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Academics use the commemoration of Nigeria's brutal secessionist war (1967-1970) to raise concerns that power has retreated to the northern elite. President Muhammadu Buhari (2015-present) and his advisors, chief of staff Abba Kyari and advisor Mamman Daura, sideline and isolate several key All Progressives Congress (APC) grandees. Nigeria drops two places in Transparency International's Corruption Perceptions rankings and is named West Africa's fourth most corrupt country. Chief justice Ibrahim Tanko Muhammad publicly distances himself from allegations of financial extortion made against Kaduna State senator Shehu Sani. The Supreme Court decides on the petitions of seven gubernatorial election results, with six of the seven cases in favour of those initially declared winners. President Buhari signs into law the Finance Act 2020 alongside the 2020 budget. In response to the federal government's failure to address growing security concerns, the six South-West zone governors launch the Western Nigeria Security Network (Operation Amotekun).

Could Nigeria's Civil War resume?

Nigeria's current political, social, and economic challenges could spark another conflict on the level of the **Nigerian Civil War** (1967-1970) if not addressed. This warning was given in **Lagos (Lagos State)** at an event on 13 January marking the 50th anniversary of the end of the deadly conflict that cost over 1-3 million lives.

Prominent Nigerian leaders and scholars such as Nobel Laureate **Wole Soyinka**, **Anya O. Anya**, **Pat Utomi** and historian **Banji Akintoye** addressed the event, *Never Again*, and stated that the country has never been far from the brink since the end of the war. Akintoye warned:

*"The government of our country is being managed in ways that make it look like an exclusive preserve of a particular minority. There seems to be an agenda being pursued to establish this minority in all positions of command in the executive, administrative, judicial and security services of our country. The voices of the majority register protests continually and are continually disrespected and ignored ... These situations are inevitably fostering among the peoples of the **Middle Belt** and **South** of our country, the feeling that they are being reduced to the status of conquered peoples in Nigeria."*¹

Former military head of state **General Yakubu Gowon** (1966-1975), who led the Nigerian government and military to victory over the **Biafra** secessionists, addressed the event via recorded video. Referring to the famous "*no victor, no vanquished*" speech he gave on 15 January 1970 after receiving the surrender of the Biafra secessionists, Gowon said:

*"I, therefore, urge us to always refer to the speech as a reference point for entrenching national reconciliation, peace and unity."*²

Gowon proposed that to achieve genuine peace in the country, Nigeria's leaders must create enabling platforms for Nigerians to dialogue and proffer ideas for peace. Utomi emphasised the importance of

¹ Banji Akintoye quoted in The Guardian (Nigeria), 24 Jan 2020.

² Yakubu Gowon quoted in The Niche, 13 Jan 2020.

creating a suitable environment for business to prosper and generate income and employment as a key way to solve the country's persistent problems.

President Buhari successfully sidelines all APC grandees ...

These warnings come as the first anniversary of the 2019 presidential polls approach in February, with little on the horizon to alter Nigeria's trajectory. As if to re-enforce the sense that the country has returned control to the north with little regard for the rest of the country, notably the Middle Belt and South, President **Muhammadu Buhari** (2015-present), with the assistance of his two key advisers, **Mamman Daura** and chief of staff **Abba Kyari**, has downgraded the importance and influence of several key **All Progressives Congress (APC)** grandees and power brokers. Most notable of these is **Kaduna State** governor **Nasir el-Rufai**, who, with an eye on presidential elections in 2023 had sought to remove Daura and Kyari from their all-powerful positions as presidential gatekeepers. The ploy failed and while el-Rufai was appointed in November 2019 as head ad-hoc committee that will review the ownership of the electricity distribution company (**DisCos**), he now answers to Kyari on all matters energy. It is clear from the electricity sector inertia that el-Rufai does not have direct access to influence the president.

Other key APC notables who have been removed include vice-president **Yemi Osinbajo**, "in a ridiculous way because he was the only one doing serious work", and President Buhari's kingmaker in the first round of presidential elections, former **Lagos State** governor **Bola Tinubu**.³ A confidential ARC source said "even [**Babatunde**] **Fashola** is sitting around with little to do", referring to the former Lagos State governor who made his name by "getting things done" in the state. Meanwhile, Daura and Kyari have consolidated their positions and control of the president's agenda.

*"There is no strategy, no plan. At one point I thought there would be a plan to revise the Northern Nigeria Development Corporation – but it's not happening. There is plenty of opportunity and a chance to package projects but they have not gone anywhere. Mamman Daura has said as long as oil stays above \$50 they don't need to do anything."*⁴

Buhari's anti-corruption agenda in doubt ...

