

## AFRICA RISK CONSULTING

### Nigeria Monthly Briefing December 2018

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#### Nigeria Summary 20 December 2018

*Irresponsible campaigning ahead of Nigeria's February elections could spark violence despite main presidential candidates Atiku Abubakar and President Muhammadu Buhari (2015-present) having signed an electoral peace accord to ensure "peaceful and credible elections". The Nigerian military momentarily suspends United Nations' aid agency Unicef from operating in north-east Nigeria and seeks to ban United Kingdom-based human rights organisation Amnesty International from operating in the country. Buhari presents his \$28.8 billion 2019 budget to parliament, receiving a mixed response and casting doubt over the budget's popularity before it is finalised by parliament.*

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#### Could irresponsible electoral campaigning spark violence?

President **Muhammadu Buhari** (2015-present) signed a peace accord on 11 December with competing presidential candidates in **Nigeria's** 16 February presidential election, committing to "peaceful and credible elections".<sup>1</sup> Opposition **People's Democratic Party (PDP)** leader **Atiku Abubakar**, Buhari's main electoral rival, did not sign the deal with the other candidates, but signed the following day, claiming that he had not been invited to the official peace accord ceremony on 11 December.<sup>2</sup>

Despite the candidates' public commitment to peace and credibility, electoral violence is still possible before, during and after the elections. Opposition parties and supporters have dealt a number of underhand political tricks to both Abubakar and Buhari that bely their commitment to peace and credibility in the upcoming vote. Buhari made a public statement on 2 December assuring the public that he had not died and had not been replaced by a **Sudanese** lookalike in order to rebut a long-running social media rumour discrediting him.<sup>3</sup> Conversely, Abubakar's PDP claimed that the bank account of **Peter Obi**, Abubakar's deputy running-mate, was frozen.<sup>4</sup> The PDP argues that Buhari sanctioned this action, saying it is tantamount to intimidation of political opponents.<sup>5</sup>

While these developments seem farcical in nature, they indicate a growing threat to security during and immediately following the election period. **United States (US)**-based think-tank **National Democratic Institute (NDI)** released analysis between 14 and 19 December that warned of the potentially damaging effects of "irresponsible political rhetoric" to public faith in Nigeria's electoral institutions and security countrywide.<sup>6</sup> The NDI also warned that intimidation or vote-buying could mar public confidence in the validity of the voting processes, and in turn cause violence.<sup>7</sup> Investors, business operators and visitors to Nigeria should remain vigilant throughout the election period and monitor public reactions to the election result in February 2019.

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<sup>1</sup> Agence France-Presse, 11 Dec 2018.

<sup>2</sup> BBC, 12 Dec 2018.

<sup>3</sup> Reuters, 2 Dec 2018.

<sup>4</sup> Daily Post, 8 Dec 2018.

<sup>5</sup> Daily Post, 18 Dec 2018.

<sup>6</sup> Vanguard, 19 Dec 2018.

<sup>7</sup> Vanguard, 19 Dec 2018.

## Military targets Unicef and Amnesty International

The Nigerian military suspended **United Nations** aid agency **Unicef** from operating in parts of Nigeria that are most at risk to violence from Islamic terrorist group **Boko Haram**, on 14 December.<sup>8</sup> The Nigerian army alleged that Unicef trains and deploys spies to support Boko Haram's terrorist activity.<sup>9</sup> The army repealed the ban the same day after holding talks with Unicef officials.<sup>10</sup> The Nigerian military also called for a ban on 17 December on **United Kingdom (UK)**-based human rights organisation **Amnesty International** from operating in Nigeria, accusing the organisation of trying to destabilise Nigeria after detailing the extent of death in conflict between ethnic **Fulani** herders and farmers in the country's **Middle Belt** (see *ARC Briefing Nigeria June 2018*).<sup>11</sup>

Nigeria's military appears eager to bar these organisations from the country because they have held the military to account. Immediately before the military called for their ban from Nigeria, in a 17 December report Amnesty International deemed the Nigerian government to have displayed "*gross incompetence*" in dealing with violence in the Middle Belt.<sup>12</sup> Amnesty International reported that thousands had been killed in 2018 alone, with many more displaced as a result of the conflict.<sup>13</sup> Similarly, UK-based news agency **The Economist** noted that some thought the ban on Unicef was to halt the dissemination of Nigeria's military failings.<sup>14</sup>

