

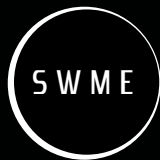


Scott Wilcox Middle East

Management & Advisory Services

Nigeria Report: 11 - 17 July 2012





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Key Judgements

- Attorney General Okays Draft Bills for Anti-Terrorism and Anti-Corruption Laws
- Communal Clashes Continue in Northern Nigeria
- Nigeria Rocked by Floods
- Agriculture Industry Gains Increased Attention from the Federal Government

This report assesses political, security and economic issues that have arisen over the past week. For a detailed record of security incidents occurring in Nigeria, subscribers should refer to Scott Wilcox Online information System (OIS).

Political Situation

Government Officials Setup Committee to Address Constitutional Amendment: The Conference of Speakers' of State legislatures of Nigeria on 12 July, constituted a six member ad hoc committee to collate proposals and memoranda from the State Houses of Assembly and the public for the planned constitutional amendment of the 1999 constitution by the national Assembly. Apparently the Conference deliberated on issues of national concern, such as the state of insecurity in the country, and resolved that urgent steps be taken by both the security agencies and the governments to tame the rising tide of insecurity in the country. Also addressed were issues of socioeconomic and political challenges that demand attention. Finally, this ad hoc committee was also an effort in part to improve transparency surrounding the constitutional amendment process.

Governors to Drag Federal Government to Court: The thirty-six state governors under the aegis of Nigeria Governor's Forum, are poised for legal battle with the Federal Government. During a meeting, the governors concluded arrangements to drag the Federal Government to the Supreme Court over deductions from the federal account. Apparently the governors are not comfortable with what they describe as over deductions by the Federal Government to fund the fuel subsidy. They are approaching the apex court for a final explanation on the formula for withdrawal from their account. This seems to be a result of the fact that, while N880 billion was earmarked to finance the fuel subsidy this year, no funds remain after seven months.

AGF Okays Draft Bills for Anti-Terrorism and Anti-Corruption Laws: On 15 July, the Attorney General of the Federation and Minister of Justice, Mohammed Bello Adoke, agreed to five draft bills for new laws that will strengthen the fight against terrorism and corruption in the country. In addition to proposing new laws like the Witness Protection Bill, the Mutual Assistance in Criminal Matters Bill, and the Whistle Blowers Bill, Adoke identified grey areas in the existing laws of Nigeria that ought to be amended in order to curb the spate of economic crimes in the private and public sectors of the economy. Also worth noting, was the announcement that 'government



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has concluded arrangements to commence the prosecution of those recently indicted in the fuel subsidy probe report and the filing of charges arising from the investigation conducted by relevant law enforcement agencies.'

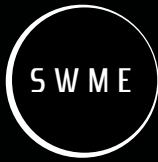
Federal Government to Cut Domestic Debts: The National Economic Council meeting was held on 17 July and resulted in two especially important developments: the Federal Government announced it would cut domestic debts in order to ensure that the level of deficit in the nation's budget is reduce significantly, and lawyers for the Federal Government and the 36 states of the federation have been given two weeks to finalize the positions of both parties on the Excess Crude Account. Also discussed was the borrowing plan going forward in the next three years; a state will now apply for projects it wants to finance and a meeting will follow to discuss specifics.

Analyst's Comment: The Nigerian government has taken new steps in its war with the Islamic Boko Haram menace that continues to wreak havoc throughout the country. As past efforts, including curfews, banning motorcycles, and expanding the security force have failed, the answer may lie in the amendment of the constitution and the passage of new laws. This is at least the thinking within the government as a new committee was established to collate proposals for amendments and new laws passed the preliminary phase of consideration. Interestingly, while some argue that the security threat stems from socioeconomic inequality, the government's move to cut the domestic debt as well as initiate an investigation into the fuel subsidy might actually lead to improved economic growth, thereby improving the security situation.

Security Situation

Teachers Embark on Strike: Bauchi State Chapter of Nigeria Union of Teachers has ordered all primary and junior secondary school teachers in the state to commence a stay-at-home order following the failure of the state government to meet their demands. The union demanded the payment of one month arrears of 27.5% to primary school teachers, 12.5% to administrative staff of the local education authorities, payment of the enhancement allowance to primacy school teachers and implementation of the three years promotion of primary and junior secondary school teachers in the state. The government has remained non-committal.

7 Wounded and 70 Houses Destroyed in Communal Clash: Seven persons sustained various degrees of injuries from gun shots and seventy buildings at various stages of construction were destroyed on 12 July, when youths, suspected to be from Ogidi in Anambra State, invaded a disputed land between the community and the Nkpor, both resident of Indemili North Local Government Area of the State. It seems rampaging youths invaded the disputed area armed with dangerous weapons, forcing people, mainly workers at the construction sites, to run for their lives. No lives were lost but police have increased the security in the area. Four persons have so far been arrested and interrogated while police pursue the rest of the suspects.



Police Rescue Two From Kidnappers: On 13 July, police in Delta State rescued a couple from kidnappers after a gun battle that left two police officers with bullet wounds. As the police gained the upper-hand, the kidnappers sustained bullet wounds and decided to flee, abandoning the kidnap victims. Apparently the couple had been ambushed by the kidnappers in a red Audi and taken before they could resist. A police patrol team pursued the Audi but soon lost track of the car. Luckily another patrol team encountered the kidnappers and rescued the victims.