Even on corruption – the single issue on which Buhari has fought two elections – his administration has made no real progress. **Transparency International's (TI)** recently released report for Nigeria in the **2019 Corruption Perception Index (CPI)** only serves to confirm continued concerns. The report ranks Nigeria 146th out of 180 countries. In 2018, the country's ranking was higher at 144. In a further blow to efforts at making the country attractive to investment, the report also ranks Nigeria as the fourth most corrupt country in **West Africa**. Transparency International chair **Delia Ferreira Rubio** said:

*"Frustration with government corruption and lack of trust in institutions speak to a need for greater political integrity. Governments must urgently address the corrupting role of big money in political party financing and the undue influence it exerts on our political systems."*⁵

These concerns are genuine and valid, as countries where elections and political party financing are open to undue influence from vested interests are less able to combat corruption. Nigeria's 2019 general election is an example of the influence of money in the most fundamental government process, elections. The APC's candidate for governor of **Delta State** in the 2019 elections, **Great Ogboru**, challenged the election of the federal opposition **People's Democratic Party's (PDP) Ifeanyi Okowa** as Delta State governor on grounds of alleged "vote-buying":

*"All the day-to-day corruption of the state continues unchecked. All the corruption around the state oil subsidy system continues as does the round tripping of forex at the central bank."*⁶

³ ARC source, former senior government advisor

⁴ ARC source, former senior government advisor

⁵ Transparency International, 23 Jan 2020.

⁶ ARC source, former government advisor

The country's anti-graft agency, the **Economic and Financial Crimes Commission (EFCC)**, has condemned the Transparency International report as *"baseless and appalling"* and measured by a *"bogus and ambiguous criteria jaundiced and illogical"*.⁷

... amid continuing political instability ...

President Muhammadu Buhari's anti-corruption credentials were in the spotlight in early January when chief justice **Ibrahim Tanko Muhammad** was forced to publicly distance himself from allegations of financial extortion made against senator **Shehu Sani** of **Kaduna State**.⁸ Buhari had appointed Tanko Muhammad as chief justice in 2019 to tackle corruption in the judiciary. However, opponents accuse Buhari of appointing him for political reasons. The president suspended Tanko Muhammad's predecessor, **Walter Onnoghen**, in January 2019 over allegations of corruption, while the **National Judicial Council (NJC)** was still investigating him. This was only weeks before the February 2019 general elections, in which the president was a candidate. At the time, the **Nigerian Bar Association (NBA)** expressed concern at the president's disregard for due process. The **Code of Conduct Tribunal (CCT)** eventually convicted Onnoghen in April of false declaration of assets. There are now fears that President Buhari has set a precedent for executive interference in the affairs of the independent Judiciary.

The Tanko Muhammad-led **Supreme Court** has decided on the petitions of seven gubernatorial election results, with six of the seven cases in favour of those initially declared winners. The Supreme Court confirmed on 21 January governors **Aminu Tambuwal** of **Sokoto State**, **Bala Mohammed** of **Bauchi State**, **Samuel Ortom** of **Benue State**, and **Ahmed Fintiri** of **Adamawa State** – all belonging to the federal opposition PDP – as the genuine election winners.⁹ Governors belonging to the ruling APC – **Abdullahi Ganduje** of **Kano State** and **Simon Lalong** of **Plateau State** – are also set to remain in office. For **Imo State**, the court has nullified the election results that placed the PDP's **Emeka Ihedioha** as the winner. APC candidate **Hope Uzodimma** – initially placed fourth – has been declared the winning state governor.

President Buhari is reportedly pleased with the decisions in favour of the APC. He has declared that losing *"strategically important states like Kano and Plateau"* would have been a *"major blow"* to his party.¹⁰

There is hope now that these decisions will restore some stability to the system for 2020.

Economic reforms included in Finance Act...

On the economic front, the government has included a series of measures to improve competitiveness in anticipation of the **African Continental Free Trade Area (AfCFTA)**. Alongside the 2020 budget, President Buhari signed into law the **Finance Act 2020** on 13 January, to take effect from 1 February.¹¹ This is the first time in the country's democratic history (post 1999) that the government has passed additional legislation to accompany a budget.

Besides raising government revenue sources, the aim of the act is to promote fiscal equity, reform domestic tax laws, introduce tax incentives for investments in infrastructure and capital markets, and improve the country's rankings on the **World Bank's 'Ease of Doing Business' Index** for micro, small, and medium-sized businesses.¹² The Finance Act provides incentives for investment in Nigeria's capital markets and exempts some small businesses from corporate income tax while easing the burden on medium-sized companies. The bill exempts businesses with less than N25m (\$69,000) in annual turnover from corporate income tax while lowering tax rates for companies making up to

⁷ The Guardian (Nigeria), 24 Jan 2020.