With campaigning underway for the presidential election in February 2019 (see above), there is strong incentive to protect President Buhari's record on enforcing security – one of his main election promises back in 2015 – as he re-runs for office.<sup>15</sup> Buhari's record on enforcing security is poor. His large-scale operation to defeat Boko Haram in the north-east failed to halt regular attacks from the group on civilians and soldiers alike, with eight soldiers recently killed in an attack by Boko Haram in **Yobe State** on 4 December.<sup>16</sup> Moreover, many observers have characterised the government's response to widespread violent clashes between the Fulani and farmers in the Middle Belt as impotent and possibly caused by Buhari's reticence to tackle violence perpetrated by his fellow ethnic Fulani (see *ARC Briefing Nigeria June 2018*).<sup>17</sup> In addition, insecurity in the south-east caused by separatist rebels has Buhari fighting on another domestic front.<sup>18</sup> These failings, evidenced by a fall in the country's score on the **Ibrahim Index of African Governance** between 2017 and 2018 (from 48.1 to 47.9), all serve to undermine Buhari's current bid for the presidency.<sup>19</sup> Overall Nigeria ranked 33<sup>rd</sup> out of 54 countries, with a score of 47.9 out of 100. For safety and rule of law, it ranked 38<sup>th</sup> with a score of 46.4, showing a downward trend of -5.4 between 2008 and 2017.<sup>20</sup>

Businesses, investors and tourists should be aware of significant security threats across the troubled regions of the north-east, south-east and Middle Belt of Nigeria.

## Buhari presents 2019 budget

President Buhari presented the **2019 Appropriation Bill** amidst protests and loud clashes between members of the APC and the PDP in the **National Assembly** in **Abuja** on 19 December.<sup>21</sup> Parliament was divided over the budget, with some parliamentarians having lost faith in Buhari's ability to

<sup>8</sup> The New York Times, 17 Dec 2018.

<sup>9</sup> The New York Times, 17 Dec 2018.

<sup>10</sup> Al Jazeera, 15 Dec 2018.

<sup>11</sup> BBC, 17 Dec 2018.

<sup>12</sup> BBC, 17 Dec 2018.

<sup>13</sup> BBC, 17 Dec 2018.

<sup>14</sup> The Economist, 18 Dec 2018.

<sup>15</sup> The Economist, 18 Dec 2018.

<sup>16</sup> Agence France-Presse, 4 Dec 2018.

<sup>17</sup> Daily Post, 8 Feb 2018.

<sup>18</sup> The New York Times, 17 Dec 2018.

<sup>19</sup> All Africa, 29 Oct 2018.

<sup>20</sup> Ibrahim Index of African Governance, 2018

<sup>21</sup> Punch Nigeria, 20 Dec 2018

deliver economic growth to Nigeria chanting “lies” to Buhari’s speech and loudly booing.<sup>22</sup> While others in the house applauded the budget,<sup>23</sup> this reception implies that the budget will not pass.<sup>24</sup> The budget needs approval from the house to become policy. Finalising it can take months and can only happen once the presidential election has taken place, by which time Buhari may have lost his position as president.<sup>25</sup>

The budget aims to stimulate economic growth in the country after sluggish growth in the aftermath of Nigeria’s first recession in 25 years<sup>26</sup> following a fall in the global price of oil in 2016.<sup>27</sup> The Nigerian economy grew only 1.81% year-on-year in the third quarter of 2018, pushed by the non-oil sector.<sup>28</sup>

The 2019 budget, smaller than the record-breaking 2018 budget, seeks to cut the budget deficit to 1.3% of GDP in 2019.<sup>29</sup> The government assumes that crude oil will be exported at \$60 per barrel at a rate of 2.3 million barrels per day and that the naira will trade at 305 to the US dollar. These could be over-ambitious assumptions that may leave Nigeria with a budget deficit issue.<sup>30</sup>

Speaking with UK-based news agency **Reuters**, economist **John Ashbourne** stated that Buhari’s budget, if finalised, would represent policy stability for Nigeria.<sup>31</sup> However, February’s election and the mixed reception to Buhari’s budget in parliament means that the budget is unlikely to pass through parliament.<sup>32</sup> Investors are cautioned to await Nigeria’s presidential election results and the finalisation of the 2019 budget to determine the course of the Nigeria’s 2019 economic policy.

The risk of political and economic uncertainty in Nigeria is compounded by other issues that stifle business activity. **Transparency International’s Corruption Perceptions Index (CPI) 2017** ranks Nigeria a lowly 148<sup>th</sup> out of 180 countries surveyed for corruption risks. CPI 2017 notes that corruption risks have grown between its 2016 survey and its most recent report.<sup>33</sup>

Nigeria scored 27 out of 100, below the average **sub-Saharan Africa** score of 32.

2017 Rank	Country	2017 Score	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score	Region
148	Nigeria	27	28	26	27	25	27	Sub Saharan Africa

Source: Transparency International Corruption Perceptions Index 2017, 21 Feb 2018

Meanwhile, the **World Bank’s Doing Business** report for 2019 ranked Nigeria 146<sup>th</sup> out of 190 countries, dropping from 145<sup>th</sup> in 2018.<sup>34</sup> Nigeria ranks well below its major **African** economic competitors, **Kenya** (70.31 points in 61<sup>st</sup> place) and **South Africa** (66.03 points in 82<sup>nd</sup> place), and only marginally above the sub-Saharan Africa average score of 51.61 points.

