



## Jonathan puts power at centre of 2012 agenda as budget unveiled

On 13 December 2011, President **Goodluck Jonathan** presented the 2012 federal budget proposal, also referred to as the 2012 Appropriation Act, to a joint session of the National Assembly.

In his speech presenting the budget, Jonathan made it clear that power generation will be his priority for 2012, stating that this year will see the full privatisation of the power sector.

The president also disclosed that from 31 January, the federal government will offer zero duty payment for the importation of equipment and machinery in the power sector and will create a credit risk management initiative to provide partial risk guarantees (PRG) to alleviate

the burden of gas producers with respect to payments.

To coincide with the administration's push on power, the **Nigerian Electricity Regulatory Company (NERC)** has issued 20 new power generation licences. Political observers believe that Jonathan is now hitching the success of his administration to the delivery of power capacity.

The administration has yet to make a decision, however, on what it intends as the fiscal mechanisms for gas production. This will be crucial to power development, given that the Petroleum Industry Bill has not passed the National Assembly and that the government

may not show its hand on new oil and gas legislation until February.

The 2012 budget, also referred to as the 2012 Appropriation Bill, has an aggregate expenditure of ₦4.749 trillion, which represents a 6 per cent increase over the ₦4.484 trillion appropriated for 2011. Meanwhile, the federal government has extended implementation of the 2011 budget to March 2012 owing to the late approvals and passage of the 2011 budget, which didn't become official until the second half of the year.

Some of the key assumptions on which the 2012 budget is premised are a benchmark crude oil production of 2.48 million b/d, up from the 2.3 million b/d that was set for the 2011

budget; oil price benchmark of \$70 per barrel; an exchange rate of ₦155 to a dollar; projected GDP growth rate of 7.2 per cent; and an inflation rate of 9.5 per cent.

The gross federally collectible revenue is projected at ₦9.406 trillion, of which the total revenue available for the federal government's budget is ₦3.644 trillion, an increase of 9 per cent over the estimate for 2011.

Of the total budget sum, ₦1.32 trillion has been earmarked as capital expenditure. This represents about 28 per cent of total expenditure, compared to 26 per cent in 2011. The capital allocation also shows a 15 per cent increase over the 2011 budget. When presenting >>>

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## Menas Associates

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the budget, Jonathan stated that the focus of capital expenditure would be on the completion of critical infrastructure projects.

The 2012 budget proposal makes a provision of ₦2.472 trillion, or 72 per cent of the budget, for recurrent (non-debt) expenditure, a slight reduction from the 74.4 per cent allocation of 2011 but a figure analysts still consider high. The proposal also includes ₦398 billion for statutory transfers and ₦560 billion for debt servicing, underscoring the real need to address the rising domestic debt profile.

A general breakdown is shown in Table 1. More details of the proposed allocations are shown in Table 2.

## NERC issues new power licences

The **Nigerian Electricity Regulatory Company (NERC)** has issued licences to 20 new power generation firms, a distribution company, and the **Nigerian Bulk Electricity Trading Company (Bulk Trader)** as part of the federal government's efforts to improve on power generation.

The government expects to generate an estimated 6,105 MW of electricity within the next three years from the ventures of the licensees, beginning in the first quarter of 2012. Current generation levels stand at about 4,000 MW.

Industry watchers say that licensing the power generation firms will bring about progressive cost relief and improved efficiency for existing businesses, encourage generation of new

Table 1: Budget breakdown

	AMOUNT (₦)	% OF TOTAL PROPOSED
Statutory transfers	397,929,101,917	8.38
Debts service	559,580,000,000	11.78
Capital expenditure	1,319,777,651,918	27.79
Recurrent expenditure (non debt)	2,471,814,067,333	52.05
<b>Total budget proposed</b>	<b>4,749,100,821,168</b>	<b>100.00</b>

businesses, and create more employment opportunities for Nigerians.

They add that the move will make the products of Nigerian businesses more competitive in local and international markets and hope that it will attract back some multinational firms that have repatriated their businesses to neighbouring countries as a result of high operational costs in Nigeria.

Industry analysts say that 30 per cent of the cost of doing business in Nigeria is spent on providing alternative energy because of inadequate and erratic supply from the national grid.

Minister of Power **Barth Nnaji**, speaking at the licensing ceremony, described the move as a laudable step towards securing improved electricity access for Nigerians, while disclosing that the ministry had elected to provide a budget of ₦40 billion as take-off capital to both the Bulk Trader and **Nigerian Electricity Liabilities Management Company (NELMCO)**. Each will get ₦20 billion to help them begin operations in the industry.

Some 8 firms were granted off-grid generation licences, 10 got grid-connected licences, 2 got embedded generation licences, and 1 got a licence for a distribution network.

The licensees for off-grid generation are

- > **Tower Power Abeokuta** (20 MW)
- > **Akute Power** (13 MW of renewable energy)
- > **Shoreline Power** (9 MW)
- > **CET Power Project, Sagamu** (7 MW)
- > **CET Power Project, Ewekoro** (6 MW)
- > **Income Electrix** (6 MW)
- > **Energy Company of Nigeria** (3 MW)
- > **Ilupeju Power** (2 MW).

The grid-connected licensees are

- > **Zuma Energy Nigeria** (1,200 MW coal power plant)
- > **Alaoji Generation** (1,074 MW)
- > **Knox J&L Energy Solutions** (1,000 MW)
- > **Olorunsogo Generation** (750 MW)
- > **Ogorode Generation** (450 MW)
- > **Azura Power West Africa** (450 MW)
- > **Zuma Energy** (400 MW gas plant) >>>

