

30.12.11

>>> Menas Nigeria Politics & Security

1.0 Security developments

Christmas Day bomb attacks fuel sectarian conflict

- > The past two weeks in Nigeria have been dominated by the coordinated series of attacks on Christmas Day for which the indigenous militant Islamist group *Boko Haram* has claimed responsibility. The attacks - two bombings on Christmas Day church services at Madalla near Abuja which killed 35, and in Jos; as well as three attacks in Yobe State at Damaturu and Gadaka - killed at least 40 people and injured considerably more but could have been far worse
- > The attack on the *Mountain of Fire and Miracles Church* in Plateau State's capital of Jos - which lies in the so-called Middle Belt between the mainly Muslim north and Christian south - fortunately only killed one police officer. It could have been even more serious than the Abuja attack because two explosive devices were found in a nearby building but were successfully disarmed. Over 1000 people have been killed in religious and ethnic violence in Jos over the past two years and there were a series of bomb blasts in the city on Christmas Eve 2010
- > The attacks, which received widespread international condemnation, were no doubt partially in reprisal for the Nigerian security forces' current military campaign against *Boko Haram*. Around 70 people had already been killed in the pre-Christmas week in fighting in the sect's northeastern heartland.
- > On 27th December there was a fresh round of explosions and gunfire in the Yobe State capital of Damaturu when the army launched an operation against a Boko Haram stronghold and allegedly killed 50 of its members and destroyed its armoury for the loss of three dead and seven wounded soldiers. On the same day about 120 kilometres west of Damaturu cars were burnt and a police station at Potiskum was attacked by gunmen resulting in the death of three policemen and two civilians.

- > It was reported on 28th December that around 90,000 people had already been displaced from Damaturu as a result of the clashes. The regional co-ordinator for the ***National Emergency Management Agency (NEMA)***, **Ibrahim Farinloye**, said one entire district of the town had been emptied because of the fighting. He also said that many presumably Christian people had also fled their homes from the Jerusalem district of the town to take refuge with family and friends in other parts of Damaturu. They had refused to move into camps for displaced people because they feared they would be easy targets for attackers.
- > *Boko Haram's* aim, which appears to be succeeding, seems to have been to promote sectarian violence between Nigeria's Muslim and Christian communities. One ***Christian Association of Nigeria*** leader called the bombings a "*declaration of war on Christians*" and suggested it would "*respond appropriately if there are any further attacks*". On 27th December a small homemade bomb was thrown into an Islamic school in southern Delta state wounding seven including young children.
- > On 28th December the ***Sultan on Sokoto, Muhammad Sa'ad Abubakar III***, - who is the spiritual leader of Nigeria's 70 million Muslims - met with **President Goodluck Jonathan** for 90 minutes to discuss the latest *Boko Haram* violence. He told journalists after the meeting that "*I want to assure all Nigerians that there is no conflict between Muslims and Christians, between Islam and Christianity.*" Instead he said "*It's a conflict between evil people and good people. The good people are more than the evil ones, so the good people must come together to defeat the evil ones, and that is the message.*"
- > The government is fully aware of the serious danger that any escalation in the sectarian attacks could have. **President Goodluck Jonathan** held an emergency meeting at State House in Abuja on 29th December with the country's security chiefs to discuss the rising threat posed by *Boko Haram*. He reportedly "*where we were, where we are and where we need to be*" and told them to go after the militants and end the wave of violence. Attending the meeting were

 - Chief of Defence Staff **Oluseyi Petinrin**;
 - Chief of Army Staff **Azubeike Ihejirika**;
 - Chief of Naval Staff **Ola Sa'ad Ibrahim**;