Suicide Bomber Kills 5 in Mosque Attack: A suicide bomber killed five people and injured six in an attack on the central mosque in Maiduguri on 13 July. The attack narrowly missed the deputy governor of Borno State and Borno's Shehu, who were attending Muslim Friday prayers. Apparently the suicide bomber was about 15 years old. Believed to be yet another bombing perpetrated by the Boko Haram sect, the intention seems to be the provocation of a wider religious conflict in the country.

Floods Hit Ibadan: A downpour, which started on 14 July and lasted until the early hours of 15 July, ended up flooding some areas of Ibadan. Many residents of the affected areas were stranded in their homes and even a bridge collapsed. According to some witnesses, the height of the water reached up to about five feet. Many remember the horrible flood last year that claimed many lives and led to millions in destruction, hoping this season won't bring such devastation and destruction.

Analyst Comments: The tumultuous security situation in Nigeria has not improved. Kidnappings have surged, communal violence has erupted repeatedly in Plateau State, and gun fights, bombings, and home invasions continue to define daily life in Nigeria. Notably, floods have now been added to this already overwhelmingly volatile environment, as the rain season advances across Nigeria. Also worth noting are the tumultuous relationships between the government and various social groups within its borders. Teachers and doctors specifically, are constantly on the verge of striking, the former having decided to strike most recently and the latter only threatening such action. Until the government takes drastic measures, it seems the threatening security situation will continue to prevent a stable and comfortable standard of living in Nigeria.

Economic Situation

NDE To Establish Agricultural Skill Acquisition Centers: Worried by the increasing rate of unemployed citizens in the country, the National Directorate of Employment, on 11 July, embarked upon the establishment of agriculture and skill acquisition centers across the country. Ideally, these centers will reduce the rate of Nigerians choosing white-collar jobs at the expense of agricultural and skilled jobs. According to the Director-General of the agency, the NDE is poised to provide employment to job seekers by empowering the millions of Nigerian youths to be self-employed and that these centers, if fully equipped, should be self-sustainable, in the event the government decides to hand the project off.



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Federal Government Approves N330 million Grant for Lagos Farmers: The Federal Government will help 20,000 farmers in Lagos State, offering a grant of N330 million in the hopes to increase food production in the country. The Minister for Agriculture and Rural Development said that the fund will be devoted to acquiring fertilizers for the farmers, covering over 50% of the cost that would normally be spent by farmers. Furthermore, in an effort to increase the cassava production in the country thereby reducing the importation of wheat, all seeds will be supported by the Federal Government by 100%.

Nigeria Woos Chinese Investors: The Nigerian Investment Promotion Commission in Abuja on 16 July said its recent trade mission to China was to woo Chinese investors. More specifically, it was to market Nigerian products and investment opportunities in Nigeria. The larger intent seems to have been to convey that 'Nigeria is not as bad as has been presented in some international media' and that 'the business climate in Nigeria is conducive'. It seems the presentations generated a lot of interest and several inquiries into doing business in Nigeria. The NIPC is looking forward to visits to Nigeria by a delegation of Chinese businessmen.

Analyst Comments: The government seems to have recognized the dangers of an economy reliant on a single industry, even one as powerful as the oil industry. The recent decision to subsidize seeds and fertilizers as well as establishing skills acquisition centers may hold the key to expanding the sources of Nigerian economic prosperity, especially within the context of illegal oil bunkering and the sabotage of oil facilities. Notably, the government has taken action in the past to diversify its economic portfolio, though these actions fostered no tangible improvements. Therefore the consequences of these more recent developments cannot easily be predicted. Progress will rely on proper implementation by the government as well as the degree to which the public actively engages with the new policies.

Travel Advisory

- The various curfews in place throughout Nigeria should be observed without exception - all travelers should be indoors between the specified times and all travel should be planned accordingly, in order to ensure the safety of all travelers.
- Plateau State, Barkin-Ladi and Riyom areas in particular, and the areas surrounding Jos generally, should be avoided. These areas have continuously been home to severe communal violence, involving gunfire, indiscriminate violence, and destruction of property. All but essential travel to Plateau State should be avoided.
- Similarly, all but essential travel to Kano, Maiduguri, Dutse, and Damaturu in the north as well as Offra, Owerri, and Onitsha in the south should be avoided. The Boko Haram sect has been particularly active in these regions, ensuring a high frequency of gunfire, murders, and bombings. Security is highly questionable in these areas.



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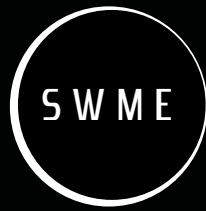
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- The frequency of kidnappings has increased throughout the country. Notably, the victims have ranged from teachers to couples to government officials to random civilians. Travel late at night or travel alone should be avoided.
- Explosions involving Improvised Explosive Devices as well as car bombs have increased this week. Travel to public areas including shopping malls and frequent tourist locations, but especially religious institutions, should be avoided if possible.

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