⁸ Daily Trust, 6 Jan 2020.

⁹ The Guardian (Nigeria), 22 Jan 2020.

¹⁰ Vanguard, 21 Jan 2020.

¹¹ Premium Times, 13 Jan 2020.

¹² Premium Times, 13 Jan 2020.

N100m (\$276,000) from 30% to 20%.¹³ To do this, the act raises **Value-Added Tax (VAT)** from 5% to 7.5%, but extends the list of products exempt from the tax. These include basic food items, locally manufactured sanitary towels, pads or tampons, services rendered by microfinance banks, and education tuition. Despite the increase, Nigeria's VAT remains the lowest in **Africa (South Africa, 15%; Ghana, 12.5%; Kenya, 16%; Egypt, 14%; Rwanda, 18%, and Senegal, 18%)**.

As the 2020 budget expects a deficit of \$6 billion, the increase will be beneficial, especially for the state and local governments, which receive 85% of VAT revenue. However, **Martins Arogie** and **Kelechi Inyama**, writing for **Bloomberg Tax**, point out that Nigeria's informal sector makes up over 60% of the economy, where most of the products sold in the formal sector can be sold more cheaply. The question remains whether the government will improve the organisation of the economy to take advantage of this increase.

The key argument of those against an increase in the VAT rate has always been the high poverty rate in the country. With over 86 million Nigerians (46.7% of the population) living below the poverty line (earning less than \$1.90 per day) as at 2018, Nigeria is the poverty capital of the world. Can the government put in place policies to use the potential increase in revenue to significantly improve the employment and earning power of Nigerians, or will these reforms make the situation worse?

Security concerns increase...

Chief of army staff General **Tukur Buratai** has played down the recent activity of **Boko Haram** insurgents as "*the kicks of a dying horse gasping for the last breath*" and criticised negative comments from local and foreign bodies on Nigeria's security.¹⁴ Buratai's statement was in response to the **European Parliament** expressing concern at the lack of progress in the fight against Boko Haram insurgents and the significantly deteriorating security situation in Nigeria.

In response to growing security concerns and the federal government's failure to address the issue, states' governors are increasingly demanding to make policing a states' issue. The six governors of **South-West** zone are starting a joint security outfit, the **Western Nigeria Security Network (Operation Amotekun)**.¹⁵ It will complement the efforts of the **Nigeria Police Force (NPF)**, the **Nigeria Security and Civil Defence Corps (NSCDC)**, and other regular security agencies. Speaking on behalf of the other governors, governor **Kayode Fayemi** of **Ekiti State** disclosed that Amotekun would aim to begin operations before the end of January.

According to Nigeria's constitution, security is a federal responsibility and in the Nigerian context where armed political militia already exist, this latest measure raises the risk of formalising political militias. It also appears to be gaining ground. After initial opposition the federal government seems to be approaching an agreement towards a legal framework with the six governors. The idea was progressed at a meeting between vice president Osinbajo, the attorney-general and federal justice minister **Abubakar Malami**, and police inspector-general, **Mohammed Adamu**, and the governors at the presidential villa at **Asso Rock, Abuja (Federal Capital Territory)** on 23 January. With security a problem and perception of the police as corrupt and incompetent, an independent security outfit local to the six states of Nigeria's South-West to supplement federal police efforts is popular.

¹³ Financial Times, 13 Jan 2020.

¹⁴ The Cable, 20 Jan 2020.

¹⁵ Punch NG, 1 Jan 2020.

Planner

24 -28 Feb 2020 **Lagos (Nigeria)** Social Media Week Lagos 2020;
 25-27 Feb 2020 **Lagos (Nigeria)** 4th Sub Saharan Africa International Exhibition & Conference;
 29 Jun – 2 Jul 2020 **Abuja (Nigeria)** Nigeria Oil & Gas Conference & Exhibition;
 2023 **(Nigeria)** Presidential elections;

Chronology

23 Jan 2020 **Abuja (Nigeria)** *Punch*. **Economic and Financial Crimes Commission** charges former attorney general **Mohammed Adoke** in an **Abuja** court for allegedly receiving bribes to facilitate a \$1.3 billion oil deal known as **OPL 245** by **Malabu Oil and Gas**;

21 Jan 2020 **Abuja (Nigeria)** *TechCrunch*. **Nigeria**-based digital payments start-up **Paga** acquires **Ethiopia**-based software development company **Apposit** for an undisclosed amount and says it will launch its payment products in Ethiopia immediately and in **Mexico** this year;

