

AFRICA RISK CONSULTING

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The Central Bank of Nigeria (CBN) on 17 May withdraws its circular ordering various financial institutions to implement a 0.5% national cybersecurity levy on domestic bank transfers. This follows the government's suspension of the policy and public outrage. TotalEnergies' decision to invest in Angola over Nigeria sparks concern over the nation's inability to attract foreign investors and sustain existing business relationships. Amid the rising cost of living and prices of commodities, CBN's Monetary Policy Committee (MPC) on 21 May raises the benchmark interest rate by 150 basis points from 24.75 to 26.25%.

CBN withdraws circular mandating cybersecurity levy

The **Central Bank of Nigeria (CBN)** on 17 May withdrew its circular which ordered various financial institutions to implement a 0.5% national cybersecurity levy on domestic bank transfers following the government's suspension of the policy amid public outrage.¹ In a memo dated 6 May, the apex bank announced that all commercial, merchant, non-interest and payment service banks should implement the **Cybercrime (Prohibition, Prevention etc) (Amendment) Act 2024** in line with section 42(2)(a) which stipulates,

*"a 0.5% (0.005) of all electronic transactions value by the business specified in the Second Schedule of the Act is to be remitted to the **National Cybersecurity Fund (NCF)**, which shall be administered by the **Office of the National Security Adviser (ONSA)**"²*

CBN added that failure to comply would attract a fine of 2% of the annual turnover. Nigerians condemned the timing of the introduction of the levy due to the rising cost of living and multiple taxes.³ However, the suspension was prompted by the house of representatives, which described the CBN's circular as "*ambiguous*" prompting the government to order a review of the cybersecurity tax policy.⁴ Minority leader **Kingsley Chinda** on 9 May raised a motion and stated that the CBN misinterpreted the Cybercrime Act and that the circular on the implementation of the cybersecurity levy was poorly worded which resulted in multiple interpretations.⁵ An excerpt from the 6 May circular notes,

"The levy shall be applied at the point applied at the point of electronic transfer origination, then deducted and remitted by the financial institution. The deducted amount shall be reflected in the customer's account with the narration 'Cybersecurity Levy'"⁶

While commending the CBN's memo as it supports the global fight against cybercrime, Chinda further clarified that the levy does not apply to ordinary citizens but to businesses such as GSM service providers and telecommunication companies, internet service providers, banks and other financial institutions, insurance companies and the **Nigerian Stock Exchange**.⁷

Critics on social media platforms and experts have since condemned CBN's withdrawal of the circular, describing the current administration as "*a government of trial and error*".⁸ Both the initial and recent

¹ Channels, 14 May 2024

² Central Bank of Nigeria, 6 May 2024

³ Africa News, 15 May 2024

⁴ Punch, 12 May 2024

⁵ Leadership, 17 May 2024

⁶ Central Bank of Nigeria, 6 May 2024

⁷ Leadership, 17 May 2024

⁸ Nigerian Tribune, 20 May 2024

withdrawal memos serve to demonstrate a lack of coordination and the need for more efficient management in the financial sector.

Although it is currently unknown when the CBN will release an updated version of the cybersecurity tax policy, organisations affected may subsequently conduct an upward review of the prices of services rendered to offset the additional cost.

TotalEnergies diverts project amid Nigeria's declining oil and gas sector

France-headquartered **TotalEnergies'** decision to invest in **Angola** over Nigeria has raised concerns over the nation's inability to attract foreign investors and sustain existing business relationships. TotalEnergies officially announced its \$6 billion **Kaminho** project in Angola on 21 May. During the **Africa CEO Forum in Kigali (Rwanda)** on 16 and 17 May, TotalEnergies CEO **Patrick Pouyanné** revealed that the company arrived at the investment decision due to various reasons including inconsistent policies, an unstable regulatory environment, insecurity, and a shortage of skilled workers in Nigeria.⁹

TotalEnergies has not carried out any form of oil exploration in Nigeria's **Niger Delta** region for 12 years despite being the oil 'powerhouse' in **West Africa**.¹⁰ Speaking at the event, Pouyanné while assessing Nigeria's business environment said,