Table 2: 2012 Budget statistics

MINISTRIES, DEPARTMENTS, AGENCIES (MDAS) STATUTORY TRANSFERS, DEBT SERVICE, OTHER	RECURRENT EXPENDITURE 2012 (₦)	CAPITAL EXPENDITURE 2012 (₦)	TOTAL EXPENDITURE 2012 (₦)	% TOTAL MDAS	% TOTAL BUDGET
Presidency	27,795,512,439	15,800,000,000	43,595,512,439	1.6	0.9
Office of the Secretary to the Government of the Federation	47,041,647,019	23,550,000,000	70,591,647,019	2.5	1.5
Youth Development	71,275,840,142	4,800,000,000	76,075,840,142	2.7	1.6
Police Affairs	3,609,283,677	2,500,000,000	6,109,283,677	0.2	0.1
Police Formation and Command	298,817,945,778	9,039,772,647	307,857,718,425	11.1	6.5
Women's Affairs	1,784,514,997	2,400,000,000	4,184,514,997	0.2	0.1
Agriculture	33,974,838,949	45,009,990,000	78,984,828,949	2.8	1.7
Water Resources	8,603,097,541	30,400,000,000	39,003,097,541	1.4	0.8
Auditor General for the Federation	2,686,607,486	600,000,000	3,286,607,486	0.1	0.1
Independent Corrupt Practices and Related Offences Commission	4,019,694,570	200,000,000	4,219,694,570	0.2	0.1
Defence	291,683,357,932	34,670,826,450	326,354,184,382	11.8	6.9
Education	345,091,448,178	55,056,589,805	400,148,037,983	14.4	8.4
Ministry of the Federal Capital Territory	-	45,571,633,782	45,571,633,782	1.6	1.0
Foreign	42,786,472,959	7,399,998,000	50,186,470,959	1.8	1.1
Finance	10,897,725,756	2,500,000,000	13,397,725,756	0.5	0.3
Health	225,760,885,287	57,010,886,138	282,771,771,425	10.2	6.0
Trade and Investment	11,318,601,587	2,200,000,000	13,518,601,587	0.5	0.3
Information	19,979,001,492	4,100,000,000	24,079,001,492	0.9	0.5
Communication and Technology	10,565,107,489	7,740,000,000	18,305,107,488	0.7	0.4
Interior	149,732,986,945	7,600,000,000	157,332,986,944	5.7	3.3
Office of the Head of Service of the Federation	7,708,316,253	5,060,106,702	12,768,422,955	0.5	0.3
Justice	21,730,185,048	600,000,000	22,330,185,048	0.8	0.5
Labour	8,349,260,886	2,502,706,000	10,851,966,886	0.4	0.2
Power	3,116,536,317	70,300,000,000	73,416,536,317	2.6	1.5
Science and Technology	20,985,660,859	9,851,608,365	30,837,269,223	1.1	0.6
Transport	7,825,494,233	47,000,000,000	54,825,494,232	2.0	1.2
Petroleum Resources	51,324,227,840	8,340,684,300	59,664,912,140	2.2	1.3
Works	31,599,815,244	149,200,000,002	180,799,815,246	6.5	3.8
Land and Housing	6,254,247,128	20,240,000,152	26,494,247,280	1.0	0.6

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4 Table 2: 2012 Budget statistics (continued)

MINISTRIES, DEPARTMENTS, AGENCIES (MDAS) STATUTORY TRANSFERS, DEBT SERVICE, OTHER	RECURRENT EXPENDITURE 2012 (₦)	CAPITAL EXPENDITURE 2012 (₦)	TOTAL EXPENDITURE 2012 (₦)	% TOTAL MDAS	% TOTAL BUDGET
Mines and Steel	11,976,718,249	2,999,880,099	14,976,598,348	0.5	0.3
Aviation	6,326,422,775	42,900,707,612	49,227,130,387	1.8	1.0
National Salaries, Income, and Wages Commission	709,472,660	300,000,000	1,009,472,660	0.0	0.0
Environment	13,689,594,307	6,404,342,340	20,093,936,648	0.7	0.4
Culture	18,270,535,847	3,250,000,000	21,520,535,847	0.8	0.5
National Planning Commission	5,992,342,103	1,500,000,000	7,492,342,103	0.3	0.2
National Sports Commission	8,469,938,969	1,400,000,000	9,869,938,969	0.4	0.2
Intelligence Community/NSA	59,637,849,877	64,625,912,035	124,263,761,912	4.5	2.6
Niger Delta	2,723,482,821	57,000,000,000	59,723,482,821	2.2	1.3
Special Duties	364,926,303	100,000,000	464,926,303	0.0	0.0
Fiscal Responsibility Commission	592,058,480	100,000,000	692,058,480	0.0	0.0
Infrastructure Concession Regulatory Commission	1,064,770,849	100,000,000	1,164,770,849	0.0	0.0
National Population Commission	7,490,254,611	2,099,590,000	9,589,844,611	0.3	0.2
Code of Conduct Bureau	1,513,828,368	1,100,000,000	2,613,828,368	0.1	0.1
Code of Conduct Tribunal	406,333,999	100,000,000	506,333,999	0.0	0.0
Public Complaints Commission	2,637,831,585	600,000,000	3,237,831,585	0.1	0.1
Revenue Mobilization Fiscal and Allocation Commission	2,262,984,302	600,000,000	2,862,984,302	0.1	0.1
Federal Civil Service Commission	1,364,426,518	400,000,000	1,764,426,518	0.1	0.0
Police Service Commission	870,077,782	1,600,000,000	2,470,077,782	0.1	0.1
Federal Character Commission	2,286,127,345	100,000,000	2,386,127,345		
National Human Rights Commission	747,949,987	100,000,000	847,949,987		
Debt Service	559,580,000,000		559,580,000,000	20.2	11.8
Statutory Transfers	397,929,101,917		397,929,101,917	14.3	8.4
Pension and Public Service Reform	141,696,358,078		141,696,358,078		
Service Wide Votes	414,401,467,490		414,401,467,490		
Capital supplementation		461,152,417,490	461,152,417,490		
MDA total spending			2,774,341,476,193	100.0	58.4
<b>Total</b>	<b>3,429,323,169,250</b>	<b>1,319,777,651,918</b>	<b>4,749,100,821,168</b>		<b>100.0</b>

- > **MBH Power** (300 MW)
- > **Eleme Petrochemical** (135 MW)
- > **Delta Electric Power** (116 MW).

The embedded grid category has

- > **Geometric Aba Power** (140 MW tenure extension)
- > **Kaduna Power Supply** (84 MW)

The distribution licence went to **Aba Power**. Meanwhile, the Bulk Trader, securing its official trading licence, can now commence business as an entity in the power sector as well as managing the federal government/World Bank partial risk guarantee (PRG) scheme.

**Zuma Energy Nigeria** has disclosed plans to generate about 1,200 MW of power from its proposed coal-fired power plant to be located at Itope, Kogi State. The plant will be the first of its kind in Nigeria when inaugurated.

Nnaji tasked the new licensees with meeting the challenges before them, reminding them, 'Government expects you to help move this sector forward because there is no other way we expect a leapfrog in the sector, other than from the national integrated power projects [NIPPs].'

'It is easy to give licences but it is actually the quality of the companies that are given these licences that matters,' he added, 'because we have capacities from government's existing power plants as well as a limit from NIPPs, which is about 4,775 MW. Once we reach that point, that's it, we close and allow for expansion and we can only help you rather than impede you in achieving success.'

The president of the **Independent Power Producers Association of Nigeria (IPPAN)**, **Jerry Gana**, observed that ongoing reforms in the power sector, as well as the issuance of new licences to investors, suggest that the government's intention for the sector is genuine.

Gana said, 'Bearing in mind the challenges that these licensees would have faced just a year ago, the rigorous processes initiated by NERC for this, as well as the gradual surmounting of obvious impediments to the operations of independent producers, we only expect to see the best in the sector.'

## Subsidy removal controversy rages

Perhaps the most significant highlight in the 2012 budget proposal is that it does not have any allocation for the payment of petroleum subsidies. Despite the arguments that have raged against removal of the subsidies, the federal government is clearly going ahead with its plan to remove them.