- Chief of Air Staff **Mohammed Umar**;
 - Inspector General of Police **Hafiz Ringim**;
 - Director General of the *State Security Service (SSS)* **Ita Ekpenyong**; and
 - National Security Adviser (NSA), **Andrew Azazi**.
- > Ringim admitted after the meeting that he and his colleagues were struggling to deal with the terrorist threat which he described as "*a very new phenomenon*" for Nigeria. He also admitted that, so far, they had not yet penetrated *Boko Haram's* leadership and were mainly finding the sect's foot-soldiers and supporters.
 - > There is little doubt that the on-going threat from *Boko Haram* - and, more importantly, its ability to ferment sectarian violence between Nigeria's Muslim and Christian communities - is extremely serious. It seems obvious that the government and its security services urgently need a new and much better co-ordinated strategy if they are to succeed. Unless they do so then the outlook in 2012 for the security situation - particularly in the north and the middle belt but also for isolated attacks in the predominantly Christian south - look very bleak
 - > This was re-emphasised today - 30th December - with another explosion which the Nigerian army is already blaming on *Boko Haram*. A blast has rocked an area near a mosque in the Bornu State capital of Maiduguri with witnesses reporting at least four deaths. It is reported that there was a loud blast near the mosque just after the Friday prayers as people were trooping out of the mosque,
 - > Analysts said the move raised the spectre of communal clashes in Africa's most populous nation, which is divided between a largely Muslim north and a mainly Christian and animist south.

2.0. Political Developments

Senate approves all the Lawan committee's findings and recommendations into the BPE

- > Before the Christmas bombings the main issue gripping Nigeria's politicians was the fact that - on 21st December after a month of procrastination since the 172 page report was submitted on 24th November - the Senate finally approved the findings and all 45 recommendations of its seven member ad hoc committee. The latter, which was led

by the **ANPP** opposition's Senator **Ahmad Lawan** from Yobe State, was the result of a full scale investigation into the post-1999 privatisations that have been supervised by the **Bureau of Public Enterprises (BPE)** parastatal organisation.

- > The *Senate* initiated the investigation into the privatised companies to determine why some were still not operating as viable entities after being sold on by the Federal Government, to private companies and individuals. The committee discovered not only gross incompetence but also fraud which it claims was carried out by the *BPE* staff.
- > Some of the committee's key recommendations include the removal of the *BPE's* director general, Ms **Bolanle Onagoruwa**; and the indictment of some of her predecessors including the former Minister of the Federal Capital Territory **Mallam Nasir El-Rufai**; **Julius Bala**; and Ms **Irene Chigbue**. They were accused of seeking approvals for the privatisations directly from the then president, **Olusegun Obasanjo**, instead of from the *National Council on Privatization (NCP)* in accordance with the *BPE Act*.
- > The report specifically recommended the sack of Ms Onagoruwa for "*her gross incompetence and for the illegal and fraudulent sale of the Federal Government's residual [5 per cent] shares in Eleme Petrochemicals Company Limited*".
- > The report also recommended that - as a result of the failure of core investors to deliver on the fundamental provision of Share Purchase Agreement/Post Acquisition Plan - the *NCP* should rescind the sale of **Abuja International Hotels Limited (NICON Luxury Hotel)**; the capital's **Sheraton Hotel and Towers**; the **Aluminium Smelter Company of Nigeria (ALSCON)**; the **Delta Steel Company**, stating that the companies should be re-advertised for fresh sale.
- > The report also called on the *NCP* to rescind the sale of **Daily Times of Nigeria (DTN)** to **Folio Communications Limited** in keeping with the court judgments in suits **FHC/L/CP/1328/2009**, **FHC/L/CP/244/10** and **FHC/L/CP/130/2010**.
- > The committee also advised the federal government to implement the July 2011 Inter-Ministerial Technical Audit

Report on *Ajaokuta Steel Complex* which recommended its completion and inauguration.

- > The lawmakers also recommended that the *Economic and Financial Crimes Commission (EFCC)* should be drafted in to investigate the economic crimes being perpetrated at Lagos' *VON Automobile Nigeria Limited* (from which the German technical partners left decades ago). All the that the taxes and import duties accruable on all the goods smuggled into the company's warehouse should be computed and recovered by the *Nigeria Customs Service* and *Federal Inland Revenue Service*.
- > Other recommendations include a directive that *BPE* should discontinue the use of privatisation proceeds to settle staff terminal benefits, consultancy fees, transaction expenses and execution of capital projects. The panel advised that it "should approach the *National Assembly* for appropriation as provided for in Section 80 of the Constitution of the Federal Republic of Nigeria 1999 as amended". It also directed the *BPE* to close all privatisation proceed accounts in commercial banks and henceforth put all proceeds in Privatization Proceeds Account in the *Central Bank of Nigeria (CBN)* in compliance with Section 19(1) of the *Public Enterprises (Privatization and Commercialization) Act 1999*.
- > It was reported that there had been pressure on the Senate to delay the vote on the panel's recommendations because of the "far reaching" effects which the implementation of the report could have. Senate president **David Mark** had admitted as much, saying that the report had put the Senate under pressure. There was also speculation that the report was very damaging to former president Obasanjo because it effectively accused him of condoning or directing the flouting of due procedures in the sale of federal government-owned entities.

