court was vandalised and looted. The same fate befell Lekki Toll Gate. Ibeju Lekki LCDA Secretariat was brought down; and several shopping malls were vandalised and looted: Circle Mall at Jakande, Lekki; Ikota Shopping complex; SPARS complex at Elegushi. By the time the final list is compiled, the full extent of the well-planned heist will shock both local and international observers."***¹¹

³ Africa Confidential and ARC source, Lagos State

⁴ Nairametrics 13 Oct 2020.

⁵ BBC World Service News

⁶ Africa Confidential, 26 Oct 2020

⁷ Punch, 27 Oct 2020.

⁸ Presented by the army as national as a national training exercise, but which involved deployment of troops in Abuja and elsewhere.

⁹ ARC source, business executive, lawyer

¹⁰ ARC source, business executive, lawyer

¹¹ <https://leadership.ng/back-page-sad-day-in-lagos/>

ARC sources agree there was certainly an element of targeted vandalism, especially in the razing of the **Lagos High Court** buildings:

“Think of 25 years of court documents. All that information and evidence detailing corruption and maladministration – burnt.”¹²

An ARC source reports that the government is attempting to attribute the recent protests to regional divisions:

“They [the Nigerian authorities] are now trying to claim that the anti-SARS protest are a southern-led anti-Northerner campaign. Anti-SARS protests in South and South-South have been virulent and underreported. They have unsettled the Nigerian authorities. There have been lots of anti-Igbo videos circulating on social media demanding that Igbos leave Yoruba land. They are potentially damaging.”¹³

After independence Nigeria embarked on a brutal secessionist/civil war as ethnic Igbos dominant in the south-east sought to secede from the broadly ethnic and linguistic **Hausa-Fulani** north. Historical folklore – which fuels social media debates – accuses ethnic Yoruba from the south-west of sitting on the fence, not taking either the Igbo secessionist side or wholly supporting the northern Hausa-Fulani. Nigeria’s civil war gave too much prominence to military men and what followed were ten military coups, each of which led to a political regime more corrupt than the last. People close to President **Muhammadu Buhari** (2015-present) say he has failed to tackle the most corrupt of the elite – the security and military chiefs – because he fears being overthrown a second time. Buhari first came to power in a coup in 1983 and was ousted in another in 1985.

However, although destabilising in more than half the country’s capitals, the #EndSARS campaign is a focused single-issue campaign to end police brutality. The nationwide campaign – whether knowingly or not – plays into the agendas of several governors who are pushing for control of the police and security to be decentralised and to come under their control.

... as trickle-down economics takes its toll

The near nationwide protest is no surprise. Political unrest in Nigeria’s modern history occurs at times when oil prices or exports fall off and wealth ceases to ‘trickle down’. Nigeria faces an acute economic contraction of over 6% following the triple crisis of crashing oil prices, the Covid-19 pandemic and poor economic management before the pandemic struck. There is little hope of a recovery until 2021.¹⁴ The federal government has little room for manoeuvre and will continue to struggle to meet its recurrent spending obligations.

Buhari on 8 October presented the 2021 budget to the **National Assembly**, which attempts to address the crisis. While the budget of \$34.4 billion is a Nigerian record, this tally of projected revenue and expenditure for a population of 195 million people compares badly with **South Africa’s** \$100 billion for a population of 57 million and **Kenya’s** \$30 billion for a population of 50 million. Buhari’s pre-Covid19 economic policies include a fixed exchange rate regime that has led to significant disinvestment. Government policies to try to claw back revenue from subsidies – notably fuel and energy – as well as inflation rates now into double digits affects most. However, disinvestment, Covid-19 and the oil-related economic contraction have hit Nigeria’s youth hardest. Nigeria has 100 million people under the age of 30, of whom 34% are unemployed.

¹² ARC source, business executive, lawyer

¹³ ARC source, business executive, lawyer

¹⁴ ARC Briefing Nigeria September 2020

New companies act comes into force

Into a generally gloomy political, economic and security picture is the publication of Nigeria's long-awaited new companies act known as **CAMA2020 (Companies and Allied Matters Act)**. The new law represents a major shift and will significantly improve the ease of doing business in Nigeria. It especially improves conditions for small businesses and should push Nigeria up the rankings of the **World Bank's Doing Business Index (DBI)**, an annual report published in October that investigates *"the regulations that enhance business activity and those that constrain it"*.