Announcing the end of the subsidy on 1 January, the government urged people not to hoard fuel or panic buy. But prices have increased from ₦65 per litre to ₦140 and more at filling stations and from ₦100 to about ₦200 on the black market, where many people buy their fuel. Petrol prices have reportedly tripled in some remote areas, and motorcycle and minibus taxi fares have already doubled or tripled.

Nigeria is Africa's biggest oil producer, but it

imports refined petrol. Years of mismanagement and corruption mean it does not have the capacity to refine oil, turning it into petrol and other fuels.

The 2011 budget contained an allocation of ₦240 billion towards subsidies, but ₦1.2 trillion was said to have been paid out, without due authorisation by the National Assembly. That issue has since become the subject of investigations by both the House of Representatives and the Senate chambers of the National Assembly.

The lack of allocation for petroleum subsidies in the 2012 budget spurred threats of protest strikes from labour unions and mass protests from civil society organisations and other societal sectors. Ordinary Nigerians and trade unionists alike have condemned the government for withdrawing the fuel price subsidy. There have been small protests and the trade unions have called for a strike.

### A softer approach?

Meanwhile, it has been revealed that the **Nigerian National Petroleum Corporation (NNPC)** had drawn up a comprehensive plan for the removal of petroleum subsidies (also referred to as deregulation of the downstream sector).

The plan recommended that some of the moves to cushion the effect of subsidy removal be implemented in advance. These include, among other provisions, the construction/completion of major roads and highway networks, free healthcare services for women and children up to the age of two years old, and assiduous and effective implementation of the free universal basic education scheme that is already in place.

For reasons best known only to it, however, the federal government decided not to go with the NNPC comprehensive deregulation plan.

In its argument for the removal of subsidies, the government has made much ado about how the subsidy scheme as it operates does not particularly favour the majority of Nigerian citizens but only a small but very powerful section of society, a 'cabal' that has benefited immensely from the subsidy scheme by being importers of refined petroleum products.

### What about a safety net?

The government finance team, led by **Central Bank** governor **Lamido Sanusi** and Finance Minister **Ngozi Okonjo-Iweala**, have long asserted that removing the subsidy would free money to invest in other sectors and relieve poverty.

The government has stated that savings made from subsidy payments, estimated to be about ₦1.5 trillion annually, will be put towards a safety net for those likely to be hardest hit by their removal - the poor - providing crucial infrastructure, contributions to the Sovereign Wealth Fund (SWF), and so forth.

Some observers agree that subsidy payments have been draining the economy as they have become more and more difficult to sustain, and also that only a minute section of the Nigerian society benefits, but they also state that the way the government is going about the removal of subsidies is all wrong.

Most opine that a safety net should be put in place *before* subsidies are removed, to make the effect perhaps more bearable. Another >>>

most important point is that people have lost faith in the government. They do not believe that the savings will actually be put towards programmes, policies, and infrastructure that would benefit them.

### A fund to smooth the way

Meanwhile, sources have revealed that the Jonathan administration is planning a fund similar to the Petroleum Trust Fund (PTF) to justify subsidy removal.

This fund is to be chaired by **Christopher Kolade**, Nigeria's former high commissioner to the United Kingdom. Recently, Jonathan sent a presidential jet to bring Kolade from Lagos to the presidential villa to discuss the possible appointment.

The removal of subsidies is an explosive issue. Even General **Sani Abacha**, a military dictator, realised the extremely sensitive nature of any increase in petroleum prices, the obvious consequence of subsidy removal and a factor that exponentially increases the cost of living. This was why Abacha set up the PTF during his administration and placed General **Muhammadu Buhari**, a former military head of state, as its head. Abacha's apparent rationale was to give the fund some legitimacy because of Buhari's reputation as incorruptible and forthright.

There are obvious parallels between that process and the proposed new fund. Kolade is thought to possess similar qualities to Buhari. It remains to be seen if this strategy will work in making the subsidy removal as appealing as possible to the citizenry.

## OIL & GAS

### Aveon secures Nigeria contract

**Aveon Offshore** has secured a contract from **Eiffel Nigeria**, the Nigerian subsidiary of **Eiffage Construction Metallique**, for the fabrication of some major components of the living quarters platform for the **Total Exploration & Production Nigeria** OFON phase 2 project.

Total had earlier awarded an engineering procurement construction and commissioning (EPCC) contract for the OFON phase 2 OFQ living quarters platform to Eiffage Construction Metallique/Eiffel Nigeria.

The Aveon Offshore contract, valued in excess of \$50 million, consists of the fabrication and load-out of over 3,000 tons of shallow water structures, including the OFQ jacket, piles, utility deck, and helideck.

The project will be executed by Aveon Offshore at its 240,000 m<sup>2</sup> fabrication yard in Rumuolumeni, near Port Harcourt, and will generate over 600,000 productive person hours of work. The planned load-out and sail-away for offshore installation is March 2013.

This will facilitate the further expansion and modernisation of the Aveon Offshore facility and ensure a high activity level through 2012 and into 2013, thus helping the company to fulfil a strategic milestone in developing as a sustainable Nigerian fabrication yard serving the oil and gas industry.

### Upsurge in Umasadege field

**Mart Resources** and its partners in Nigeria's Umusadege field - **Midwestern Oil and Gas Company** (operator) and **SunTrust Oil Company** - have announced an increase in the export production capacity of the field.

The company said an agreement has been reached with **Nigerian Agip Oil Company (NAOC)**, the Nigerian operator of the pipeline through which crude is exported from the field, to increase the combined export capacity for Umusadege and other fields in the area, collectively known as 'the Cluster,' from its current level of 11,000 b/d to 21,000 b/d.

The additional export capacity, which is expected to be implemented in several phases over the next four months, will be allocated among Cluster members on a pro rata basis based on their production capacity and other factors.

Mart Resources said the first phase, which was implemented last week, has increased export capacity by approximately 4,000 b/d to 15,000 b/d, most of it allocated to Umusadege.

'Once the additional export capacity is fully implemented, Mart and its co-venturers anticipate that the Umusadege field will continue to be allocated a majority of the total export capacity available to the Cluster,' the company said.

In its November production update, it said crude oil deliveries into the export pipeline from

Umusadege for the month averaged 7,994 b/d. The field experienced production downtime of 1.62 days over this period due mainly to operational shutdowns and export facility capacity curtailments.

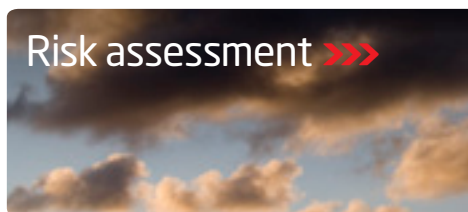
### Hyundai wins offshore platforms

**Hyundai Heavy Industries (HHI)**, the world's biggest shipbuilder and a leading offshore facilities contractor, has announced its win of a \$900 million contract to build gas producing offshore platforms to be deployed in West Africa by the end of 2014.