*"Nigeria loves to open topics without closing them. You love to debate. There is always a new legislature in Nigeria about a new petroleum law. When you have such permanent debates, it's difficult for investors looking for long-term structure to know what direction to go to."*¹¹

In December 2023, Pouyanné met with President **Bola Tinubu** (2023-present) where he stated that the company was in support of the government's policies and further disclosed that TotalEnergies would invest \$6 billion in the coming years focusing on deep-water projects and gas production "across all terrain".¹² The news came as international oil companies (IOCs) were moving their operations from offshore to onshore. Nigeria accounts for between 8% and 10% of TotalEnergies' output on a global scale and holds over 18% of its total investments. Despite this, the company has continued to struggle to maintain its interest in Nigeria's offshore assets. This is a problem for most IOCs due to the current insecurity issues in the Niger Delta region.¹³

Evidently, Nigeria's oil and gas sector is facing a decline in investment. **Nigerian National Petroleum Corporation (NNPC)** CEO **Mele Kyari** on 18 May acknowledged as much during a stakeholder engagement between the **National Association of Petroleum Explorationists (NAPE)** and NNPC. Kyari cited security issues, the presence of shell contracting firms, and the current fiscal environment as major challenges. He also outlined efforts to increase production and attract investment which includes the NNPC's plan to embark on three projects in 2024 such as collaborating with its joint venture (JV) and production sharing contract (PSC) partners to drill exploration and development wells.¹⁴

CBN raises benchmark interest rate by 150 basis points

Amid the rising cost of living and prices of commodities, the CBN's **Monetary Policy Committee (MPC)** raised the benchmark interest rate by 150 basis points from 24.75 to 26.25% during the 295th meeting on 20 and 21 May.¹⁵ The upward review marks the third in less than three months since the MPC resumed in February. The benchmark interest rate was raised by 400 basis points from 18.75% to 22.75% and by 200 basis points from 22.75% to 24.75% in February and March respectively.¹⁶ Prior to the MPC's meeting, analysts and experts shared split opinions while predicting the outcome

⁹ TotalEnergies, 21 May 2024

¹⁰ Business Day, 20 May 2024

¹¹ Business Day, 20 May 2024

¹² Business Day, 19 December 2023

¹³ The Sun, 22 May 2024

¹⁴ Africa Oil&Gas, 21 May 2024

¹⁵ Central Bank of Nigeria, 21 May 2024

¹⁶ Punch, 21 May 2024

of the meeting. Some anticipated that the CBN would maintain the previous rate without a review, and some projected a 1% increase to 25.75% while others advocated for a smaller 0.5% hike with a strategy of smaller hikes in the future.¹⁷

The decision has sparked concerns over the ability of Nigerians to repay their loans.¹⁸ **Nigeria Employers' Consultative Association (NECA)** director general **Adewale Smatt Oyerinde** opined that these increases will decrease private sector investment and further constrain businesses. He also questioned the effectiveness of the CBN in relying on interest rates alone to combat inflation, particularly given the ongoing depreciation of the naira, which itself fuels inflation. **Nigerian Association of Chamber of Commerce, Industry, Mines, and Agriculture (NACCIMA)** director general **Sola Obadimu** expressed similar concerns and noted that the increase in interest rates could hinder business growth, investment, and expansion plans.¹⁹

Despite rising inflation, CBN governor **Olayemi Cardoso**, while addressing the press in Abuja on 21 May affirmed the apex bank's commitment to using its tools to achieve price stability and to use available measures to control inflation.²⁰ In a circular, MPC members acknowledged that the CBN's recent strict measures are starting to yield positive results as headline and food price inflation declined on a month-on-month basis amid a "moderate" rise in year-on-year headline inflation in April 2024.²¹

Notably, the apex bank has attributed the high inflation rate primarily to the rising cost of food with the year-on-year inflation rate steadily rising for 13 months reaching 33.69% in April.²² Several factors have reportedly contributed to the inflation pressure including increased transportation costs, poor infrastructure, insecurity, and exchange rate fluctuations, worsened by the removal of fuel subsidies in 2023 and the floating of the naira.²³

The MPC's calculated interest rate hike may not be a solution to manage inflationary pressure such as food prices, the major driver of inflation, which remain high largely due to the high cost of transportation caused by the removal of fuel subsidies. Ultimately, addressing this issue may play an important role in successfully managing inflation.