Andy Uba's election nullified by Court of Appeal

- > The controversial Senator **Andy Uba's** political ambitions have once again been temporarily thwarted. On 22nd December the five-member Enugu Court of Appeal, led by Justice **Moronikeji Helen Ogunwumiju**, ordered that the *Independent National Electoral Commission (INEC)* to hold fresh elections in the Anambra South senatorial district which Uba apparently won in the April 2011 general elections.

- > The election appeal panel agreed with the petitioner - **Chuma Nzeribe** of the *All Progressives Grand Alliance (APGA)* - that the election which was purportedly won by Uba for the ruling *PDP*, was fraught with gross irregularities and electoral malpractices. He allegedly received 63,316 votes to Nzeribe's 43,798 with the sitting Senator **Ikechukwu Obiorah** of the *Accord Party*, who also challenged the result, receiving 24,724 votes.
- > This is not the first electoral set-back for Uba who rose to prominence during his time as a personal aide to former president Olusegun Obasanjo. The *Supreme Court* threw out Uba as the *PDP's* Anambra State governor after the former governor, **Peter Obi**, challenged the election on the grounds that, because it was not until 15th March 2006 that the courts accepted that Obi had won the April 2003 elections, he still had three more years to serve of his four-year term.

Izala Movement factions reunite after 20 year split

- > After almost 20 years of internal feuding the two main factions of the *Izala Movement* - which is the main *Wahabi* Islamic sect in Nigeria - have finally been reunited. **Sheikh Sani Yahaya Jingir** emerged as the national leader of the movement's religious leadership or *Ulama* after days of consultations which culminated in the unification of the sect's two factions at a meeting in Kaduna.
- > Jingir was the leader of the Jos faction of the *Jama'atu Izzalatil Bid'ah Wa Iqamatus Sunnah (JIBWIS)* which had been split for two decades from the other Kaduna based faction led by **Sheikh Yusuf Sambo Rigachikun** who has emerged as the new deputy national leader. The other new officials are **Sheikh Abdullahi Bala Lau** who is head of administration and his deputy **Alhaji Ibrahim Na Alhaji Azare**.
- > *JIBWIS* was established in the country in 1977 when it was led by **Alhaji Musa Maigandu Muhammad** as its pioneering chairman and late **Sheikh Abubakar Mahmud Gumi** as its first grand patron. The late **Sheikh Isma'il Idris ibn Zakariyya** served as its first national chairman. The problems between the Jos and Kaduna factions began in the early 1990s and escalated to the point where the movement split into two.