Though HHI did not disclose which major oil company it had won the contract from, sources have revealed that one of the will be built in Nigeria.

The company will build two offshore gas platforms, one weighing 11,000 tons and producing 120 mcf gas/day and the other weighing 5,000 tons and producing 300 mcf gas/day.

As an EPIC contractor, Hyundai Heavy will perform all the project work, covering engineering, procurement, construction, installation, and commissioning on a lump sum basis.



## Tension between tribes

Relations between the Ijaw and Itsekiri tribes of the Niger Delta are becoming strained over the implementation of the militant amnesty programme, as Itsekiri militants claim that the programme is biased in favour of the Ijaws.

According to sources, the Itsekiri are irked that only Ijaw appear to have been sent abroad for the rather lucrative training and rehabilitation amnesty programme.

Sources also disclose that the growing discontent between the Ijaws and the Itsekiris spurred **Daniel Reyenieju**, an Itsekiri member of the House of Representatives, to sponsor a motion calling for the review and overhaul of the amnesty programme.

Reyenieju's motion had been fiercely opposed by **Warman Ogoriba**, an Ijaw from Bayelsa State who is also chair of the House Committee on the Niger Delta. It is known that Ogoriba had assiduously lobbied for the post, with the help of Bayelsa State governor **Timipre Sylva**, so that he could oversee the amnesty programme. House members voted against Reyenieju's proposal.

## Bayelsa's Sylva backtracks

Indications are that embattled Bayelsa State governor **Timipre Sylva** may have given up his



TIMIPRE SYLVA

campaign to contest the gubernatorial election scheduled for January. Sylva has been locked in a battle with the People's Democratic Party (PDP), following the its decision not to clear him to contest the primary ahead of the election.

Sylva filed a case in the Abuja Federal High Court and sent a petition to the **Independent National Electoral Commission (INEC)** challenging the party's decision to bar him from contesting under its banner, but these actions were insufficient to stop the primary.

**Nelson Seriake Dickson**, a member of the House of Representatives and the anointed candidate of **Goodluck Jonathan**, emerged as PDP's flag bearer.

For now, it appears that Sylva has opted not to defect to another party to secure a ticket. Some observers have stated that the PDP may have a hold over Sylva. There has been talk of 'skeletons in Sylva's cupboard' that could be unearthed if he decides to go the full hog in defying the party.

It seems he may have been 'advised' to go down without a fight and assured a soft landing by the powers that be if he complied. Talk of Sylva bowing out arose after the sudden cancellation of a planned ceremony to launch his campaign office. No explanation was given. Sylva's case against the PDP is still pending in court.

## Boko Haram bombing campaign

**Boko Haram**, the Islamic fundamentalist terrorist group operating mainly in northern Nigeria, carried out coordinated bomb attacks on churches in three states - Niger, Yobe, and Plateau - just as Christians in those states were in the midst of Christmas mass.

Blasts at churches killed several people, but the attack on St. Theresa's Catholic Church in Madalla, a border town between Niger State and the Federal Capital Territory, Abuja, had the highest number of casualties.

Boko Haram has claimed responsibility for the attacks, saying it was avenging the deaths of Muslims in Jos during the last Eid el Fitri celebrations. The incidents turned the festive season into a mesh of sorrow, tears, and blood, leaving at least 41 dead. The coordinated attacks occurred barely a week after bombs being prepared by the terrorists went off prematurely in Kaduna, Damaturu, and Maiduguri.

In response, Goodluck Jonathan has vowed to 'crush' Boko Haram.

In Damaturu, Yobe State, three security operatives were killed by a suicide bomber, while an attack on a church in Jos, Plateau State, left a police officer seriously injured. Another church was targeted in Gadaka, Yobe State, leading to at least six deaths.

## St Theresa terror

There were conflicting figures on the number of worshipers killed or injured by a bomb that exploded in the premises of St Theresa's Catholic Church shortly after the 6:00 a.m. Mass of Nativity.

The **National Emergency Management Agency (NEMA)** put the death toll at 25, while a security officer who was at the scene when evacuation was going on gave a figure of 41.

The Reverend **Isaac Achi**, a native of Madalla and priest at the church, pointed to 17 burnt vehicles, the wreckage of the explosion, and declared, 'The owners of these vehicles queued up to drive home after the early morning mass where the message of love, peace, and joy was delivered to herald the Feast of Nativity. Sadly, what we met was this ugly situation resulting in ugly casualties. A victim was found on the roof of the church. Dead bodies were picked up in gutters and many families were burnt beyond recognition inside these vehicles. I do not have the exact number of those recorded dead or injured.'

'The victims have been moved to different hospitals,' he continued, 'but at St. Lucas Hospital nine of my parishioners were recorded dead, while at Gwagwalada, six people from this church have been identified dead, and at Diamond Hospital, a little baby who was injured could not have his parents located.'

Achi also noted that the dead could also include commercial drivers who had queued outside the church waiting to pick up the parishioners as they exited. >>>



AFTERMATH OF BOMB BLAST AT ST. THERESA CHURCH

'I don't usually cry,' he said, 'but today, I wept with my household of 5,000 worshippers seeing some of our brethren bombed out of existence. Nigeria must intensify its efforts in the area of security and guarantee freedom of movement and security.'

### Damataru disaster

Spokesperson for the State Security Services (SSS) **Marilyn Ogar** said in a press release that the Yobe State Command Headquarters of the Department of State Services, Damataru, was attacked by a lone suicide bomber. The incident occurred as the convoy of Colonel **Dahiru Abdulsallam**, the commanding officer of the 241 Recce Battalion, Nguru, Yobe State, was driving into the headquarters complex for a security meeting.

According to Ogar, the suicide bomber attempted to force his way into the convoy but was stopped by vigilant guards. On subsequent collision with the gate, however, he forced an explosion.

Consequently, three Service personnel died, the suicide bomber was killed, one person was injured, and an armoured personnel carrier stationed at the gate was destroyed.

'These attacks are no doubt in reaction to ongoing operations by the security agencies to contain the excesses of terrorists who continue to wreak havoc on the public. The attacks will in no way deter security agencies from securing the lives and property of Nigerians and ridding the society of criminals,' said Ogar.

She added that members of the public were implored to report suspicious movements of anyone in their localities to the nearest law enforcement agency in the overall effort to rid the country of these undesirable elements.

### Cat and mouse

The suicide bombing marked the fourth day running that Boko Haram had engaged security forces in Damataru.

According to reports, a detachment of the Nigeria Army deployed to keep peace in the state were moving some items recovered from various hotspots to the office of the SSS at about 10:00 a.m. on 25 December when their armoured vehicle was trailed by a vehicle driven by the sect members.

They were halted but instead of stopping, the terrorists increased to top speed and rammed into the other vehicle. An instant explosion left the armoured vehicle totally destroyed and its occupants, as well as the suicide bombers, burnt. The impact of the explosion also left some vehicles destroyed and the gate of the SSS building in flame.