<sup>22</sup> Reuters, 20 Dec 2018.

<sup>23</sup> Reuters, 20 Dec 2018.

<sup>24</sup> Bloomberg Quint, 19 Dec 2018.

<sup>25</sup> Reuters, 20 Dec 2018.

<sup>26</sup> Reuters, 20 Dec 2018.

<sup>27</sup> BBC, 31 Aug 2016.

<sup>28</sup> Reuters, 10 Dec 2018.

<sup>29</sup> Bloomberg Quint, 19 Dec 2018.

<sup>30</sup> Bloomberg Quint, 19 Dec 2018.

<sup>31</sup> Reuters, 20 Dec 2018.

<sup>32</sup> Bloomberg Quint, 19 Dec 2018.

<sup>33</sup> Transparency International.

<sup>34</sup> Doing Business 2019.

## Planner

16 Feb 2019 **(Nigeria) Vanguard**. Voting in presidential and **National Assembly** elections;  
 2 Mar 2019 **(Nigeria) Vanguard**. Voting in governorships and state assembly elections;

## Chronology

19 Dec 2018 **Abuja (Nigeria) Reuters**. President **Muhammadu Buhari** presents the \$28.8 billion 2019 budget to parliament;

18 Dec 2018 **Lagos (Nigeria) Business Day**. Vice-chair of **Kian Smith Trade & Co, Nere Teriba**, states that **Nigeria's** first gold refinery will triple capacity within five years;

18 Dec 2018 **Lagos (Nigeria) Reuters**. **Access Bank** takes over **Diamond Bank**, creating **Africa's** largest bank by number of customers;

15 Dec 2018 **Abuja (Nigeria) BBC**. The military revokes an early decision to suspend **United Nations'** aid agency **Unicef's** activities in the north-east after it accused Unicef of spying for **Islamist** militants;

12 Dec 2018 **Lagos (Nigeria) BBC**. Opposition **People's Democratic Party** leader **Atiku Abubakar** signs electoral peace accord and aides state he was not invited to official ceremony on 11 December;

12 Dec 2018 **Abuja (Nigeria) Reuters**. Budget minister **Udoma Udo Udoma** expects **Nigeria's** economy to grow 2% in 2018 and 3% in 2019;

11 Dec 2018 **Abuja (Nigeria) News24**. President **Muhammadu Buhari** signs a deal for peaceful elections with opposition leaders, though main opposition leader **Atiku Abubakar** was not present;

10 Dec 2018 **Lagos (Nigeria) Reuters**. **Nigeria's** economy grows 1.81% year-on-year in the third quarter, pushed by the non-oil sector;

10 Dec 2018 **Lagos (Nigeria) Business Day**. **South Africa**-based telecommunications company **MTN** states it is still in talks with Nigeria to resolve the \$8.1 billion repatriation and \$2 billion tax disputes;

10 Dec 2018 **Abuja (Nigeria) Reuters**. Opposition **People's Democratic Party** claims that authorities have frozen the bank account of its vice-presidential candidate, **Peter Obi**;

5 Dec 2018 **Abuja (Nigeria) Premium Times**. A court issues an arrest warrant for former oil minister **Diezani Alison-Madueke** on charges of corruption;

4 Dec 2018 **Yobe State (Nigeria) AFP**. **Boko Haram** rebels kills 8 **Nigerian** soldiers in **Buni Gari** village;

3 Dec 2018 **Abuja (Nigeria) ESI Africa**. The **African Development Bank** approves a \$150m sovereign loan to finance the **Nigeria Electrification Project**;

3 Dec 2018 **Lagos (Nigeria) Reuters**. A court registrar states that the \$2 billion tax dispute between the attorney-general and telecommunications company **MTN Group** will be heard in a **Lagos** court on 7 February;

3 Dec 2018 **Abuja (Nigeria) Reuters**. President **Muhammadu Buhari** denies rumours that he died and was replaced by a lookalike;

30 Nov 2018 **Lagos (Nigeria) Vanguard**. The military will only receive the 12 paid-for **A-29 Super Tucano** aircraft from the **United States** in 2024;

28 Nov 2018 **Lagos (Nigeria) This Day Live**. **United Kingdom** state-owned development finance agency, **CDC Group**, plans to invest \$4.5 billion in Africa over the next four years

in **Nigeria, South Africa and Kenya;**

26 Nov 2018 **Abuja (Nigeria)** *Premium Times*. Oil minister **Ibe Kachikwu** states that **Nigeria's** refineries will only work at capacity by 2020, not 2019 as previously stated;

23 Nov 2018 **Abuja (Nigeria)** *Reuters*. The **Islamic State** claims responsibility for five attacks in **Nigeria** which killed 118 people;