3.0 Oil and Economy

Minor oil spill shuts down Bonga

- > **Shell Nigeria Exploration and Production Company (SNEPCo)** announced on 21st December that it had shut down the 200,000 b/d capacity deep-water offshore **Bonga** oil field which is about 120 kms from the coast. This was because of a leak of *“less than 40,000 barrels in total”* which occurred during a routine loading operation from the FPSO to a tanker the previous day. This was, however, Nigeria’s largest offshore leak since 1998 when a similar amount of oil leaked from a ruptured **ExxonMobil** pipeline.
- > Quickly commenting on the incident, Shell Nigeria’s Country Chair, **Mutiu Sunmonu**, said: *“We are sorry this leak has happened. As soon as we became aware of it, we stopped the flow of oil and mobilised our own resources, as well as industry expertise, to ensure its effects are minimised. It is important to stress that this was not a well control incident of any sort, and to make clear that no-one has been injured. Our focus now is on a speedy and effective clean-up.”*
- > The leak apparently occurred from a break in a flexible line about 360 metres from the FPSO. **Cliff Pain**, who is the company’s offshore installation manager, said that although the FPSO has a variety of gauges to check pressure on the line, it wasn’t until daylight broke that workers noticed a sheen surrounding the vessel.
- > Shell estimates that, at its height, the sheen spread across about 350 square miles - which matches an estimate earlier issued by an independent watchdog group called **SkyTruth** - but this is was significantly more than that estimated by government officials
- > Since the leak SNEPCo has been working around the clock with international oil spill experts, using a combination of dispersants and booms, to tackle the leaked oil. It has also continued to monitor the area using boats, aircraft and satellite imagery, and is taking appropriate steps to disperse any further persistent oil sheens.
- > The oil also evaporated in the region’s warm water and air according to **Steve Keedwell** who helped oversee the company’s clean-up operation. The sheen was eventually stopped about 11 miles or 18 kilometres before it would have made landfall.

- > On 26th December a group of international and Nigerian journalists were flown by the company to see for themselves how the oil had largely dispersed. This followed an over-flight two days earlier by the Minister for the Environment and the director general of the *National Oil Spill and Detection and Response Agency (NOSDRA)*.
- > The journalists were also taken by helicopter to see where third party oil, believed to have been spilled from another vessel operating near the FPSO, was hampering SNEPCo's efforts to tackle the leak from *Bonga*. This oil - which the company has proved is not from *Bonga* but which the company is now helping to clean up - has come ashore on short areas of coastline.
- > A Shell spokesman said the flow of oil had been halted on all three of the platform's export lines where it is believed that the leak occurred. An investigation has already been launched into the reasons for the leak but he did not indicate when production from *Bonga* would be resumed. Shell does not appear, however, to have declared force majeure which it would be obliged to do so if it miss deliveries because of circumstances beyond its control.
- > Meanwhile NNPC sources say that state-owned Indian refiner **Hindustan Petroleum Corp (HPCL)** has bought one million barrels of Nigerian oil from **Glencore** for January loading. This is HPCL's first tender since February 2011. Glencore sold a tanker of the *Brass River* oil grade for early January loading

Naira continues to fall

- > The *Naira* has continued its seeming downward spiral as it weakened still further on 21st December which was when the *Central Bank of Nigeria (CBN)* closed the foreign exchange window for the year which, in turn, has placed additional pressure on interbank supplies. The *Naira* eased to 163.30 to the dollar on the interbank, which was its lowest level in ten weeks, compared to 162.35 the previous day.
- > At the year's last bi-weekly foreign exchange auction the central bank sold US\$200 million at the rate of N156.70 to the dollar which was the same rate and sum as in November. Total demand was, however, slightly higher at US\$218.08 million.

- Foreign exchange traders believe that the *Naira* will continue to depreciate and therefore most forex buyers are trying to bring forward their business transactions in order to cushion the adverse effects such depreciation could have. It is argued that the main reason for the anticipated depreciation of the *Naira* in the coming year is the *CBN's* recent shift in the *Naira's* trading band from +/- 3 per cent around N150 to the dollar, to +/- 3 per cent around N155 to the dollar.



Produced by Menas Associates'
Staff and Consultants
© 2011 All rights reserved

Menas Associates Limited
Suite 8, 4 Bloomsbury Square
London WC1A 2RP
United Kingdom

+44 (0)20 3397 4311 Phone

info@menas.co.uk

www.menas.co.uk

All information contained in this publication is copyrighted in the name of Menas Associates Ltd and as such no part of this publication may be reproduced, repackaged, redistributed, resold in whole or in any part, or used in any form or any means graphic, electronic or mechanical, including photocopying, recording, taping, or by information storage or retrieval, or by any other means, without the express written consent of the publisher.

Disclaimer

Menas Associates Ltd cannot ensure against or be held responsible for inaccuracies. To the full extent permissible by law Menas Associates Ltd shall have no liability for any damage or loss (including, without limitation, financial loss, loss of profits, loss of business or any indirect or consequential loss), however it arises, resulting from the use of any material appearing in this publication or from any action or decision taken as a result of using the publication.