The soldiers and the three suicide bombers all lost their lives to the explosion, as did some nearby SSS members. Sources revealed that

about 10 soldiers and two SSS officials were killed. The fire engulfed the SSS office and it took the fire service about an hour to put it out.

### Outraged reaction

Meanwhile, reactions have continued to pour in from within the country and the international community, all vociferously condemning the bomb blasts.

A day after the attacks, the Sultan of Sokoto, **Abubakar Sa'ad**, met with **Goodluck Jonathan**. The sultan is the head of the Islamic community in Nigeria. According to reports, it was resolved to hold a larger meeting involving religious and traditional rulers to seek a lasting solution to the ever deadlier activities of Boko Haram.

National Security Adviser (NSA) General **Andrew Azazi** (rtd), who attended the meeting, admitted that the security agencies were unable to police all the nooks and crannies of the country.

Condemning the bombings, the sultan described the members of the Boko Haram sect as evil: 'We came in here to commiserate with Mr. President over the unfortunate incident that happened at this period. We have had a very positive meeting with Mr. President on so many things and how to move this country forward, how to make our country stable, and to approach those challenges that are facing Nigeria.'

Jonathan has been roundly criticised, however, for what is widely perceived as a weak and insensitive response to the attacks. Some commentators say that he should step down

or 'allow' the military to take over, since he appears not to have any idea how to curb the activities of Boko Haram.

Though Jonathan criticised the attacks, he is thought to have made a mistake by suggesting that they were an evil Nigerians must live with: 'The issue of bombing is one of the burdens we must live with. It will not last forever; I believe that it will surely be over.'

He made the remark while receiving a delegation of Christian communities in the Federal Capital Territory led by Minister **Bala Mohammed**.

The **Christian Association of Nigeria (CAN)** has stated that Christians and churches have lost faith in the ability of the government to protect them and they will take measures to defend themselves against such attacks.

### State of emergency

Already the country, and especially its churches and Christian buildings, is on high alert and a partial state of emergency has been declared. Areas affected are as follows:

#### Borno State

- > Maidugiri metropolitan local government area (LGA)
- > Gamboru Ngala LGA
- > Banki Bama LGA
- > Biu LGA
- > Jere LGA

#### Yobe State

- > Damaturu LGA
- > Geidam LGA

- > Potiskum LGA
- > Buniyadi-Gujba LGA
- > Gasua-Bade LGA

#### Plateau State

- > Jos North LGA
- > Jos South LGA
- > Barkin-Ladi LGA
- > Riyom LGA

#### Niger State

- > Suleja LGA

### And it continues

In an unrelated attack that came hours after the state of emergency was declared, at least 50 people were killed in eastern Nigeria in clashes between rival ethnic groups, officials said. A government spokesman said the violence in the state of Ebonyi took place between the Ezza and Ezilo peoples due to a land dispute.

Dozens of riot police have been deployed to the area.

## Angry Buhari shut out

The Supreme Court has affirmed the election of **Goodluck Jonathan** of the People's Democratic Party (PDP) as president of the Federal Republic of Nigeria, bringing an end to the challenge of the Congress for Progressive Change (CPC) to his election victory.

In a unanimous decision, the court held that the CPC failed to discharge the burden of proof placed upon it by the Electoral Act. The flag

bearer of the CPC at the poll, General **Muhamadu Buhari**, has rejected the ruling, saying he was disappointed that the court had failed to use its powers to address the challenge of electoral irregularities.

The full text of Buhari's statement reads as follows:

As in 2003 and 2007, the Supreme Court this morning rejected CPC's appeal against the Lower Court verdict that the rigged presidential election of 16th April 2011 was properly conducted. All who witnessed the conduct of the 2011 elections would know that this decision of the Supreme Court is politically motivated and has little judicial content. This Supreme Court has proved no better than the Supreme Courts of 2003 and 2007.

For the records, let me refresh the public memory about what happened in the litigations after the 2003 and 2007 rigged elections. In 2003 we presented a cast iron case before the Court of Appeal citing several major infringements of the Electoral Act 2002. In particular we subpoenaed INEC to furnish the Court with proof of the 'result' they declared. They did not, because they could not. The Court still declared the result as valid. Worse still, the Supreme Court upheld this dubious ruling of a dubious election.

In 2007 I and my Party, the ANPP, produced copious proof that the presidential election was rigged in the most blatant fashion. For one, ballot papers were distributed to polling stations on blank sheets of paper, making it impossible to carry out an audit trail.



MUHAMMADU BUHARI

Secondly, during the process of tallying the result, the egregious Professor **Maurice Iwu**, then chairman of INEC, excused himself from the collation venue (after only 11 states and Abuja of the 36 states were tabulated) and announced the 'result.' At the time he made this announcement voting materials had not even fully arrived in some states.

Only in Nigeria and only under a government like PDP's would these criminalities pass the sanction of the judiciary. Yet on appeal, the Justice **Idris Kutigi** Supreme Court after a long adjournment declared the election valid, with three justices dissenting. In both elections, local and international observers condemned the elections in no uncertain terms.

What happened in this year's 2011 elections eclipsed all the other elections in the depth and scope of forgery and rigging. Initially there were high hopes that after 2003 and 2007 a semblance of electoral propriety would be witnessed. The new chairman of INEC, Professor **Jega**, was touted as competent and a man of integrity. He has proved neither.

After asking for - and getting - close on ₦100

billion for the election, including for biometric data with all 10 fingerprints, to conduct a thorough electoral exercise, he botched it. When our Party CPC demanded forensic material, fingerprinted ballot papers to prove colossal and widespread multiple voting throughout the country, rendering the election invalid in at least 25 out of the 36 states of the federation, INEC refused to provide them in court, citing national security. A laughable excuse if ever there was one.

The national and international monitors, having seen their work wasted and ignored, this time took the line of least resistance and declared the elections as o.k. Who can blame them? Yet the justices of the Supreme Court have now seen nothing wrong in this.

To nobody's surprise therefore, spontaneous violence broke out in parts of the country after the announcement of the 'result.' The Lemu Panel has come up with detailed causes of the riots and given the lie to those who wanted to label the riots as my handiwork.

The facts are that people were deeply angered and deeply provoked at the wanton conduct of the elections: the snatching and stuffing of ballot boxes, violence unleashed on opposition supporters, use of the police and elements of the army to intimidate injure and kill opposition supporters, and the flagrant changing of results after collation, such as in Niger, Bauchi, and Kaduna states.

Moreover the declaration that 86 to 90 per cent of votes were registered and cast in most part of the southeast and south-south states was highly implausible given the general turnout >>>

of 50-60 per cent in the rest of the country. No election is credible where 100 per cent of votes cast were for one candidate in many constituencies and 90 per cent in some states. This is plain fraud.