Planner

27 June 2024 **Abuja (Nigeria)** The **International Conference on Financial Service Management and Insurance Industries**

25 June 2024 **Lagos (Nigeria)** The **International Conference on Business, Politics and Technologies and Law (ICBPTL)**

27 May – 6 June 2024 **Abuja (Nigeria)** President **Bola Tinubu** to inaugurate several completed projects within 11 days

27 May – 5 June 2024 **Edo & Ondo (Nigeria)** The **Independent National Electoral Commission (INEC)** to commence continuous voters' registration (CVR) ahead of the governorship elections in **Edo** and **Ondo** states.

3 June 2024 **Lagos (Nigeria)** The **International Conference on Portfolio Management and Pipeline Management**

Chronology

23 May 2024 **Abuja (Nigeria)** *Independent*. President **Bola Tinubu** departs Abuja for **N'Djamena (Chad)** to attend the inauguration of recently elected president **Mahamat Déby**;

¹⁷ Punch, 20 May 2024

¹⁸ Punch, 22 May 2024

¹⁹ Business AM, 22 May 2024

²⁰ Channels, 21 May 2024

²¹ Central Bank of Nigeria, 21 May 2024

²² Vanguard, 22 May 2024

²³ Channels, 21 May 2024

23 May 2024 **Abuja (Nigeria)** *Punch*. Petroleum resources minister **Heineken Lokpobiri** reveals that approximately \$16.6 billion in investments had been committed to the country's oil and gas sector since President **Bola Tinubu** assumed office on 29 May 2023;

23 May 2024 **Abuja (Nigeria)** *Independent*. House of representatives, during its second reading passes a supplementary budget of N98.50 billion (\$68.9m) for the **Federal Capital Territory Administration's** statutory revenue fund for capital projects in Abuja for the fiscal year;

23 May 2024 **Abuja (Nigeria)** *Vanguard*. **Tigran Gambaryan**, detained executive of **Malta-headquartered Binance Holdings Limited** collapses at the federal high court over alleged ill health;

23 May 2024 **Abuja (Nigeria)** *Punch*. The **Nigeria Customs Service (NCS)** announces the interception of 17,580 litres of petrol in the **Mubi and Yola** axis of **Adamawa State** between April and May;

22 May 2024 **Cross River (Nigeria)** *Daily Trust*. **Cross River** state house of assembly impeaches speaker **Elvert Ayambem** following a vote of no confidence;

22 May 2024 **Abuja (Nigeria)** *Channels*. The federal government proposes a minimum wage of NGN57,000 (\$39.8), but **Nigeria Labour Congress (NLC)** and the **Trade Union Congress (TUC)** reject the offer, shifting from NGN615,000 (\$430) to NGN497,000 (\$347);

22 May 2024 **Lagos (Nigeria)** *Punch*. **Dangote Petroleum Refinery** announces an increase in the price of diesel from NGN940 (\$0.7) per litre to NGN1,100 (\$0.8) per litre amid naira depreciation against the **United States** dollar;

22 May 2024 **Abuja (Nigeria)** *Premium Times*. Candidates of the **People's Democratic Party (PDP)** secure chairmanship seats across all 33 local government areas during the 27 April council elections in **Oyo State**;

22 May 2024 **Abuja (Nigeria)** *Daily Trust*. The federal government through foreign affairs minister **Yusuf Tuggar** holds a meeting with delegates from **Benin** to discuss the free trade, commerce, and bilateral relations;

22 May 2024 **Abuja (Nigeria)** *Business Day*. The **Central Bank of Nigeria (CBN)** directs all **bureau de change operators (BDCs)** to reapply for new operational licenses;

22 May 2024 **Lagos (Nigeria)** *Tribune Online*. **Nigeria Civil Aviation Authority (NCAA)** says that it will sanction **Turkish Airlines** after reports of 300 passengers being stranded at the **Murtala International Airport** following the airline's failure to airlift them to **Istanbul**;

21 May 2024 **Abuja (Nigeria)** *Vanguard*. **Nigeria Labour Congress (NLC)** and the **Trade Union Congress (TUC)** reject the federal government's NGN54,000 (\$37.8) minimum wage proposal, insisting on NGN615,000 (\$430);