20 Jan 2020 **London (United Kingdom)** *Today News Africa*. President **Muhammadu Buhari** tells **Ghana**'s President **Nana Akufo-Addo** during a bilateral meeting at the **UK-Africa Investment Summit** that he closed the **Nigeria** border partly due to arms and drugs smuggling, not solely because of food products;

14 Jan 2020 **Abuja (Nigeria)** *Advanced Television*. **Nigerian Communications Commission** CEO **Umar Danbatta** says the overall sum to be invested into broadband infrastructure will top \$73 billion by 2024;

10 Jan 2020 **Abuja (Nigeria)** *Nasdaq*. Attorney general **Abubakar Malami** withdraws a \$2 billion tax demand against **South Africa**-based telecoms giant **MTN Group**, causing shares in MTN Group to rise by more than 4%;

10 Jan 2020 **Abuja (Nigeria)** *S&P Global*. **Nigeria National Petroleum Corp** group general manager **Mele Kyari** says Nigeria is shifting its upstream work towards natural gas liquids and natural gas to better comply with its crude production quota under the **OPEC+** agreement;

7 Jan 2020 **Abuja (Nigeria)** *Ventures Africa*. Ride-hailing start-up **Solride** launches in **Nigeria** with plans expand to other markets in **Africa** by the end of the first quarter of this year;

6 Jan 2020 **Lagos (Nigeria)** *Punch*. Fertiliser producer **Notore Chemicals Plc** secures \$36.4m from the **African Export-Import Bank (Afreximbank)** to invest in increasing its capacity and reliability index from 67% to 95%;

6 Jan 2020 **Abuja (Nigeria)** *Punch*. Nigerian power distribution companies (**DisCos**) record total revenue shortfall of \$1.5 billion for 2019, which the Nigerian government, via the **Nigerian Bulk Electricity Trading Plc (NBET)**, is set to cover;

6 Jan 2020 **Abuja (Nigeria)** *Punch*. In line with its 10-year capital market masterplan to provide more avenues for trade and investment in the country, Nigeria's **Securities and Exchange Commission (SEC)** is to prioritise the development of an efficient derivatives trading market;

6 Jan 2020 **Abuja (Nigeria)** *Daily Trust*. Chief Justice of Nigeria (CJN) **Tanko Muhammad** distances himself from accusations of being involved in an alleged \$11,000 extortion scandal;

5 Jan 2020 **Abuja (Nigeria)** *Guardian Nigeria*. In a potential windfall for Nigeria's **2020 Budget**, oil prices rise to nearly \$70 per barrel (pb) from the \$57pb benchmark projected in the budget, due to **US-Iran** tensions in the **Middle East**;

5 Jan 2020 **Lagos (Nigeria)** *Daily Sun*. Despite continued growth, Nigeria's capital market in

2019 continues to be adversely affected by the macroeconomic worries due to political and security concerns, such as the tensions during and after the 2019 general elections;

2 Jan 2020 **Lagos (Nigeria)** *Bloomberg*. The **African Export-Import Bank (Afreximbank)**, with a loan transaction volume of over \$2.79 billion (8.7% of the market share) emerges top of **Bloomberg's Africa Capital Markets League Table for 2019**.

28 Dec 2019 **Abuja (Nigeria)** *PulseNG*. **Nigeria Liquefied Natural Gas (NLNG)** signs final investment decision with its partners **NNPC, Eni, Total, and Shell**, to build its **Train 7** processing unit, which could potentially boost Nigeria's LNG output by 35% and create 10,000 jobs;

27 Dec 2019 **Maiduguri (Nigeria)** *Punch*. President **Muhammadu Buhari** condemns terror and the murder of 11 hostages by **Islamic State in West Africa Province (ISWAP)**, purportedly depicted in a video released by the group;

27 Dec 2019 **Abuja (Nigeria)** *Punch*. Governors from **Benue, Taraba, and Zamfara States** appeal to the federal government to reconsider its decision to withdraw troops in the first quarter of 2020, due to renewed security threats posed by **Islamic State West Africa Province (ISWAP)**;

24 Dec 2019 **Abuja (Nigeria)** *PulseNG*. In recognition of domestic and international overtures to obey court orders granting them bail, activist **Omoyele Sowore**, under arrest since August 2019, and former **National Security Adviser (NSA) Sambo Dasuki**, under arrest since 2015, secure release from prison;

20 Dec 2019 **Abuja (Nigeria)** *ThisDay*. Nigeria's **Economic and Financial Crimes Commission (EFCC)** detains former attorney-general **Mohammed Adoke** as part of their on-going investigation into one of the biggest corruption scandals in the country's oil industry, alleged to be worth over \$1.3 billion.



About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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