No election can be validated if 100 per cent of those registered all cast their votes in favour of the same candidate. It is for these reasons INEC refused to release the biometric data. The Supreme Court has turned a blind eye and deaf ear to these gross irregularities. That is the theme running through all three elections since 2003.

The country now has to live with the consequences of the actions of the PDP government in collaboration with INEC, police, and security services over the last 10 years. A country on the brink of developing into the major continental power in 1999 is now a fractured society, corruption everywhere, violence everywhere, a sense of helplessness and hopelessness nearly everywhere.

While the country is sliding into this chaotic state, PDP governments at the centre and in the states are engaged in massive and mindless plunder of the country's resources in total disregard of the suffering masses.

The country now is in an emergency situation. Law and order can break down at any time. Those in charge of the country should be warned that promises and sweet words are no substitute for practical action.

To avert the looming chaos in the New Year, immediate steps should be taken to drastically

reduce the cost of governance in the three tiers of government. Salaries and especially allowances should be drastically reduced. Security votes should be abolished – not increased as the 2012 budget has done. Votes for the Armed forces, police, and security services should be transparent and accountable. Foreign travel should be stopped for at least six months other than for the presidency, Ministry of Foreign Affairs, and medical emergencies. Government House expenses in all the states should be drastically reduced. The National Assembly should take the lead in reducing their allowances substantially and stopping their foreign travel.

These savings should be applied to education, infrastructure, and agriculture, with emphasis on youth employment through meaningful and practical emergency programmes.

The public will see through any cosmetic or token gestures and will not tolerate a continuation of status quo. Corruption and plunder are the root causes of unemployment, insecurity, violence, and unrest.

If all hands are on deck to help save our country from imminent collapse we should stabilise. When that happens Nigeria should take a close look at the country's structure in a calm and unemotional atmosphere. Hopefully we may come to a better form of government to see Nigeria through the next 50 years.

Thank you.

Contact Menas >>>

## Reaping the dividends of friendship

The close relationship between **Nuhu Ribadu** and **Hassan Tukur**, the principal private secretary (PPS) to **Goodluck Jonathan**, seems to be paying off for both men. Notably both are said to exercise considerable influence over the managing director of the **Nigerian Ports Authority (NPA)**, **Omar Suleiman**.

All three – Ribadu, Tukur, and Suleiman – are from Adamawa. There are those who believe Ribadu introduced Tukur to Jonathan at the time he became governor of Bayelsa State, back in 2005. Since then, Jonathan and Tukur have remained firm friends, leading to Tukur's appointment as his PPS.

Ribadu was instrumental in prosecuting disgraced former Bayelsa State governor **Diepreye Alamiyeseigha** for money laundering, looting of the Bayelsa State treasury, and financial impropriety.

The outgoing chair of the NPA board, **Tony Anenih**, who has been embroiled in a feud with the managing director, failed to stop Suleiman from making new appointments with the help of Tukur.

Anenih had been relying on support from the secretary to the government of the federation (SGF), **Anyim Pius Anyim**, and the chief of staff, **Mike Ogiadomhe**. He managed to stop a memo with the recommended NPA appointments, but Tukur and Suleiman obtained a file copy and presented it to the president. Anenih found

out too late and could not reach the president before he approved it.

Tukur's office is very influential, particularly in making appointments and allowing access to the president.

The PPS under the late president **Umaru Musa Yar'Adua's** tenure, **David Edevbie**, and supporters such as former Delta State governor **James Ibori** and former Kwara State governor, now senator, **Bukola Saraki**, used the office to their advantage during the Yar'Adua administration.

## Senate throws out lawmakers

The Supreme Court has nullified the election of two senators and eight members of the House of Representatives representing Katsina State on the platform of the Congress for Progressive Change (CPC).

In a unanimous judgement, a seven-person panel of justices held that going by the provisions of the Electoral Act 2010 and the 1999 constitution, as amended, the **Independent National Electoral Commission (INEC)** ought not to have recognised the ousted lawmakers as authentic CPC candidates in the April 2011 general election. The court held that the affected lawmakers were not validly nominated.

Presided over by Justice **Tanko Mohammed Mahmoud**, the panel upheld the verdict of the Abuja Division of the Court of Appeal, which on 20 April 2011 declared the primary election >>>

that produced the sacked lawmakers as illegal, null, and void.

Those affected by the judgement were Senators **Abdu Umar Yandoma** and **Ahmad Sani Stores**, representing Katsina North and Katsina Central districts respectively, and Representatives **Murtala Isa, Muntari Dandutse, Musa Salisu, Aminu Ashiru, Umar Adamu Katsayal, Muhammad Tukur, Tasi'u Doguro, and Abdu Dankama.**

The court has ordered the National Assembly leadership to immediately swear in 10 members of the CPC in Katsina State who it said were the bona fide candidates of the party and winners of the primary election that heralded the April poll in the state.

Those it said should be sworn in to take over the seats of the ousted legislators are

- > **Sadiq Yar'Adua** (Katsina Central senatorial district)
- > **Hadi A Sirika** (Katsina North senatorial district)
- > **Ahmed B Kaita** (Kankia/Kusada/Ingawa federal constituency)
- > **Salisu Salisco** (Kaita/Jibiya constituency)
- > **Sheik Umar Abubakar** (Katsina federal constituency)
- > **Salisu Ado Daura** (Daura/Maiaduwa/Sandamu constituency)
- > **Isa Lawa Doro** (Mani/Bindawa constituency)
- > **Sani Bello Mashi** (Mashi/Dutsi constituency)
- > **Abbas Machika** (Kankara/Faskari/Sabuwa constituency)
- > **Mansur Funtua** (Funtua/Dandume constituency).

## On what grounds?

The court voided the election of the lawmakers on the grounds that section 85(1) of the Electoral Act 2010 had been violated. Specifically, the section requires every registered political party in the country to give 21 days' notice to INEC of its intention to conduct congresses for the purpose of nominating candidates for any elective office specified under the Act.

In compliance with the provision, CPC, through its national headquarters, wrote a letter to INEC on 24 December 2010, giving notice of its intention to hold primary elections for the April 2011 National Assembly, State Assembly, and governorship elections in Katsina State.

The CPC had also notified INEC of the constitution of a committee under one Colonel **Jibril Mohammed Hassan** (rtd), saddled with the responsibility of organising the primary elections.

The election, which took place as slated, saw a former speaker of the House of Representatives, **Aminu Masari**, and others vying for various National and State Assembly offices and emerging victorious. Their names were subsequently ratified by the national executive committee and board of trustees of the party and forwarded to INEC through the CPC national congress committee, led by **Lanre Tejuosho**. Nevertheless, dissatisfied with the nomination

process, 43 candidates, led by Senator **Lado Danmarke**, dragged INEC, the party and its chair, **Tony Momoh**, before a federal high court in Abuja, contending that they were the legally elected candidates of the party in the state.