The report ranks economies from 1 to 190. A high Ease of Doing Business ranking means the regulatory environment is more conducive to starting and operating a firm locally. Last year, the index ranked Nigeria 131 out of 190 countries. Nigeria's nearest real investment competitor, Kenya, is ranked 56.¹⁵

The new companies act is the most significant business legislation in decades and among other things provides for the following:

- Single member shareholder companies
- Removes the need for a notary to authorise a statement of compliance
- Fixed authorised share capital is replaced with a basic minimum share capital, bringing this requirement in line with international corporate law
- Removal of the need to pre-pay for shares
- Procurement of a common seal is no longer mandatory
- Provision for an electronic share transfer, and for e-meetings for private companies rather than physical certified copies of shares;
- Provision for remote general meetings
- Exemption for small companies from appointing auditors
- Exempting companies from needing company secretaries
- Allows for limited liability partnerships, providing flexibility for professional services companies;
- Dramatically cuts filing fees for registration charges (by 65%)
- Allows for more complex mergers
- Provides for disclosure of persons with significant control of the company
- Restricts the number of directorships that can be held in public companies to five
- Provides for business rescue for insolvent companies; and
- Enhances minority shareholder protection including provisions such as separating out chair and chief executive.

When in 2021 Nigeria begins to emerge from its current malaise, the new foundation law for companies will be a significant facilitator.

¹⁵ World Bank Doing Business Report, 25 October 2019, Engineering News

Planner

23 Nov 2020 **Abuja (Nigeria) Central Bank of Nigeria** Monetary Policy Committee meeting;
2023 **(Nigeria)** Presidential elections;

Chronology

27 Oct 2020 **Abuja (Nigeria) Punch**. Judicial panel in **Lagos** begin an inquiry into allegations that the state's **Special Anti-Robbery Squad** shot peaceful protesters;

26 Oct 2020 **Abuja (Nigeria) EWN**. Crowds loot food warehouses in capital **Abuja** amid a wave of protests and unrest over police brutality;

26 Oct 2020 **Abuja (Nigeria) Business Day**. **MTN Nigeria's** board appoints MTN vice-president for **West and Central Africa, Karl Toriola** as CEO;

21 Oct 2020 **(Africa) iol**. **International Air Transport Association** says four airlines across **Africa** have ceased operations due to the impact of **covid-19** and two are in voluntary administration, with many more in serious financial distress and expected to fold without committed relief;

21 Oct 2020 **Abuja (Nigeria) Punch**. President **Muhammadu Buhari** appeals for "understanding and calm" amid days of protests against police brutality in **Lagos**;

20 Oct 2020 **Abuja (Nigeria) BBC**. Government extends curfew beyond capital **Lagos** as violence flares in numerous regions and security forces allegedly kills several protesters;

20 Oct 2020 **Abuja (Nigeria) EMPEA**. **United States**-based financial services and software company **Stripe** agrees to acquire **Nigeria**-based fintech **Paystack** backed by **Beenext** and **Ingressive Capital** for reportedly over \$200m;

15 Oct 2020 **Abuja (Nigeria) The Sun Daily**. Hundreds of protesters march to the gates of parliament over police brutality, hours after the army said it was ready to step in and restore order after more than a week of demonstrations;

13 Oct 2020 **Abuja (Nigeria) Bloomberg**. **Italy**-based energy major **Eni** files a request for arbitration against the **Nigerian** government at the **World Bank's** dispute settlement body and plans to argue that the country's failure to allow it to exploit **OPL 245** oilfield it acquired with **Royal Dutch Shell** breaches their investment agreement;

12 Oct 2020 **Abuja (Nigeria) Punch**. President **Muhammadu Buhari** promises that government will bring police officers responsible for misconduct to justice, after nearly a week of sustained protests against police brutality;

12 Oct 2020 **Abuja (Nigeria) Nigerian Investment Promotion Commission**. **World Bank Group** member **International Finance Corporation** extends a \$40m credit facility to **Nigeria**-based state-owned **Union Bank** to boost access to finance for local business and increase international trade;

11 Oct 2020 **Abuja (Nigeria) Punch**. **Inspector General of Police** announces that the **Special Anti-Robbery Squad (SARS)**, a controversial Nigerian police unit accused of brutality, will be dissolved, following nationwide protests demanding an end to police violence;

8 Oct 2020 **Abuja (Nigeria) Punch**. **Parliament** approves plan to borrow as much as 4.28 trillion naira (\$11 billion) from both domestic and foreign debt markets to support its expenditure in 2021;

8 Oct 2020 **Abuja (Nigeria) Business Day**. A tribunal at the **United States**-based **International Center for Settlement of Investment Disputes** dismisses claims filed by the family of deceased **Italian** businessman **Vittorio Fabbri**, which alleges that **Nigeria's** government helped

their father's employee illegally seize control of an old field owned by his company after his death in 1998;

29 Sep 2020 **Abuja (Nigeria)** *Bloomberg*. Parliament returns from recess and is expected to look at the petroleum industry bill, which proposes to overhaul laws governing the oil and gas industry but has been stuck in parliament for more than a decade;

27 Sep 2020 **Abuja (Nigeria)** *National Post*. Labour minister **Festus Keyamo** says main labour unions agreed with government to suspend their planned nationwide strike that was set to begin on 28 September following overnight talks;

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