20 May 2024 **Abuja (Nigeria)** *Leadership*. Bandits kidnap over 20 people in the **Dawaki** area of the **Federal Capital Territory (FCT)** during a night raid on 19 May;

21 May 2024 **Abuja (Nigeria)** *Channels*. Suspected bandits kill at least 40 people during an attack across three communities in **Wase** local government area of **Plateau State**;

17 May 2024 **Abuja (Nigeria)** *Channels*. Federal high court in **Abuja** denies **Tigran Gambaryan**, the detained executive of **Malta-headquartered Binance Holdings Limited**, bail citing flight risk;

16 May 2024 **Abuja (Nigeria)** *AFP*. President **Bola Tinubu** hosts **Senegal's** President **Bassirou Diomaye Faye** to discuss regional issues;

15 May 2024 **Abuja (Nigeria)** *CNBC Africa*. Government issues a four-week deadline for the review of its visa policy to reduce visitor visa application times to 48 hours in a bid to promote ease of doing business;

14 May 2024 **Abuja (Nigeria)** *CNBC Africa*. Government launches a mineral resources portal for investors that allows them to access information on mineral resources, facilities and infrastructure;

14 May 2024 **Abuja (Nigeria)** *Amnesty International*. **United Kingdom (UK)**-headquartered **Amnesty International** reports indicates that UK multinational oil & gas company **Shell Plc** must be held accountable for human rights before selling off its business in the **Niger Delta** region;

13 May 2024 **Abuja (Nigeria)** *State House*. President **Bola Tinubu** orders the mandatory purchase of compressed-natural-gas (CNG) powered vehicles by all government ministries, departments, and agencies as part of efforts to transition to cleaner energy;

12 May 2024 **Abuja (Nigeria)** *Daily Trust*. Bandits kill at least 49 people during a five-day operation between 7 and 11 May across different communities in **Zamfara State**;

10 May 2024 **Abuja (Nigeria)** *Channels*. The federal high court adjourns the alleged NGN80 billion (\$55.9m) fraud case involving **Yahaya Bello**, former governor of **Kogi State** to 13 June;

8 May 2024 **Abuja (Nigeria)** *Arise News*. **Microsoft Corporation** reportedly shuts down the engineering section of its **Africa Development Center (ADC)** in Nigeria two years after it was commissioned;

6 May 2024 **Abuja (Nigeria)** *Times Live*. **Nigerian Electricity Regulatory Commission (NERC)** places a cap of 6% on the total available grid generation to international off-takers for the next six months in a bid to bolster domestic supply;

30 April 2024 **Abuja (Nigeria)** *Premium Times*. House of representatives summons petroleum resources minister **Heineken Lokpobiri** over nationwide petrol scarcity;

5 May 2024 **Abuja (Nigeria)** *Punch*. **British** high commissioner to Nigeria, **Richard Montgomery**, confirms trade between the two countries has reached £7 billion (\$8.8 billion) while announcing that the UK and Nigeria have signed a new agreement on enhanced trade and investment;

2 May 2024 **Abuja (Nigeria)** *The Africa Report*. **MTN Nigeria**, a subsidiary of **South Africa**-headquartered **MTN**, calls for regulators to allow higher tariffs as the devaluation of the naira and accelerating inflation negatively impact its profitability;

30 April 2024 **Abuja (Nigeria)** *Punch*. **Myson Nejo** emerges as the gubernatorial candidate of the **African Democratic Congress (ADC)** for the 16 November **Ondo State** elections;

29 April 2024 **Abuja (Nigeria)** *The Guardian*. The **Central Bank of Nigeria (CBN)** orders fintech apps including **Moniepoint, Kuda, Opay, Palmpay** to suspend the registration of new customers amid investigations into allegations that accounts on these fintech platforms are being used for illicit foreign exchange transactions;

28 Apr 2024 **Abuja (Nigeria)** *Reuters*. The presidency confirms Nigeria has secured a \$600m investment in seaport infrastructure from **Danish** shipping conglomerate **Maersk**;

27 April 2024 **Rivers (Nigeria)** *Premium Times*. A tanker explosion leaves at least four people dead and over 70 vehicles burnt along **Eleme** section of the **East-West Road** of **Rivers State**;

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