On 15 February 2011, Justice **Abdul Kafarati** granted the relief sought by the plaintiffs and approved them for the April polls. Following his judgement, the CPC leadership went before the appellate court to overturn it. They lost, and the Supreme Court affirmed the appellate court's decision.

Meanwhile, the affected CPC lawmakers have denied that they have been 'thrown out' of the National Assembly, saying that the Supreme Court judgement has been misconstrued.

## Court nullifies election

The Court of Appeal has nullified the election of Senator **Nkechi Nwaogu** of the People's Democratic Party (PDP), representing the Abia Central senatorial district in Abia State, saying she should not have participated in the race since she comes from Osisioma Ngwa local government area (LGA), which is not in the district.

Nwaogu, who is considered an influential

member of the Senate, was the chair of the Senate Committee of Banking and Finance and also of the influential Senate Committee on Gas. She was first elected to the Senate in 2003.

In a unanimous judgement delivered by Justice **Zainab Bulkachuwa**, the court held that pursuant to the delineation of senatorial districts in Abia State by the **Independent National Electoral Commission (INEC)**, Osisioma Ngwa LGA does not fall within the Abia Central district.

The judge further held that Senator Nwaogu was 'ineligible to aspire to be sponsored by the 2nd defendant [PDP] to contest the 2011 general elections to represent the Abia Central senatorial district.'

She noted, 'The Court therefore declares as unconstitutional, null and void and of no legal effect whatsoever the nomination of the 3rd Defendant [Nwaogu] by the 2nd Defendant to run for and/or contest for the post of a Senator representing the Abia Central Senatorial District in the 2011 general elections to be conducted by the 1st Defendant [INEC], based on false information/declarations on oath submitted to the 2nd Defendant.'

A member of the PDP and aspirant for the seat, **Emeka Atuma** had challenged the emergence of Nwaogu as PDP's candidate. >>>

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The Appeal Court refused to grant the plaintiff's request to be declared winner of the senatorial primary election held on 8 January 2011 at the Umuhia Township Stadium, however, on the grounds that he did not tender any documentation to show that he had come second.

### Another two bite the dust

Meanwhile, the Court of Appeal sitting in Enugu nullified the elections of Senator **Andy Uba** and **Uche Ekwunife** of the House of Representatives, ordering that fresh elections be conducted in designated constituencies within 90 days.

Uba was representing Anambra South senatorial district in the National Assembly under the umbrella of the PDP, while Ekwunife, a former PDP member who decamped and ran on the platform of All Progressives Grand Alliance (APGA), was representing Aniocha/Njikoka/Dunukofia federal constituency.

A five-person panel of the court, presided over by Justice **Helen Moronikeji Ogunwumiju**, held that last April's senatorial elections were marred by gross irregularities and massive rigging in the Aguata constituency.

The judgement was the result of a petition filed by APGA senatorial candidate **Chuma Nzeribe**, challenging the declaration of Uba as winner. Nzeribe had earlier lost at an Anambra election petition tribunal headed by Justice **Kujebola**, who dismissed his petition against Uba as lacking in merit, but appealed. Uba was chair of the Senate Committee on INEC.

For Uba, this is an unfortunately familiar terrain. He rose to prominence (albeit shrouded in

controversy) during his time as a personal aide to former president **Olusegun Obasanjo**. It will be recalled that in 2007, the Supreme Court threw out Uba as governor of Anambra State after only 17 days.

In Ekwunife's case, the Court of Appeal in a separate judgement found that there had been massive rigging in the constituency concerned, which is the home constituency of Governor **Peter Obi** of Anambra State.

From 2007 to 2011, Ekwunife served as member of the House of Representatives on the PDP platform, but she first decamped to the Progressive People's Alliance (PPA) to contest the Anambra gubernatorial election of 2010. After she lost, she switched horses to the APGA in order to retain her seat in the House of Representatives and was handed the party's ticket – to the dismay of aspirants who were long-time party members.

Ekwunife chaired the House Committee on Environment.

Both verdicts (Uba and Ekwunife) came in the form of summary judgements, with the panel deciding to issue a formal judgement in due course.

## Jonathan backtracks on Elechi

**Goodluck Jonathan** appears to have backtracked on the nomination of **Francis Elechi** to chair the **Independent Corrupt**

### Practices and Other Related Offences Commission (ICPC).

According to sources, the only statement the president has made (which wasn't even a public one) to explain his decision has been that he was receiving too many calls complaining about Elechi. Back in June this year, Jonathan sent Elechi's name to the Senate for approval, but since then nothing had been heard about the appointment until recently.

Sources disclose that Elechi was to be sworn in a day after People's Democratic Party's (PDP's) Kogi gubernatorial rally but PDP governors, who appear to be at odds with the president (possibly over his treatment of Bayelsa State's Governor **Timipre Sylva**), didn't show up for the rally.

It appears that the decision not to appoint Elechi is linked to their absence.

Elechi is very close to Rivers State's Governor **Rotimi Amaechi**, who actually suggested him as a nominee. Amaechi is head of the **Nigerian Governors Forum (NGF)**, the umbrella body of all state governors in Nigeria.

## PDP wins Kogi governorship

The candidate of the People's Democratic Party (PDP), Captain **Idris Wada**, has been declared the winner of the Kogi State governorship election held on 3 December. Wada beat his closest rival, former governor **Abubakar Audu** of the Action Congress of Nigeria (ACN), securing what



CAPTAIN IDRIS WADA

is being described as a landslide and defying bookmakers' predictions.

PDP's Wada scored 300,372 votes to Audu's 159,913. The results were declared officially by **Shamsudeen Amali**, vice-chancellor of Nasarawa State University and the **Independent National Electoral Commission** returning officer.

Amali stated that 1,325,272 voters were registered for the election. The voter turnout was less than impressive, however, at 518,949, or 39 per cent. Of votes cast, 484,168, or 93 per cent, were valid.

PDP won 18 of the 21 local government areas, while ACN won the remaining 3. The All Nigeria People's Party (ANPP) and the Congress for Progressive Change (CPC) scored 9,642 votes and 5,724 votes, respectively, to clinch the distant third and fourth positions.

ACN has disputed the results, however, claiming that the election was not free and fair and that there was 'scientific rigging' by PDP.

## Senate approves BPE report

The Senate investigation committee mandated to probe the privatisation activities of the **Bureau of Public Enterprises (BPE)** has released its report of the findings and recommendations. The probe focused on the reasons why some privatised entities were still not operating as viable entities after being sold on by the federal government to private companies and individuals.

Some of the key recommendations made by the panel, which was headed by Senator **Ahmed Lawan**, include the removal of BPE director general **Bolanle Onagoruwa** and indictment of three previous BPE chiefs: former minister of the Federal Capital Territory **Nasir El-Rufai**, **Julius Bala**, and **Irene Chigbue**. They are accused of seeking sale approvals directly from former president **Olusegun Obasanjo** instead of from the **National Council on Privatisation (NCP)**, as directed by the BPE Act.

The report specifically recommended sacking Onagoruwa for 'her gross incompetence and for the illegal and fraudulent sale of the federal government's residual shares in **Eleme Petrochemicals Company Limited**'.

The report also recommended that for the failure of their respective core investors to deliver on the fundamental provision of the share purchase agreement/post-acquisition plan, the NCP rescind the sale of **Abuja International Hotels**

**Limited (NICON Luxury Hotel)**, Abuja; **Sheraton Hotel and Towers**, Abuja; the **Aluminium Smelter Company of Nigeria (ALSCON)**; and 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 to Folio Communications** in keeping with the court judgments in suits FHC/L/CP/1328/2009, FHC/L/CP/244/10, and FHC/L/CP/130/2010.

Other recommendations include the directive that BPE discontinue the use of privatisation proceeds to settle staff terminal benefits, consultancy fees, transaction expenses, and execution of capital projects.

The panel advised that BPE 'approach the National Assembly for appropriation as provided for in section 80 of the Constitution of the Federal Republic of Nigeria 1999 as amended' and close all privatisation proceed accounts in commercial banks.

The Bureau is henceforth to put all proceeds into a privatisation proceeds account in the **Central Bank of Nigeria (CBN)**, in compliance with section 19(1) of the Public Enterprises (Privatisation and Commercialisation) Act of 1999.

On 21 December at its last plenary for the year, the Senate approved all 45 recommendations of the BPE probe panel report. It will be recalled that the report had actually been laid before the Senate for consideration over a month ago. Consideration was delayed, however, reportedly due to the 'far reaching' effects that implementation of the report could have.

Senate president **David Mark** had himself admitted as much, saying that the report had put the Senate under pressure. There was also speculation that it was damning for former president Obasanjo, as it indicted his alleged actions in condoning or directing the flouting of due procedure in the sale of government-owned entities.

## Ibru struck from register

The **Chartered Institute of Bankers of Nigeria (CIBN)** has struck out the name of a former managing director/chief executive officer of **Oceanic Bank** and honorary fellow of the Institute, **Cecilia Ibru**, from its register of members.

A statement from the body yesterday said the decision was in furtherance, maintenance, and observance of ethical standards and professionalism among practitioners of the banking profession in Nigeria. The CIBN explained that the action was taken in line with the decision of its disciplinary tribunal on 12 December, which was confirmed by the governing council of the Institute, at its meeting of 13 December.

The tribunal, made up of eminent members of the banking profession with a retired justice of the Supreme Court as an assessor, in a unanimous decision granted the CIBN's request, indicating that Ibru 'should cease to hold herself out as a member of the banking profession (as provided by s. 16 of CIBN Act). With this development the name of Dr. (Mrs.) Cecilia Ibru has been struck out of the Register of Members of the Institute and hence, Banking Profession.

She has also ceased to be a member of the banking profession.'

On 14 August 2009, the **Central Bank of Nigeria (CBN)** sacked Ibru alongside four other bank CEOs, after an examination revealing that the institutions they controlled had high level of non-performing loans, poor corporate governance practices, lax credit administration processes and an absence of or non-adherence to credit risk management practices, among other problems.

## Indonesian consortium seals deal

The Nigerian federal government has signed an MoU with the **Bakrie Group of Indonesia** for an investment worth ₦155 billion in mining, rubber, and oil plantations in Ogun and Akwa Ibom states within the next five years.

Minister of Trade and Investment **Olusegun Aganga**, who disclosed the deal during the signing of the MoU in Abuja, said that Indonesia has now overtaken Malaysia as world's largest palm oil producer. Indonesia 'is the second largest producer of natural rubber in the world, with total production of 2.9 million tons in 2010. Average annual growth of rubber plantations in Indonesia currently stands at 3 per cent, which is higher than global annual growth of 2 per cent,' he said.

Aganga, who signed on behalf of the federal government, also said the deal was a product of collaboration and high-level consultations >>>

between the Bakrie Group; the Ministries of Trade and Investment; Agriculture and Rural Development; and Mining and Steel Development; and some state governors in Nigeria.

The leader of Bakrie Group, **Indra Bakrie**, signed on its behalf. The Group's proposed investment, which will be managed by its investment vehicle in Nigeria, **Bakrie Delano Africa Nigeria**, will focus on maximising benefits from the country's mining sector and exploring untapped investment potential in agriculture and agri-business. It envisions the prospect of expanding investment in six states of the federation within the next five years.

Aganga noted that the deal had the potential to create jobs and generate wealth for Nigeria, adding that the federal government was committed to creating a conducive environment for attracting foreign direct investments.

'The Bakrie Group is well known globally,' the minister noted, 'especially in the areas of coal mining (they are the largest coal mining corporation in Indonesia) and rubber plantation. They are not only in Indonesia. They also have investments in other countries of the world, including Africa. We see this MoU signing ceremony as an indication of a partnership that will be there for a long time.'

He further stated, 'We are very delighted with this partnership because the Group is investing in the areas where Nigeria has competitive and comparative advantage. This, in essence, will yield good dividends for our country in terms job creation and wealth generation.' >>>

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Speaking during the event, Indra Bakrie, said the Group chose to invest in Nigeria because of the abundant opportunities and the potential for high returns on investment.

'Nigeria is an emerging market country,' he said. 'Based on World Bank's report, the country is categorised at a middle-income status, supported by its abundant supply of natural resources, well-developed financial and legal system, communications, transport sectors, and stock exchange, which is the second largest in Africa. In the last 12 months, this is the second time we are announcing the Bakrie Group's

international expansion aimed at expanding our position. As true entrepreneurs, we feel this venture is more promising and fulfilling from the broad new potential that we foresee in Nigeria.'

## Union Bank reconstructs shares

**Union Bank of Nigeria**, one of the banks rescued by the **Central Bank of Nigeria (CBN)** in 2009, has reconstructed its share capital

to accommodate new shares and facilitate its recapitalisation exercise.

The bank reduced its outstanding shares from 13.509 billion units of 50 kobo each to 2.533 billion shares of 50 kobo each. Before the reconstruction exercise, the 13.509 billion shares were trading at ₦2.09 per share. The reconstructed (reduced) shares of the bank were listed by the Nigerian Stock Exchange (NSE) last week at ₦11.15 per share, however, putting the market capitalisation of the bank at ₦28.244 billion, compared with its former value of ₦28.235 billion.

The listing of shares by the NSE also led to the lifting of the full suspension earlier placed on the shares on the floors of the Exchange. Market analysts said that with only 2.533 billion paid-up shares, Union Bank still has more room for future capital share offering.

Already, the bank is currently issuing 1.41 billion ordinary shares of 50 kobo each to existing shareholders at ₦6.81 per share in the ratio of five new ordinary shares for every nine ordinary shares held as of 30 September 2011. The rights issue, which opened on 14 December, is expected to close on 20 January 2012.

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